



**PRACTITIONERS' WORKING GROUP
ON
COMMUNITY ECONOMIC
DEVELOPMENT**

**PROMOTION OF BEST PRACTICES
IN COMMUNITY ECONOMIC DEVELOPMENT**

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1 Introduction

The essence of the reform that has been taking place in Poland and other CEE countries for the last ten years lies in making individuals responsible for their own lives, entrepreneurial and proactive. It is an obvious attribute of the market economy, applicable also to organization and functioning of the whole society.

In particular, a lot of authority and responsibility have been moved down to the local level. Local authorities and local communities have now critical responsibility and role in improving life standards and in local development, that ultimately contributes to welfare and development of the whole country. This role of local authorities and local communities have been reinforced recently by the ongoing reform of administrative structure in Poland.

For the last ten years local development has been supported by many programs and organizations on the national level, focusing on various issues like capabilities of local governments, democratic rules, education, culture, economic development, small and medium enterprises, unemployment, life standards, infrastructure, social aid and other. There are also many successful local organizations on local level and many excellent examples of local development programs, that resulted in significant improvements of life standards and in continuous economic progress.

While there is a number of successful local development programs and initiatives, most are still characterized by several important limitations, including:

- limited geographical coverage: successful local development programs shall still be considered as positive examples to follow rather than a common reality;
- limited scope: many existing programs still focus on selected aspects rather than on comprehensive development;
- limited cooperation between organizations and institutions active in this area, and
- lack of satisfactory legal and regulatory solutions that would allow for comprehensive, effective and broad impact support on the national scale.

One of initiatives to overcome above limitations is Practitioners Working Group on Community Economic Development (PWG). It is a group of organizations from Poland and CEE countries involved in community economic development. PWG was established in 1997

on the initiative of Coastal Enterprises, Inc. (CEI), local development organization of Maine, USA. Initial funding came from the Ford Foundation. Cooperation and experience exchange, coordinated by CEI, started in 1997 with a two-week US study visit. The second phase of the project took place in May 1998 when a group of American practitioners came to Poland. Their learning tour was coordinated by Polish organizations – PWG members. The Project concluded with the “Donors’ and Practitioners’ Roundtable” in October 1998.

After completion of this first project the PWG member-organizations in Poland reached the conclusion that the experience and momentum from the project implementation to date offered a critical opportunity to advance the CDC/CDFI infrastructure of support and resources through joint efforts, coalition, and ongoing skills development. In the beginning of 1999, as a result of a successful fund-raising the group launched two complementary projects “A Project to Develop the CDC/CDFI Industry in Poland and CEE Regions”, financed by the Ford Foundation and a project titled “Promotion of Best Practices in Community Economic Development” financed by the USAID”. The aims, activities and results of the latter are presented in this report.

The two projects built upon experience and results of PWG and other programs and organizations in Poland, as well as those of US counterparts, to propel the community development in Poland into the next stage, characterized by systematic approach, broad impact, comprehensive solutions and close cooperation between all stakeholders.

2 Aims

The goal of the project was to disseminate and promote best practices of community economic development resulting from experience of the U.S. and Polish organizations among diverse stakeholders in Poland on both local and national level.

One of immediate implications from the PWG exposure to practices of local and national organizations in U.S. was that many of these practices could be successfully applied in Poland. This is why the proposed project aimed strongly to involve the U.S. experience and participation. In the same time there were many excellent examples of successful initiatives in Poland, though yet of limited geographical scope and impact. Therefore, the expected result of the project was to increase knowledge of best practices in community economic development from both U.S. and Polish experience, as well to increase geographical coverage of locations where these practices are applied.

At the local level project was addressed to local governments, to local PVOs and to their supporters. At the national level the project was addressed to national support and intermediary organizations and to their prospective partners, including bankers and legislators. The two project objectives were:

1. To increase knowledge of best practices in community economic development among local governments, local organizations and their supporters in Poland, and to increase the geographical coverage of locations where these practices are applied.
2. To increase knowledge of practices of national level organizations involved in community economic development in U.S. and of the U.S. environment for community economic development, including banking sector and legislative framework, among national intermediary and support organizations in Poland and their prospective partners. To apply this knowledge by creating and running a national coalition of community economic development organizations, and by initiating action towards an improved environment for their activity.

All project objectives supported the USAID SO 2.3.: “Local government is effective, responsive and accountable”.

According to initial plans specific activities leading to the first project objective included:

- 1.1. A “Kick-off Conference” to establish links between all stakeholders involved in the program, to review best practices and to shape further implementation of the project (2 days, up to 80 participants).
- 1.2. Training on community economic development for selected representatives of local governments, local PVOs, support organizations and local leaders, including LGPP and PWG target gminas (800 training man-days)
- 1.3. Skills-building workshops on best practices in community economic development for representatives of local governments, local organizations, support organizations and local leaders including LGPP and PWG target gminas (2 x 2 days, up to 40 participants including U.S. lecturers/facilitators) and partnership’ visits of US organizations to Poland to establish links and share experiences with local governments and local organizations in Poland involved in community economic development (up to 6, three-day partnership’ visits)
- 1.4. Promotion and popularization of best practices in community economic development among local governments, local PVOs, support organizations and local leaders, and spreading out relevant knowledge and experience through publications (3 booklets x up to 30 pages x 300 copies) and through media.

The assumed results were the following:

- up to 50 local leaders including individuals representing local governments, local PVOs, and support organizations, shall become familiar with or increase their knowledge of best practices in community economic development from U.S. and Polish experience and apply this knowledge in their daily activities to the benefit of local communities they serve.
- Up to 10 gminas/locations should account for these practices in their daily activities.
- Three to six gminas shall benefit from partnerships with U.S. organizations in relation to specific technical problems.
- Up to 200 individuals representing local governments, local PVOs, and support organizations, or local leaders shall become familiar with or increase their knowledge of

best practices in community economic development from U.S. and Polish experience through project publications and media.

The first project objective directly supported USAID IR3 “Increased capacity of local governments to effectively deliver services and manage local resources” and specifically IR3.1 “Technical and managerial capacity increased” due to participation of representatives of local governments in project activities. It also directly supported IR4 “Polish institutions supporting local government functions are sustainable and more efficient” and specifically IR4.1. “Providers of TA, training, dissemination of best practice models, research, organized community involvement and other support to local government are sustainable and available nationwide” due to participation in project activities by support organizations involved in community economic development. Indirectly, the first project objective supported USAID IR2 “Participation in local government decision-making increased” due to promotion of best practices, and due to daily contacts between diverse local stakeholders in course of the project activities.

The proposed specific activities leading to the second project objective included:

- 2.1. Building up a Coalition of major Polish organizations involved in community economic development including present PWG members. Facilitating Coalition activities over the project period. Developing plans for on-going and future activities of the Coalition and its prospective role as a “resource center” and financial intermediary to promote respective member community development initiatives.
- 2.2. Two skills building workshops for representatives of coalition member organizations on one or more of the following topics: national intermediary models, coalition building, governance, and CDC/CDFI best practices (2 x 2 days, up to 25 participants including U.S. lecturers/facilitators).
- 2.3. “Bankers and Legislators Roundtable” to promote community economic development among bankers as an opportunity for investments, to promote legal solutions to community economic development among legislators, and to share US experience in these fields (3 days, up to 80 participants including U.S. speakers)
- 2.4. Dissemination and promotion of best U.S. and Polish practices and prospective Polish models of national level organizations and of banking and legal framework for

community economic development, through publications (2 booklets x up to 30 pages x 300 copies) and through media.

2.5. Further development of relationships with community economic development organizations in CEE, to share experience and promote practices applied in different countries.

The assumed results were the following:

- As a result a sustainable coalition of up to 10 major national-level organizations involved in community economic development shall be created and become active in its field of interest. Plans for on-going and future activities of the Coalition shall be developed and accepted by its member organizations.
- Up to 20 representatives of Coalition Member organizations shall become familiar with or increase their knowledge of best practices in community economic development at the national level from U.S. experience and apply this knowledge in current and future activities of the Coalition and their individual organizations.
- Up to 30 representatives of Polish banking sector (including branches of foreign banks) should become familiar with or increase knowledge of market opportunity created by community economic development and U.S. practices in this field.
- Up to 5 banks or banker associations shall follow in this direction.
- Up to 10 representatives of Polish regulatory institutions shall become familiar with or increase their knowledge of U.S. legal framework and governmental practices in support of community economic development. Polish regulatory bodies shall become interested and follow in this direction. However no immediate, practical results in banking sector or legislation shall be expected within the scope of the present project.
- Up to 10 representatives of CEE organizations shall become familiar with or increase their knowledge of best practices in community economic development in U.S. and Poland, and up to 5 of them apply some of these practices in their daily activities.
- Sustainable working relations shall be established between up to 5 CEE organizations and their Polish counterparts.

The second project objective supported USAID IR4 “Polish institutions supporting local government functions are sustainable and more efficient” and specifically IR4.1. “Providers of TA, training, dissemination of best practice models, research, organized community

involvement and other support to local government are sustainable and available nationwide”. It also contributed to USAID IR1 “Improved policy and legal framework supports local government functions”, directly - due to increased interest and prospective involvement of bankers and legislators, and indirectly - due to prospective joint initiatives and lobbying by the Coalition.

3 Results

The main project results are the following:

1. **Mastering of the current practice.** The project provided not only for dissemination and promotion of existing practices, but also for improving existing models through discussions, peer-learning and daily co-operation between organizations and institutions participating in the project. A significant portion of the project were conferences and workshops. The aim of these events was not only to promote and educate, but also to master the existing practice. Sessions were organized around selected topics, where relevant practices were presented by several speakers, reviewed and discussed to identify problems and solutions. It included learning from the U.S. experience and from experience of other CEE countries.

This process was of particular importance for national level organizations aiming to take a role of an intermediary involved in building of community development industry. In addition to conferences and workshops, national level organizations participated in the strategic planning process, where various concepts were discussed, assessed and verbalized in planning documents. The national level organizations had also an opportunity to improve their skills and methodology in field through joint implementation of a complementary project sponsored by the Ford Foundation. The component of the Ford project that allowed for mastering of existing practices in field was a pilot project for comprehensive development of local communities, implemented at three selected locations in Poland as a joint initiative of several national level organizations.

2. **Learning from the U.S. experience.** Almost all project activities were implemented in close co-operation with and with active participation of U.S. partners. This was one of basic assumptions of the project. Representatives of several U.S. organizations participated in four of the five project conferences and in the partnership visit. Nine representatives of Polish organizations participated in the Fourth National CDFI Institute in Washington D.C. and in a customized strategic planning session in Philadelphia organized for PWG by the National Community Capital Association (NCCA). The essential new concepts introduced by U.S. partners included: the role of banking sector

and relevant U.S. regulations (Community Reinvestment Act), the role of CDCs and CDFIs, the U.S. experience in the area of affordable housing, the U.S. legal system for the non-profit sector, the role of intermediary organizations and trade associations and innovative methods for vocational rehabilitation. As a result of the project sustainable relationships were established with several U.S. organizations. In two cases follow up initiatives are in progress (to start a pilot program on innovative methods for vocational rehabilitation in co-operation with CEI and ETI and the create a model CDC in Poland in co-operation with Citibank Foundation)

3. **Introducing new concepts.** These were new concepts resulting from the U.S. experience (see above) but also concepts developed by Polish organizations during conferences and workshops, in course for the strategic planning process and as a result of joint implementation of the pilot comprehensive community development project. Important was not only to introduce new concepts, but also to review, analyze, confront with local conditions, disseminate and rise a broad perception and interest in innovative solutions. The new concepts of general nature included: the role of CDCs, CDFIs and intermediary organizations, the role of a trade association, community development to be considered as an industry, the role of banks and the need of adequate regulations enforcing banks participation and allowing for effective operation of community development organizations. Specific new concepts were in the area of vocational rehabilitation, assistance to grassroots organizations.

4. **Exploring the banking sector.** The banks' role in community development was one of main themes of the project. It was addressed in two contexts: the role of big banks, including solutions similar to the U.S. CRA, and the role of local banks - including the best practice in local loan and guaranty funds, financial engineering and multilateral funding agreements. Additionally, there were presentations explaining and endorsing the concept of mutual financial institutions. Sixteen representatives of the banking sector participated in the "Bankers and Legislators" conference in Konstancin. Additionally, at this conference there were present 10 representatives of para-banking institutions (micro-lending organizations and venture capital funds), lawyers and publicists specializing in banking, and practitioners experienced with funding instruments, such as guaranty funds. The conference provided for a comprehensive review of the matter, including the

perspective of banks, lawyers, practitioners, para-banking institutions and advocates of alternative solutions like mutual organizations. The U.S. legal solutions and practice were presented by John Taylor, the President of the National Community Reinvestment Coalition and by Mike Finnegan, the Regional Vice president of the Key Bank of Maine. Joanna Wardzinska and Irena Herbst, Vice Presidents of two major Polish banks shared their views and experience. Professor Marek Wasowicz, a lawyer from the University of Warsaw, challenged the question of “banks with mission” as opposite to banks driven exclusively by market forces. Andrzej Bratkowski and Stefan Bratkowski, two Polish publicists and historians of the banking sector gave a comprehensive review of ideas and concepts concerning mutual and local funding institutions in Poland and abroad in a historical perspective. There was also a separate session on practices concerning guaranty and local loan funds.

The conclusion from the “Bankers and Legislators Conference”, as well as from the experience gained by organizations implementing this project from contacts and meetings with major Polish banks at the preparatory stage, is that the matter is hardly recognized by most of Polish bankers. The success of this project was to rise the issue, to present U.S. solutions and to bring attention of several Polish banks as well as of a broad audience of prospective beneficiaries from both the public and private sectors. By informal communication there are also signals about local initiatives to create guaranty funds and/or start co-operation with local banks, that had been encouraged as a result of the project.

5. **Encouraging adequate legal solutions.** The three areas, where adequate legal solutions are essential for the success of community development initiatives are the following: banks participation (regulations like the CRA in the U.S.), regulations on the non-profit sector, and legislation on relations between the public and private sectors, including public funding mechanisms. All three areas were addressed during the project.

Concerning the role of banks, no regulations like CRA exist in Poland. An important result of the project was to introduce this concept to a broad audience of bankers as well as practitioners and policy makers.

Concerning regulations on the non-profit sector, it is under debate and in a drafting process in Poland already for a couple of years. Traditionally, Polish non-profit organizations used to consider charities and PVOs as the main and/or exclusive constituents of the group. An important result of the project was to bring attention of organizations representing the non-profit sector to the role of not-for profit organizations involved in community-based economic development like CDCs or CDFIs in the U.S. The community development organizations participating in the project were encouraged by leading non-profit organizations to take part in the legislative process. At the Bankers and Legislators conference Karen Sherman, a U.S. attorney from New York gave a comprehensive review of the U.S. legal system for non-profit activities.

Concerning relations between the public and the private sector, several regulations were introduced as a part of the administrative reform, and several are still under development. Participants of conferences and workshops organized during this project had an opportunity to get a clarification on regulations that originally were interpreted to be an obstacle in public funding for activities of non-profit organizations. They learned also examples of resolutions on co-operation with local organizations adopted by some local governments and examples of cooperation agreements between local governments and non-profit organizations. At the Bankers and Legislators conference there was also a special session to present and discuss a draft regulating the rules of support by state administration to regional development, that raised a lot of critical opinions and was a hot issue that time.

6. **Building an industry of community development organizations.** This was also the goal of a complementary project sponsored by the Ford Foundation. In a large sense, the whole current project contributed to this result by strengthening community development organizations through educational activities and by promotion of the concept of “industry”. Of particular importance in this respect was dissemination and promotion of new concepts (CDCs, CDFIs, intermediaries, trade association, cooperation with banks, public and private funding mechanisms and other), as well as pointing on legal solutions that would be required to implement these models.

Specifically, the two complementary activities of the current project contributing directly to this result were: “building up a coalition” (activity 2.1) and “skills building workshops for coalition member organizations” (activity 2.2). The PWG member-organizations made a significant progress on the way to transform into a national community development coalition. As a result of learning from U.S. organizations and from each other, as well as of numerous meetings, discussions and joint preparation of planning documents, the group identified its basic roles and areas for future activities. The group also worked up the basic concept of its internal structure, relationships and rules, as well as the criteria for the group expansion. Five new organizations joined the PWG. It became recognized by other organizations and institutions as key player involved in community economic development in Poland and particularly in rural and neglected areas. Several local and national level organizations participated in workshops and conferences organized in course of the project. They are interested to take part in the future activities of the coalition.

7. **Increasing cooperation between community development organizations and other sectors.** This element was stressed in all activities of the project. Participants of the project conferences and workshops had an opportunity to learn about adequate legal regulations, and about examples of such a cooperation. During the Kick-off conference it was a theme of special presentations. During the Bakers and Legislators conference it was one of the three main topics and the leading theme for the third day of the conference. All project events related to innovative methods in vocational rehabilitation were focussed around the role of local governments in this area. The cooperation between local governments and communities was explicitly a theme of one of the project workshops. The whole issue of banks participation is in fact about cooperation between sectors. For all project conferences and workshops participants were invited intentionally from all three sectors. This policy itself created conditions for direct communication and better understanding between representatives of diverse sectors participating in the project events.
8. **Raising interest among a large public.** Almost 400 individuals representing various local and national-level organizations, local and state government, policy makers, companies and banks participated directly in the project’ events. About 1000 individuals

received invitations and initial information about these events. 300 copies of selected materials from the project conferences and workshops were distributed to relevant organizations and institutions.

Most project events were well covered and reported by media. Journalists from national newspapers were present at the kick-off conference and at the Bankers and Legislators conference, as well as at the two conferences on vocational rehabilitation. The two conferences on vocational rehabilitation were reported also by several local newspapers and by regional TV and radio stations. Similarly a regional TV station from Łódź presented material on the study visit of CEE practitioners. One of the groups participating in the study visit produced a video on community development in Poland to be broadcast by TV in Ukraine.

9. **Raising interest and introducing new models for social integration and vocational rehabilitation of disabled persons.** This was an important result of the partnership component of the project. The specific activities that contributed to this result were: the partnership visit in Poland of two representatives of a U.S. organization involved in vocational rehabilitation, two large conferences in Poland with participation of the U.S. partners, and a partnership visit in the U.S. of two persons representing local community development organization, local government and the state administration. The innovative element of model introduced by U.S. partners was the method for vocational rehabilitation of disabled persons in the U.S. on the free market, as opposed to employment in shelter work facilities. At the same time the U.S. partners presented a comprehensive review of U.S. models for social integration of disabled persons. More than 100 representatives of local and national organizations involved in this area as well as representatives of the local administration, local governments, companies, State Fund for Rehabilitation of the Disabled and the parliament participated in the two conferences.

An additional result of the project was to raise a strong interest among all stakeholders at the partnership host region, and to stress the role of local governments in dealing with these problems. A follow up initiative is in progress to start in this region a pilot project on innovative methods for vocational rehabilitation.

10. Exporting concepts and skills to other CEE regions. 23 representatives of community development organizations from other CEE regions participated in project events. Sixteen of them participated in a one-week study tour in Poland. Two of them took part in the kick-off conference and seven – in the Bankers and Legislators conference. In evaluations all CEE participants highly valued the knowledge and experience gained in Poland. One of the groups participating in the study visit produced a video on community economic development in Poland to be presented on TV in Ukraine.

There are good reasons to believe that contacts established during the project will sustain. Romanian participants were interested to organize visits to local Polish organizations to learn about specific themes like agro-tourism. In discussions with the Ukrainian group a concept was developed for a pilot community development project in Ukraine, where Polish organizations would share their experience.

11. Building a network of relationships between Polish and CEE organizations. This was an important element of building of the community development industry. The PWG-member-organizations went through a process of learning, capacity building and institutional development leading to their role of an intermediary and resource center for a large group of community development organizations, especially at the local level. The local-level and grassroots organizations learned about innovative practices presented in course of the project and are eager to sustain mutual contacts and to develop further their skills. It was especially striking during the First National Meeting of Community Development Organizations, as well as during the study tour for CEE practitioners. As a result of the project, all organizations involved in the process are interested to participate in a network, to learn from each other, to exchange information to assist or get an assistance. Clearly, such a network is a beginning of the community development industry, that will grow up shortly and take more significant functions.

12. Building sustainable relationships with U.S. organizations. Thirteen representatives of U.S. organizations participated directly in the project conferences, workshops and partnership visits. These were not incidental contacts, but visits lasting for couple of days, including comprehensive presentations of selected themes, as well as informal peer-

learning and relationships. As a result, Polish and U.S. practitioners got to know each other, can easily communicate and are interested to cooperate in new initiatives. In particular, an initiative is in progress to start a new pilot project on innovative methods for vocational rehabilitation where U.S. partners shall play a significant role. There are also plans to create a model CDC in Poland, based on up to date experience from the project and on continued assistance from U.S. organizations. The U.S. organizations participating in the project may also play an essential role in further development of the community development industry and national intermediary structures in Poland and in other CEE regions.

13. **Spreading relevant skills and knowledge among a large group of organizations and institutions.** Almost 400 individuals representing local and national organizations, local government, state government, state agencies, policy makers, banks and private companies participated in the project events. There were five big conferences and several workshops. More than 400 representatives of local governments and local organizations participated in 21 training courses. A large set of selected presentations from the project conferences and workshops was distributed in 300 copies.

4 Best practices

4.1 *Institutional models*

Community Development Corporation (CDC). This is one of key models for community economic development in the U.S. The U.S. partner-organization involved in this project was CEI who is a CDC itself. To promote this model was one of principle aims. Currently, in Poland there are many organizations and initiatives that materialize this concept. This includes local organizations (usually foundations or associations) whose mission is to initiate and support community development. Similar role play local and regional development agencies that can have the legal form of a foundation or a company owned by the local authority. There is also an network of small-business support centers and a group of national level organizations supporting community development. The main difference in current situation between Poland and the U.S. is that in Poland CDCs are still not considered to be an industry, do not receive a considerable support form the public sector, and do not enjoy any special provisions of the law or tax regulations. Even the non-profit sector in Poland as well as the broad public are focused on the philanthropic mission and hardly recognize the economic development - in general, and the role of CDCs - in particular, as a part of the public-benefit area. The role of CDCs in the U.S. and various forms of their activities were presented by U.S. partners all through the project, including all conferences and workshops. At the same time Polish organizations playing similar role had an opportunity to present and discuss their situation and prospects.

Community Development Financial Institution (CDFI). This is the second most important model broadly used in the U.S. These institutions include credit unions, community development banks, loan funds, venture capital organizations, microloan funds and other. Again, all these institutions are known in Poland, though not necessarily in a fully developed form. Similarly, the level of support and recognition by public administration, by broad population and by the legal system is much lower than in the U.S. The current project provided for learning from the U.S. practitioners, as well as for presenting and discussing of experience of Polish organizations. This was done through all the project conferences and workshops. Of particular importance were discussions and direct contacts between representatives o Polish CDFIs and the banking sector that took place during the Bankers and Legislators Conference in October. During this conference broadly addressed was also the

concept of mutual banking and insurance institutions, that can be active at a community level. Additionally, representatives of several Polish organizations involved in the project had an opportunity to learn about the CDFI model by participation in the Fourth National CDFI Institute in Washington in January 2000. This study visit was financed within a complementary project funded by the Ford Foundation.

Intermediary organizations and trade associations. This is the third model of a key importance in the U.S., that was of particular interest to Polish organizations involved in the project. Thanks to the CEI role in the project and thanks to participation of representatives of U.S. organizations in project conferences, Polish community development organizations had an opportunity to learn about the role that intermediary organizations and trade associations play in this sector in the U.S. In fact, the PWG itself is an emerging community development association in Poland. Thanks to the project, PWG was able to learn about the U.S. model and to define its role in the Polish context. The PWG plans in this area include activities aiming to increase daily contacts, information exchange and peer-learning between organizations, to create better and more favorable legal environment for community development initiatives, to educate the broad public, to introduce self-regulation and control mechanisms within the sector while getting more understanding and trust among other stakeholders, to encourage more public funding for community development and play an intermediary role where necessary, to assess the needs and identify most effective measures for assistance at the community level, to provide the necessary assistance in field, and to develop further and promote best practice models for community development. Seemingly, this is a comprehensive reflection of the U.S. experience in this area. The next step for Polish intermediary organizations and trade associations can be to spread their knowledge and experience to other CEE countries in a way the U.S. organizations were doing this during the current project.

Expansion of local organizations. This is a model that proved to work in several locations in Poland and can be repeated to, ultimately, cover the whole country. The up to date experience shows that in most cases local community requires several years of a concerted and comprehensive external assistance in order to mature, reach sustainability and proceed on its own. However, an additional outcome that takes place in many cases is that such a community turns to be a development center for neighboring communities and for the whole

region. Seemingly, there are two basic mechanisms that makes this happen: the first one is that communities and local organizations that experienced various instruments and models themselves are best prepared to teach others; the second is that neighboring communities may always have common interests, and are best located to learn by watching an example. The community that serves as a development center has also clear incentives to expand, since it can benefit from both the effect of scale and from its central role in this process. The experience of this project shows, that this model can be promoted in relation to other models, assigning additional roles to mature community development centers, especially in education, promotion, networking, information exchange, mastering of methods, rising public awareness and advocating for better legal and financial environment.

Co-operation between all stakeholders. This is an experience of both the U.S. partners participating in the project conferences and workshops, as well as of Polish organizations, that effective community development requires a close cooperation between all stakeholders. This is particularly true in Poland due to the recent administrative reform, that materialized the rule of subsidiariness by moving a lot of authority to local communities and their governments. However, the necessary co-operation of all stakeholders must go beyond this, and applies to all three sectors (public, private and non-profit) as well as to the whole communities and their leaders. In Polish reality it is of particular importance to change the public awareness and overcome the typical passive attitude that was inhered over the last 50 years of the communist system. At the same time there is a whole bunch of practical measures to encourage the self-reliance, involvement and responsibility of communities as well as to create favorable conditions for these attitudes and their practical reflection. This includes resolutions of local self-governments concerning their relationships with the third-sector organizations and other co-operation mechanisms, that were presented and discussed during the workshop organized as a part of this project in May 2000. The need for, and benefits from co-operation were also repeatedly stressed during all events of the project, including special presentations at the Kick-off Conference and a whole day dedicated to this matter at the Bankers and Legislators Conference. During the latter, additionally, a special attention was given to co-operation with banks and especially with local banks. In particular the U.S. participants representing both the CDC and the banking sector presented a comprehensive review of this kind of cooperation and its practical aspects.

Joint project. It means a community development project implemented jointly by several organizations. The advantage of this approach is that an individual organization may be not able to provide comprehensive assistance and respond to all important needs, while a joint initiative allows for complementary activities, resulting in a bigger and more effective action. It should be noticed, that thanks to an effect of scale, big and comprehensive projects are usually more effective in terms of cost-to-benefit ratio. Additionally, joint projects provide an excellent opportunity for peer-learning, networking, promotion and mastering of applied methods. As an example, PWG member organizations decided to run a joint pilot project on comprehensive community development in three selected locations in Poland. This project was sponsored by the Ford Foundation, as a part of a complementary community development project. Thanks to this approach, the co-operating organizations were able to offer a complete set of assistance instruments, including training, leadership development, strategic planning, microlending, business development assistance, venture capital investments, institutional building and other. It proved also to be an opportunity for peer-learning and mastering of skills. The first results are encouraging, and this approach should be repeated in the future.

Networking. It is a tool for effective operations and advancement as well as an outcome of ongoing initiatives and achievements. Networking is important at all levels. At the local or regional level there are examples of local networks led by mature local organizations. These networks are based on both informal relationships, that are especially appropriate for this geographical scale, and on formal initiatives like yearly meetings of community development organizations of the region. On the national scale the First National Meeting of Community Development Organizations in Poland, organized in June 2000 as a part of this project, proved that this kind of events are needed and beneficial. This meeting was an example of a networking initiative addressed to local and grassroots organizations. At the same time, through other activities, the project resulted in closer relationships among mature local, regional and national organizations, including the PWG members. Obviously, networking means more than meetings or information exchange. In the end it should result in building a strong community development industry. The networking takes place also on an international scale. Thanks to this project several Polish organizations developed sustainable relationships with their U.S. counterparts. Similarly, participation of CEE organizations in the project

events, and especially their study tour to Poland, resulted in sustainable relationships between several Polish and CEE organizations.

Quality and/or ethical standards. This is a well known and documented mechanism, how self-regulation and quality/ethical standards work to the benefit of the whole sector and all stakeholders of the process, improving also their image and helping to create a favorable environment. To do this is not easy, and requires a minimum level of self-organization on an sufficient scale. Nevertheless, the U.S. experience shared during the project events shows that this is an extremely important and feasible mechanism. The networking and co-operation among Polish organizations encouraged by this project should be considered as a significant step in this direction.

Legal regulations for the non-profit sector. The legal environment for community development and for community development organizations in Poland is fairly unsatisfactory and does not provide for many instruments that are successfully applied in countries like the U.S. Appropriate legal provisions are missing for the whole non-profit sector, but this is especially striking in the context of community-based economic development. During this project a comprehensive review of the U.S. legal system for non-profits was given at the Bankers and Legislators Conference by Karen Scherman, Attorney form a Law Office in New York. At the same time a review of the Polish system and necessary amendments, against the U.S. and European laws, was given by Polish specialists. The main changes required in relation to community economic development are the following: (1) to introduce the institution of a not-for profit economic activity, (2) to replace the list of legally recognized public-benefit activities by a rule that accounts for a broad range of instruments that can be used to support community-based economic development, and (3) to introduce provisions for organizations like CDC or CDFI and attribute them with appropriate tax privileges. This law should include also appropriate provisions concerning the access for community development organizations to public funds. The discussion of legal environment for community development during the project included also broader matters, like detailed presentation of the U.S. CRA model and panel discussion of the draft Bill on Principles of Support to Regional Development.

4.2 Funding models

Banks' participation. This was one of the key themes during the Bankers and Legislators Conference, as well as during all other events of the project. The investment capital constitutes a necessary prerequisite for any community development, in addition to other factors - human capital, social capital, physical capital and natural resources. Consequently, participation of banks plays an essential role. The U.S. experience shows, that banks are naturally inclined to invest in areas of economy and in geographical regions where highest returns can be expected; these are usually different from neglected communities, where at the same time considerable bank deposits are collected. The U.S. solution to this problem was the CRA, that enforces banks to reinvest in neglected regions, plus several supporting provisions like CDCs and CDFIs. No regulation like CRA exist in Poland nor can be expected within the next couple of years. The Polish banking sector is young and competitive forces on this market are still weaker than in more developed countries where excess of investment capital results in strong competition. Nevertheless, Polish banks, as well as foreign banks having their branches in Poland, started to recognize community development as an emerging and attractive market. Slowly, but this process takes place. Big banks are interested to make deals with local governments. Small banks learn how to co-operate with local authorities, local organizations and small and medium business. All these trends were visible in presentations and discussions during all conferences and workshops of the project. Two examples of bank participation were presented at the Bankers and Legislators Conference by representatives of two Polish banks involved in community development: BISE (Bank for Social and Economic Initiatives) and BGK (Bank of State Economy).

Co-operation with local banks. Local banks are best positioned to participate in community development. In a natural way, they collect a considerable portion of their deposits locally, and can be easily accessed by local business. In many ways they are related to, and dependent upon local economy. Outstanding prospects are inherent in multilateral co-operation and financial engineering deals where local bank is one of the partners. There are numerous examples of profitable co-operation between local development organizations and local banks, for example in the area of small loans or guaranty funds. Several examples were presented during the project events - at the Kick-off Conference, the Bankers and Legislators Conference and at the First National Meeting of Community Development Organizations. In Poland most local banks are weak in terms of available capital and require some education.

To the same extent more education can be necessary on the side of local development organizations, business support centers, local authorities and other. Nevertheless, prospects in this area are excellent.

Small loans and micro-loans. This is a popular instrument both in the U.S. and in Poland, as well as in many other countries all over the World. Several examples were given during all project conferences and workshops. An excellent summary of key elements of this model was presented by Helen Scalia from CEI at the Bankers and Legislators Conference. The basic features of this model, she referred to in her presentation, were the following: capitalization, organizational capacity, loan production/deal flow and portfolio management. Excellent examples of loan a micro-loan funds were presented also by Polish organizations: Foundation for the Development of Polish Agriculture (FDPA), Rural Development Foundation (RDF) and Foundation for Development of the Zelow District. Similar organizations in France (Caisse Solidaire and ADIE) were presented by Izabela Norek from Initiative Micro.

Guarantee funds. This model was presented at the Bankers and Legislators Conference based on experience and data of the Association of Guarantee Funds that was established in Poland. There were also presentations of several local funds and the National Guaranty Fund. In summary the key success factors of this model are the following: (1) local scale, (2) co-operation with local organizations, businesses and authorities, (3) smooth co-operation with local banks, (4) direct, personal relationships between the fund and the bank, (5) clear procedures and (6) competence and reliability of the committee members.

Venture capital investments. This model was presented at the Bankers and Legislators Conference by the North Fund, a not-for-profit company founded by the U.S.-based organization Small Enterprise Assistance Funds (SAEF), Cooperation Fund and Foundation for the Development of Polish Agriculture, financed also by the Ford Foundation. The basic features of this model are the following: equity investments and business assistance to small- and medium-size enterprises, minority stake (20-49%), investments within the range from \$25.000 to \$400.000, small companies employing 5-100 people with an annual turnover of \$150.000 to \$1 million, promotion of business development and job creation for unemployed and low income residents in the economically distressed rural regions, viable commercial results.

Mutual financial institutions. This is a bunch of models including credit unions, mutual insurance organizations, local banks and other based on mutual funding. An interesting review of this kind of institutions was given at the bankers and Legislators Conference in two presentations: by Piotr Topinski and Malgorzata Kramarz and by Stefan and Andrzej Bratkowski. Elements of this approach are inherited also in other models like local funds of various purpose, that were reported by other participants of conferences and workshops during the project.

4.3 Development models

Development based on strategy. An essential precondition for successful development of a local community is to have a well defined and justified strategy, that accounts for internal and external factors. An essential precondition for a sound strategy is that it is developed in a broad participative process.

Comprehensive local development initiatives. Local development depends on many factors that are interrelated to each other. Consequently a successful local development initiative must be sufficiently comprehensive and must reach a sufficient scale in order to reach sustainability. This is the rationale for comprehensive local development projects, they should last for several years and cover most aspects of the community life. In many cases this kind of assistance is feasible only through a joint effort of several organizations and institutions.

Local leadership programs. The successful local development initiative must have its roots in the local community. This is the rationale for projects aiming to identify and educate local leaders.

Assistance to grassroots organizations. While local leaders constitute a human capital for community development, the next important resource is the social capital. Again it must have its roots in the local community. This is the rationale for projects aiming to assist local grassroots organizations.

Assistance to orphan organizations. During the implementation of this project the PWG-member organizations agreed that a huge potential is wasted in areas where small assistance programs created some awareness and/or skills, but left the community before it reached a sustainable level. This is the rationale for assistance projects addressed to local communities or local organizations orphaned by their previous sponsors.

Youth programs. The skills and awareness of local community members are the key prerequisite for successful local development. At the same time it is the awareness and mentality that are most difficult and time consuming to change. In most situations it can last for a generation to reach visible results. This is the rationale for assistance projects aiming to build upon the youth.

Training programs. Training should be considered as an investment in human and social capital of a local community. It is a tool and not the goal itself. Consequently, it should be subordinated to the overall local development strategy and priority needs of a given community.

Innovation and Entrepreneurship Centers. Nowadays in Poland there is a large network of innovation and entrepreneurship centers of various kind. A comprehensive review of this model was presented by Krzysztof Zasiadly at the Kick-off conference.

Cooperatives and producer groups. This model is widely used for agricultural production in the EU countries. In Poland it is under development. The basic aim is to rise the competitive position of farmers on the free market

Vocational rehabilitation of disabled persons (managed work services). This is a U.S. model presented in Poland in course of this project by Robert Franciose and Ronald Spinella from Employment Trust Incorporation, Portland, Maine. The key innovation is to employ disabled person on the free market rather than in a shelter work facility, thanks to a special system allowing for adaptation and functioning in this working environment.

5 Activities leading to the first project objective

5.1 Kick-off conference

The main objective of this activity, as stated in the project proposal, was to establish links between all stakeholders involved in the program, to review best practices and to shape further implementation of the project. More precisely, the three objectives were:

1. To let the stakeholders learn more about each other and develop working relations.
2. To present selected cases of best practices from Polish and US experience.
3. To present, discuss and adjust plans for the project and directions of future development.

The two-day conference took place on June 21-22, 1999 in Debe near Warsaw. It gathered 85 participants, representing local governments (12), state government (1), local community development organizations (22), national organizations (38), U.S. partner organizations (4), CEE practitioners (2) and independent press (1). In particular, invitations have been sent to 10 gminas involved in economic development program of LGPP (Dukla, Lipnica, Luban, Namysłów, Olecko, Olsztynek, Ostrów Wielkopolski, Pepowo, Trzcianka and Zaleszany); four of them reacted and took part in the conference (Dukla, Luban, Pepowo and Namysłów)

According to the evaluation questionnaire, the conference was positively received by participants. The average scores vary between 4,16 and 4,36 depending on session in a 0-5 scale. The average score for the whole conference is 4,37. The main critical remarks from participants were about not treating themes in deep, and having to little time for some discussions and presentations. Many positive opinions have been communicated to organizers in personal communication during and after the conference.

Overall, the Conference was a successful event and met the expectations and objectives of the organizers. As expressed by participants, it was meaningful and logistically flawless. It served well, as planned, as a forum for information exchange and establishment of new contacts for the participants. The Project and the PWG plans aroused much interest. The event brought in tangible effects that had been projected. These are:

1. The Project activities and long-term plans were presented to different groups of stakeholders the Conference brought together, the conference started the reach-out process needed to identify all capable partners.
2. Several interesting presentations on the best practices in place in Poland and the U.S. were prepared and presented to an audience of 85 individuals active in CED field, providing a review of Polish and U.S. models. Best practices presented at the conference covered a broad range of issues and models of critical importance to local development, including:
 - co-operation between all local stakeholders (individuals, organizations, governments and business),
 - developing and building upon leadership and community participation,
 - support to various forms of economic activity (SMEs, producer groups, business incubators, micro-lending),
 - role of innovative solutions and approaches,
 - financial instruments and cooperation between diverse stakeholders (loan funds, guaranty funds, cooperation with the banking sector),
 - role of strategic planning.

The models from U.S. practice included:

- role of Community Development Corporations,
 - legal instruments to enforce stronger participation of banking sector, and
 - role of national intermediary organizations and financial institutions.
3. Selected presentations of the conference were distributed in 300 copies, together with materials from other conferences of the project.
 4. The conference created and strengthened links between participants and consequently, between participating organizations and institutions. An informal and friendly atmosphere at the conference was one of supportive factors. Further activities of the project proved that these links are strong and important in contacts with local organizations and governments, as well as in the process of building a national coalition of community development organizations. Several Polish organizations declared willingness to work

together to form a Coalition for CED in Poland. This could lead to broadening of the core group.

5. Warm and open discussion at the conference, as well as several questionnaires, allowed for better formulation of plans and selection of specific themes for further activities of the project. In particular, a feedback was collected on expectations concerning the partnership and the training components. As a result of both the formal sessions, discussions and informal talks and by the means of questionnaires the Project management obtained valuable participant feedback regarding the future of the project and the Coalition. Thanks to this specific components of the Project were tuned to the demand of its beneficiaries.

Apart from reaching of the specific objectives the conference brought about the results supporting the overall goal of the project: spread of best practices and community development concepts from Poland and USA among a large group of local leadership, administration, government and organizations. Due to the content and outcomes of the conference it was called later a “best-practice conference”.

More information about the Kick-off Conference is presented in Annex C.

5.2 Training courses

The main objective of this activity was to provide training on various subject matters related to community economic development for selected representatives of local governments, local PVOs, support organizations and local leaders, including LGPP and PWG target gminas.

Participants for training courses were recruited based on applications submitted by local development organizations and local authorities participating in the Kick-off conference, in other projects of the PWG member-organizations or in the LGPP program. A list of initially identified topics of potential interest to the target groups was prepared by the PWG members and presented at the Kick-off Conference. The list of proposed subject matters was comprehensive and covered most of important issues related to community economic development, including: strategic planning, management at “gmina”-level, local development policies, small and medium enterprises, local and regional development agencies, non-

governmental organizations, social functions of non-governmental sector, loans and credits, local investments, development of infrastructure, and environmental protection. Based on the participants' response the following training was determined to be delivered to meet the expressed needs:

- The principles of project development for co-financing by the European Union.
- “Parachute” – training course for career planners, job seekers and occupation changers.

The “Parachute” and “How to set-up a Small Business” training courses, addressed to the unemployed and career planners, provided the participants with knowledge of business management rules, the market and rudiments of labor market behavior. At the same time, they help to minimize participants' fears and to develop more self-dependent, resourceful and pro-active both thinking and practical attitudes. New skills acquired by training participants established a “new quality” of the local market and small business environment. The knowledge and skills gained by participants on how to move on the labor market, how to create and run small and medium enterprises and how to co-operate with local government and institutions - have a significant impact on improved economical situation of gmina, by creating new jobs and increasing income to the gmina' budget. Training events were delivered in LGPP-participating gminas.

During the “Dialogue for the Poland's Rural Areas” the local leaders acquired the local development knowledge on elaboration of strategies and projects, on how to acquire and maintain local support, using the information on Structural and Pre-accession Funds and the Common Agricultural Policy. Moreover, the participants acquired knowledge and skills that are necessary to hold discussion meetings on the integration-related opportunities and threats with the residents and for running the local coalitions for pro-development initiatives smoothly.

Training covered a broad range of themes including principles of modern management at a gmina-level, skills necessary to use EU aid funds for local development, and knowledge of the European Union. This training was addressed to the staff of gmina' offices, members of gmina' managing boards, and gmina' councils. Several methods and tools have been promoted, that earlier proved to work in the U.S. practice, like management of public services, preparation and use of targeted budgets, cooperation of local governments with

representatives of small and medium enterprises, and skills necessary to use resources available at gmina to support small and medium enterprises.

All the training activities were evaluated content and methodology-wise by the participants. All training courses were highly valued by participants. According to evaluation by participants, the knowledge and skills gained at courses will have a significant impact on the quality of operations and on the quality of services provided by gmina' offices.

Altogether there were organized and conducted 23 training courses, providing for 76 days of training. The number of participants totaled 419. The number of the training man-days was 1221. The list of training courses is presented in Annex B.

5.3 Workshops and partnership visits

The main objective of this activity was the following:

1. to organize two skills-building workshops on best practices in community economic development for representatives of local governments, local organizations, support organizations and local leaders including LGPP and PWG target gminas and
2. to organize six partnership' visits of US organizations to Poland to establish links and share experiences with local governments and local organizations in Poland involved in community economic development.

For partnership visits an inquiry was completed at the Kick-off conference and later on to identify needs and interested localities. At the Kick-off conference, the whole concept of partnerships was explained to participants and they have been encouraged to apply by filling in a questionnaire. As a result 15 organizations and/or local governments expressed interest in 34 themes of partnership visits.

In the prescreening process, 8 applications have been screened out, as being too vague and/or not related to any specific locality. The remaining 6 applicants were requested to provide detailed information. In order to make partnership visits focussed and practically oriented, the applicants were required to indicate, a specific task or problem to be resolved in course of the visit, and a draft concept of the visit schedule and events. All six applicants submitted

required information. Applications were summarized in English in a standardized format and sent to CEI (U.S. member of PWG responsible for identifying and contacting U.S. partners).

Applications were reviewed, based on the following criteria: quality of the proposal, involvement and qualifications of the applicant, involvement of other local partners, importance of the subject matter, uniqueness of the subject matter, value and uniqueness of U.S. experience. As a result three partnership projects were selected for implementation:

- “Creation of Local Loan Fund”, submitted by Bilgoraj Regional Development Agency (BARR),
- “Assistance for the Enterprise Development Fund”, submitted by Slupsk Association for Economic Innovations and Enterprise (SSIGiP), and
- “The disabled and handicapped people - social and professional rehabilitation - assistance programs”, submitted by Poddebice Enterprise Development Center.

However, further to several meetings and discussions, doubts arose concerning the effectiveness of partnerships focused on the above themes, where local expertise can be sufficient to provide satisfactory advice and assistance to start activities and resolve potential problems. After consultation with the sponsor a decision was made to restructure this component of the project and focus all partnership visits as well as one of the workshops around the theme of support to the disabled, and especially – employment for the disabled at Supported Work Establishments and on the free market. This theme was important and still requiring further development in Poland, whereas the U.S. expertise and experience in this area was long and significant.

The U.S. partners identified for this project were Robert Franciose and Ron Spinella from Employment Trust Inc. (ETI) in Maine. Both of them were experts in employment of disabled and practitioners involved with various forms of support to the disabled over more than 20 years.

The above decision proved to be reasonable and fruitful. The two U.S. partners strongly engaged in the project. After initial exchange of information with the Poddebice community, they prepared in writing a comprehensive review of U.S. models and solutions to support disabled. Of particular importance was the concept of managed work services, allowing to

employ the disabled on the free market as oppose to shelter work facilities that still dominate in Poland. All material prepared by U.S. partners was translated into Polish and handled to participants of a workshop and a conference organized in Poland during their visit. Also a transcript of presentation given by U.S. partners during the workshop and during the conference was translated into Polish and distributed in 300 copies together with other selected materials from the project.

The partnership visit to Poland of the two U.S. practitioners was extended to five days and took place on April 10-14, 2000. The first three days they spent in Poddebice region (location of the Polish partner-organization). On the first and on the third day they visited several local organizations, institutions and facilities involved in support to disabled, met with the mayor of Poddebice, and spent some time with the Polish partner-organization to share their experience and advice on current plans and programs. On the second day there was a workshop organized by the host organization where the two U.S. partners presented a comprehensive review of the subject. Also Polish organizations and institutions from the region participating in the workshop shared their plans, experience and problems.

The workshop in Poddebice had a tremendous promotional value. It gathered 70 representatives of local governments, support organizations and businesses from all the region. Information about the workshop and about the discussed problems and solutions was reported by three regional TV and radio stations and by local newspapers. This partnership visit in general and this workshop in particular brought attention to the role of local governments in providing the necessary aid and support to the disabled. It was also an incentive to develop further local programs in this area. In fact, there is a follow up initiative in progress to start in the Poddebice region a pilot project using experience and methodology shared by the U.S. partners during this visit.

On the last day of the visit, the U.S. partners participated in a conference on the same theme organized especially for this occasion in Warsaw. This conference was addressed to national-level organizations from all over the Poland and is reported in chapter 6.2 below.

Considering the success of the partnership visit of the U.S. partners in Poland, and considering the importance and innovative character of presented models and solutions, a

decision was made, after consultation with the sponsor, to organize a partnership visit of two representatives of Polish organizations and governmental institutions to the U.S. The purpose of this visit was to learn on the spot the practices presented by U.S. partners during their visit in Poland. It was important also to introduce the innovative concepts to both the local organization in Poddebice (that could be directly involved in design and implementation of a relevant pilot project), and a representative of a state agency responsible for support to the disabled (that could be involved in co-financing of the pilot project and in spreading the solution to other regions of the country). This partnership visit was prepared by the U.S. partner and took place on May 13-21, 2000.

The program of the partnership visit in to Portland included the following visits and meetings: with the president and staff of the Employment Trust Incorporation, with representatives of EPX - a printing company that employs disabled, the Carrier Center of Maine, Coastal Enterprises Inc., ENVISIONET - a computer company employing disabled, Faithworks – a seasonal employment facility for people in difficult situation, Goodwill – a charity organization dealing with mental disabilities, Deering High School – a school where disabled children are adapted to the common life, State of Maine Department of Human Services, Unum Provident – an insurance company for disabled, Nichol’s – a company employing blind, special meeting with representatives disabled and institutions cooperating with disabled, unemployed, and employers, Mercy Hospital – a hospital employing disabled. In the second part of the visit Polish visitor were accompanied by a honorable guest – Senator Ann Rand. The visit ended with a wrap up session with ETI and CEI, leading to the following conclusions:

- continued co-operation between the Poddebice District, ETI and CEI concerning disabled,
- joint preparation of a program to locate severely disabled on the local work market
- initial contacts between the Portland Public School and Vocational School in Poddebice that can result in twinning,
- an offer for co-operation and exchange of experience between the Mercy Hospital in Portland, the Independent Health Care Facility in Poddebice, employment offices, non-governmental organizations and local governments.

As a result of the partnership visit, the Poddebice District prepared a program titled “A Disabled Person in the Poddebice District” that won the first price in the First National Contest for District Authorities, organized by the Foundation for Disabled Children “Sikon” in Zielona Gora, Poland. As a result of this visit, too, the Poddebice district prepared a program “Disabled person in a local community” for a Contest DOMINO organized by the Ministry of Labour and Social Care in Poland. An important element of this program is creation of an integrative educational system and vocational adaptation of people with severe mental disability on the local work market. This will be done based on experience from the partnership visit and in co-operation with ETI. The proposed program was approved by the District Government. Actual implementation depends upon funding, that should be decided by the Ministry of Labour by the end of this year.

* * *

The second workshop under this component of the project was organized in co-operation with the Local Government Partnership Program (LGPP) - another big program funded by the USAID in Poland. The theme of this workshop was “Co-operation between local governments and local communities”. It took place on May 8-9, 2000.

This workshop was practically oriented and targeted on selected communities, that participated at the same time in the complementary pilot project of the PWG, sponsored by the Ford Foundation. From each local district a group of participants was invited representing both the local organizations and the local government. The participants of the workshop got a comprehensive review of the theme, and then had to design a concrete initiative on co-operation, to be implemented over the next couple of months with an assistance of the LGPP experts. In designing initiatives during the workshop, participants were assisted by invited experts. As a result the following initiatives were designed and then implemented at four local communities with the LGPP assistance:

- in Barciany: creation of a scholarship fund,
- in Srokowo: creation of an educational association,
- in Ilawa: (a) creation of an umbrella organization to support local PVOs, (b) preparation of a cooperation agreement between the local government and local organizations, and (c) preparation to create a local scholarship fund,

- in Ketrzyn: preparation of a cooperation agreement between the local government and local organizations.

5.4 Publications

The main objective of this activity, as stated in the project proposal, was to promote and popularize best practices in community economic development among local governments, local PVOs, support organizations and local leaders, and to spread out relevant knowledge and experience through publications and through media. The intention was to benefit and increase local economic development awareness on a much broader scale than only to include its direct participants.

The original concept was to produce six small publications after each conference or workshop of the project. However, after consultation with the sponsor, it was decided to compile and distribute one comprehensive set of selected presentations from all project' conferences and workshops. The rationale was that in most cases specific themes were addressed during more than one conference or workshop. At the same time the conference' or workshop' materials were handed to participants on spot; the value of the follow up publication was rather to spread the message to those who did not participate or to spread the message in a comprehensive way, based on results of several events. Consequently, one comprehensive set of selected presentations from all project conferences and workshops was distributed in 300 copies at the end of the project. All presentations during conferences were tape-recorded. Thanks to this it was possible to include transcriptions of most interesting presentations into the above set.

Most project events were well covered and reported by media. Journalists from national newspapers were present at the kick-off conference and at the Bankers and Legislators conference, as well as at the two conferences on vocational rehabilitation. The two conferences on vocational rehabilitation were reported also by several local newspapers and by regional TV a radio stations. Similarly a regional TV station from Łódz presented material on the study visit of CEE practitioners. One of the groups participating in the study visit produced a video on community development in Poland to be broadcast by TV in Ukraine.

6 Activities leading to the second project objective

6.1 Coalition

In the U.S. there is a large number CDCs and CDFIs that play an essential role in local economic development all over the country. At the same time local, grassroots organizations have created national support organizations, trade groups, intermediaries, and associations to advocate for the field in a variety of ways (e.g. technical assistance, funding, legislative advocacy, partnerships with banks and foundations).

Similarly, in Poland and in other CEE regions there is a large group of organizations active both at the local and at the national level, involved in community economic development. However, these organizations are still limited in their activities due to many obstacles. This includes an inappropriate legal environment for the non-profit sector in general and for the economic development organizations in particular, missing or inadequate public and private funding mechanisms, disinterest of most banks in investments on community level and limited experience and interest of local authorities in cooperation with community development organizations. This includes also internal reasons, like limited experience and know-how among organizations, insufficient exchange of information and peer-learning, missing self-organization, limited cooperation and limited number of joint projects and missing mechanisms for representation, promotion, advocacy or self-control mechanisms to assure predefined quality standards.

Considering above, the main objective of this activity, as stated in the project proposal, was to build up a Coalition of major Polish organizations involved in community economic development including present PWG members, and to facilitate Coalition activities over the project period. The ultimate Coalition goal, to be achieved in the future with an initial, catalyst aid of this project, was to:

- establish itself as a resource center for local economic initiatives,
- act as a financial intermediary for economic development endorsement,
- strengthen the voice of the aid-needing communities,
- lobby for adequate, encouraging laws,
- create an atmosphere of understanding within banking community and promote supportive banking practices.

The main results related to this activity are the following:

1. **Defining the role of the coalition.** As a result of learning from U.S. organizations and from each other, as well as of numerous meetings, discussions and joint preparation of planning documents, the group identified its basic roles and areas for future activities.
2. **Defining the internal rules and expansion criteria.** As a result of learning from U.S. organizations and from each other, as well as of numerous meetings, discussions and joint preparation of planning documents, the group worked up the basic concept of its internal structure, relationships and rules, as well as the criteria for the group expansion.
3. **Expansion of the core group.** Five new organizations joined the PWG and are going to participate directly in future activities. As a result the core PWG consists of eight leading Polish organizations involved in community economic development (see Annex G and Annex H).
4. **Building foundations for a large coalition.** The PWG became recognized by other organizations and institutions as key player involved in community economic development in Poland and particularly in rural and neglected areas. Several local and national level organizations participated in workshops and conferences organized in course of the project. They are interested to take part in the future activities of the coalition.
5. **Serving as a resource center.** The project activities, especially conferences and workshops, were addressed to a broad audience of local grassroots community organizations, thus building their capacity. Several local organizations participated in implementation of specific project activities, like the study visit for practitioners from other CEE countries. In course of the project implementation the information resources has been up-dated, including a database of community development organizations. On several occasions the PWG was approach to provide information about the whole sector. This role is continuously increasing.

The main elements of this activity were the following:

1. **Developing and discussing of basic concepts among the PWG member-organizations.** This process was implemented during routine working meetings of the core group as well during the project' conferences, workshops and special planning meetings with participation of prospective member organizations. In particular there was a special planning meeting in Otwock and Strategic planning session with NCCA in

Philadelphia (see Annex D). Important were daily contacts and advice from the partner U.S. organizations and particularly from the CEI. A significant progress in this respect was made in course of preparation of planning documents (a briefing for major U.S. Funders, and the PWG concept proposal), where all PWG members participated in discussions and drafting (see: Annex J).

2. **Learning from workshops and conferences.** All actual and prospective members of the PWG core-group, of the expanded PWG and of the prospective broad coalition had an opportunity to learn about the concepts and tasks for CDCs, CDFIs, national associations and intermediary organizations at project' conferences and workshops. Of special importance in this respect were presentations by U.S. invited speakers.
3. **Spreading the concept and building a resource center.** The idea of the national coalition and network of relationships was presented at the First National Meeting of Community Development Organizations. Continued fund-raising initiatives are in progress to allow for the PWG role as intermediary, with particular focus on local grassroots organizations. In course of the project implementation the large database on community development organizations was compiled from various sources and up-dated.

Based on initial discussions among PWG members, several, sometimes contradictory options for the group expansion were considered. The contradictory opinions accounted for all aspects of the future coalition, including: scale (number of organizations/institutions), geographical extension (Poland, CEE or broader), kind of organizations/institutions (national NGOs, local NGOs, public institutions or no limitations), eligibility criteria (open to all organizations of predefined category or by reference from actual members), differentiation of the status of member organizations (members, local members, partners or no differentiation), legal status of the coalition (entirely informal or registered), management structure and internal regulations.

The PWG member organizations agreed that the national coalition for community economic development in Poland should be open to all organizations and institutions active in the area and interested to join. However, not all organizations and institutions, by their nature, shall necessarily contribute to the coalition activities in the same way. Therefore, the coalition should be composed of three kinds of membership. There should be a core group of organizations, usually with longer experience and track record, active on a national scale. The

second group should consist of partners: banks, para-banking organizations, governmental agencies, quasi-governmental organizations etc. Community development organizations and institutions active at the local level will form the third group.

Five new organizations joined the PWG and are going to participate directly in future activities. As a result the core PWG consists of eight leading Polish organizations involved in community economic development (see Annex G and Annex H). Several local and national level organizations participated in workshops and conferences organized in course of the project and are interested to take part in the future activities of the large coalition.

The main goal of the coalition should be to foster creation of the CDC/CDFI industry and support its activities in all areas where joint action can be indispensable or more effective. The four main areas of for the coalition activity identified by the group are:

1. support to local organizations and initiatives,
2. development finance,
3. policy, lobbying and legislative change,
4. information exchange and peer learning, including international relations within the CEE region.

Of special importance for coalition building was the learning process. This included learning about the role and functioning of national level trade organizations and intermediaries, about public and private funding mechanisms and about models for community development organizations like CDCs and CDFIs. The learning process took place in relation to activities directly linked to the coalition building as well as in relation to other components of the project.

The PWG participated in a peer-learning study tour to U.S. in the end of January 2000. This visit was financed through a grant from the Ford Foundation. It included participation in the Fourth National CDFI Institute in Washington D.C. and in a Strategic Planning Session for PWG, facilitated by the National Community Capital Association (NCCA) in Philadelphia. The PWG held also a briefing for U.S. Funders on Community Economic Development in CEE.

As a part of the preparatory process the whole PWG was involved in strategic planning and identifying goals and priorities for future initiatives and activities. The whole process was structured around a strategic paper that aimed to review up to date activities in the area of community economic development in Poland, including the PWG initiative, and to identify main areas and forms of activity of the PWG and a broader coalition of community development organizations in Poland for the future. All PWG members took part in the process by providing partial contributions in writing, and the whole group met several times to review and discuss individual proposals.

As a result the following three directions for future activities of PWG were identified:

1. National institution building, to increase the co-operation between community development organizations in Poland and support joint initiatives to create a better environment, strengthen organizations and institutions active in the field, and implement bigger and broad-impact projects. Activities in this area shall include peer-learning, information exchange and access, networking, quality and ethical standards, media relations etc.
2. Awareness building and policy impact, to create a better environment for community development in Poland. Specific areas of interest include:
 - a) education – to cultivate a greater understanding of community development initiatives among current and potential private and public sector partners
 - b) nonprofit tax and regulatory reform – to remove penalties and barriers to development activities such as lending and fund-raising;
 - c) resource development - work toward the creation of transparent public funding and incentives for the full range of development activities, from financing to technical assistance provision and advocacy; and
 - d) European integration - assess and take advantage of opportunities for small enterprises, regional development and international cooperation.To this end, the PWG and/or the coalition can be involved in policy research, education, media promotion, lobbying etc.
3. Local capacity building – to transfer skills, best practices and technologies to local community development organizations, and to provide in-field technical and financial assistance to ongoing and new initiatives. In the future, the PWG could function as a

financial intermediary, harnessing resources from public and private sources for distribution among local development organizations.

The group prepared also an application to German-Marshall Economic Development Fellowship Program for a study tour on development of Community Development Corporation (CDC) and Community Development Financial Institution (CDFI) industry. The goal of the proposed fellowship tour was to investigate the CDC/CDFI industry with the primary emphasis on the legal aspects and funding mechanisms. An interdisciplinary team was created to increase its capability to explore and process information regarding all aspects of the subject. Included in the team were an MP, a non-profit legal expert and a representative of a local development organizations. Regretfully, application has been rejected in the competitive process. However, the whole preparatory process resulted in sustainable and valuable relations with the team members and their organizations.

6.2 Workshops

The original plan, as stated in the project proposal was to organize two skills building workshops for representatives of coalition member organizations on one or more of the following topics: national intermediary models, coalition building, governance, and CDC/CDFI best practices. The main focus was on sharing practical knowledge on U.S. models, and on identifying ways to adapt them to the Polish conditions.

Workshops were considered to be closely related to other components of the project. In particular they were expected to contribute to the Coalition building. They should also result in long-lasting partnership between Coalition member-organizations and their U.S. counterparts.

In fact, much more was achieved in this direction than originally planned. The two workshops were extended to large conferences: “Methods of Social Integration and Vocational Rehabilitation of Disabled Persons in the U.S.”, and “The First National Meeting of Community Development Organizations in Poland”. Additionally, the original aims of this component of the project were served by several other activities and events. In particular, the representatives of the PWG member-organizations had an opportunity to learn about the

CDFI model and solutions at the Fourth national CDFI Institute in Washington D.C. and to learn from the U.S. experience on the role of national trade associations and intermediary organizations at a customized Strategic Planning Session organized by NCCA in Philadelphia. Also all other conferences and workshops of the project contributed directly to aims of this component.

The conference “Methods of Social Integration and Vocational Rehabilitation of Disabled Persons in the U.S.”, was organized in Warsaw on April 14, 2000 in relation to the partnership visit of two U.S. practitioners involved in this area. The conference was organized in close co-operation and with assistance of the National Chamber for Commerce and Rehabilitation. It gathered 36 participants representing mainly national-level organizations supporting the disabled. There were also representatives of the State Fund for Rehabilitation of the Disabled and an MP. The first part of the conference was comprehensive review by U.S. partners of models and solutions to support the disabled in the U.S., and particularly on methods for vocational rehabilitation of the disabled on the free market through a model of “managed work services”, as opposite to traditional shelter work facilities. The second part was a panel discussion on “if and how the U.S. experience could be adopted in Polish conditions”. The conference was reported by several newspapers and radio stations. An important result of the conference was to bring the attention of major Polish organizations involved in this area and of several policy maker to innovative solutions in vocational rehabilitation. This theme coincided well with the recent trends in Poland to modify the existing system.

The “First national Meeting of Community Development Organizations in Poland” took place on June 15-16, 2000 and provided for a wrap up and concluding of the project. The idea of the meeting itself was one of outcomes of the project. It emerged from the PWG strategic planning and educational process. It reflected one of the priorities identified by the group – to assist grassroots organizations, and to develop a network of relationships between a large group of organizations, to be considered as a step on the way to build a strong community development industry.

The objectives of the National Meeting were threefold: to educate on best practices through a peer-learning, to asses and prioritize needs for assistance at the grassroots-level and to initiate a process of consolidation. The meeting gathered almost 100 representatives of local and

national-level community development organizations. For some of them it was one first opportunities to learn about current practices, and to develop contacts with other organizations.

Parallel to the meeting, two national-level organizations conducted a contest for a small grant to serve a local community. This contest contributed to the assessment of the needs and best ways to assist the local level organizations. It brought also attention to the demand for this kind o small-grant funding. There were 46 applications submitted for the contest, most of them of a quality that would justify funding and implementation of the proposed initiatives.

6.3 Roundtable

The main objective of this activity, as stated in the project proposal, was to promote community economic development among bankers as an opportunity for investments, to promote legal solutions to community economic development among legislators, and to share US experience in these fields. According to the draft work plan the Roundtable agenda should include:

1. Presentation of the current local economic development situation in Poland
2. General introduction on global economy trends and how they affect local economic development - needs and challenges for local economy
3. Impact of improvement of local economic activities on the life of communities and nation. Feedback effect.
4. Regulatory and legal solutions as either stimulant or obstacle to economic development (US presentations of mechanisms in place/discussion)
5. Local economic development as a profitable placement of investment for banks (successful ideas and examples)
6. Presentation of best models for economic development created by legal and banking systems synergy.
7. Discussion on feasibility of changes in Poland and actions to be taken.

The main objectives of the Conference related to the legal environment were the following:

1. To get feedback from practitioners, including local governments and organizations, national organizations and bankers, on regulations in force and selected draft regulations;

2. To identify legal measures required in Poland to introduce U.S. models of Community Development Corporation (CDC), Community Development Financing Institution (CDFI), and national intermediary organization;
3. To develop recommendations on systemic solutions and funding mechanisms for local development in Poland, including recommendations based on U.S. experience;
4. To identify legal measures to allow for effective multilateral financial engineering and stronger involvement of banks in financing economic activities at the local level.

The main objectives of the Conference related to the role of banking sector were the following:

1. To share experience of Polish, U.S. and other banks concerning community-level market;
2. To identify prospective mechanisms for effective multilateral financial engineering in financing economic activities at the local level with strong participation of banks;
3. To introduce U.S. legal system for banks' participation in community development including Community Reinvestment Act (CRA).

The roundtable took place on October 18-20, 1999 in Konstancin-Jeziorna near Warsaw. It gathered 128 participants representing government and local administration, banks, para-banking institutions and community development organizations from Poland along with practitioners from other CEE Countries and from the U.S. The conference was structured around three main themes: legal regulations, banks participation and multilateral co-operation.

The section on legal regulations accounted for a broad range of themes with special focus on the two most important and hot ones: regulations for the non-profit sector and regulations concerning principles of the support to regional development. Participants had an opportunity to learn about the U.S. legal system for the non-profit sector and to compare it with the Polish one. There was also a detailed presentation and an open discussion of various options concerning the future non-profit law in Poland. An important outcome of the session concerning regulations for the non-profit sector in Poland was the recommendation to increase participation of economic-development organizations in the legislative and lobbying process led by the Forum for Non-governmental Initiatives. Important was also pointing on

Regional Development Agencies and on Agricultural Chambers as institutions well located to support and animate economic development on local level, though still limited by inadequate legislation. The session concerning the draft bill on Principles of Regional Development Support brought the attention of participants to various drawbacks and risks related to this bill in its present form.

The section on banks role provided examples of banks participation in local development on both the national and local level. It referred also to a reach history of involvement of the banking sector in Poland in local development and to the tradition of co-operative and local banks. Important and stimulating was information about the role of the banking sector in U.S. There were also several examples presented of financial instruments created with participation of banks at the local level. An important outcome of this section was to bring attention of the audience, including a broad group of banks, local development organizations and local governments to the opportunities inhered in close co-operation with banks and multilateral financial instruments. Based on informal communication after the conference, several initiatives in this direction shall be expected as a follow up.

The importance of multilateral co-operation was addressed at dedicated sessions as well as throughout all presentations and discussions during the conference. Special attention was given to cooperation with banks and para-banking institutions. Several examples of such a multilateral co-operation in the area of finance were presented. According to informal communication, there are several follow up activities in this area. However, a general finding was that participation of big banks in local development is still insufficient and requires more work to promote and possibly to enforce by special regulations. The U.S. experience in this area presented by U.S. practitioners shall be considered as one of possible directions to follow.

The main outcomes of the conference are the following:

1. The comprehensive review and discussion of key problems relevant for community economic development allowed for identification of community development priorities and hot issues, including:

- the need for better representation of community development organizations in the process of drafting of the new regulation for non-profits, and better articulation of specific needs of this group that the regulation should account for,
 - while recognizing the need for co-operation on community development between all stakeholders in general, a significant effort needed to identify specific solutions and methods for this co-operation in practice,
 - the need for a strong effort to hook the capital market into local communities - a global issue, that can be addressed jointly by community development organizations from various countries, including Polish and U.S. partners,
 - the need for an improved structure of the delivery system for community development in Poland, respecting equal eligibility, inclusive, and rewarding the performance,
 - the need to amend the legal system by introducing tax exempts for community development organizations, that carefully target their resources and thus can maintain charitable status.
2. Discussions and findings of the conference built up a framework for planning of future objectives and activities of the coalition.
 3. Participants from diverse organizations and institutions learned about each other experience in their specific areas of interest, as well as about U.S. models.
 4. Participants from diverse organizations and institutions have been encouraged to increase their co-operation with each other and learned about potential forms of such cooperation.

The conference was well received and highly scored by participants in an evaluation questionnaire (4.45 on average in a 0-5 scale). Detailed report on the conference is given in Annex E.

6.4 Publications

See chapter 5.4 above.

6.5 CEE relationships

Several CEE organizations were invited to take part in the Kick-off Conference and in the Bankers and Legislators Roundtable. The invited organizations were non-governmental and non-profit organizations from Bulgaria, Ukraine, and Carpathian Euro-region. Invited was also an MP from Slovakian Parliament.

Two representatives of Ukrainian organizations participated in the Kick-off Conference and gave a short briefing at a plenary session on CED in Ukraine. The two Ukrainian organizations represented at the conference are the following: International Institute of Urbanism and Regional Development and Institute of Local Democracy. Both are non-profit and non-governmental. This initial contact resulted in persistent relations.

Seven representatives of CEE organizations participated in the Bankers and Legislators Roundtable. Three of them are from Ukraine: Arseni Antsyperov is the Chairman of Bukovina Partnership Agency – a non-governmental organization involved in local development in the Bukovina region; Valerij Rubtsov is the President of the Institute of Local Democracy – an association pro-reform local authorities in Ukraine; Roman Zaets is a member of Vitalis – an organization promoting sustainable development of Ukraine and its regions. Two participants (Maya Domiati and Chavdar Selveliev) represent Bulgarian Association for Building Partnerships – an association of small and medium enterprises in Bulgaria. Patricia Gabalova is the Financial Director of the Carpathian Foundation – a PWG member involved in community economic development in several CEE countries. Present at the conference was also Pavol Vrzdak, Member of the Slovakian Parliament.

On May 21-28 there was organized a study tour in Poland for 16 practitioners from other CEE regions. The 16 participants were from Bulgaria (2), Hungary (4), Romania (3) and Ukraine (7). Faye Haselkorn from the USAID Washington D.C. office participated as a guest-visitor. The tour was guided by representatives of the PWG member-organizations. The program of the tour consisted of a one day introduction on key themes relevant for community development and a four-day bus-tour to several local organizations and governments in Poland.

The three introductory presentations were given by heads of three major Polish community development organizations: Krzysztof Mularczyk, President of the Foundation for the Development of Polish Agriculture (FDPA), Krystyna Gurbiel, President of the Polish Foundation for Small and Medium Enterprise Promotion and Development, and Krzysztof Herbst, President of the Foundation for Social and Economic Initiatives (FISE). The three themes were, respectively, on the administrative reform in Poland, on the support system for small and medium enterprises and on the role of non-governmental organizations.

The itinerary of the bus-tour included visits in Chmielnik, Pierzchnica, Zelów, Poddebice, Plock and Nidzica, guided in each case by a local host organization. Participants of the tour met with representatives of local governments and local organizations and learned about ongoing programs and innovative models from customized presentations and site visits. The themes included: agritourism, role of the local government, producer associations, infrastructure, community-participative initiatives, enterprise incubator, agricultural incubator, enterprise support center, enterprise fund, integrative club for children with disabilities, local co-operative bank, lending for small enterprises, multilateral co-operation, micro-lending, youth programs, venture capital funds, community development foundations, guaranty funds, community fund, business information network, and other.

In evaluations all CEE participants highly valued the knowledge and experience gained in Poland. One of the groups participating in the study visit produced a video on community economic development in Poland to be presented on TV in Ukraine. There are good reasons to believe that contacts established during the project will sustain. Romanian participants were interested to organize visits to local Polish organizations to learn about specific themes like agro-tourism. In discussions with the Ukrainian group a concept was developed for a pilot community development project in Ukraine, where Polish organizations would share their experience.

7 Summary and Conclusions

The project reached all its objectives. The results are broader than just dissemination and promotion of best practices. The project contributed also to mastering of exiting practices, to introduction of new concepts and to activation and mobilization of a large group of community development organizations. The project disseminated not only technical skills but also promoted the basic principle of mutual co-operation between all stakeholders, brought attention to the role of banking sector and introduced the concept of the community development industry. All project activities provided for extensive peer-learning from experience of the U.S. practitioners.

Almost 400 individuals representing local and national-level organizations, local governments, state authorities, policy makers, banks and private enterprises participated directly in project conferences and workshops. Another 400 individuals representing local organizations and governments participated in training courses. Most project events were well covered by media. The PWG member-organizations implementing the project increased their knowledge and understanding of the field and worked out strategic visions and plans for future activities. Sustainable links were established with practitioners from other CEE regions. All participants of the project gained a momentum and necessary skills to proceed.

This project shall by no means be considered as a close up o a stage. Opposite, it is a start up for a phase of intensive development, and for building up of a strong system for community-based economic development. However, prospects are much better now, than they were when the project started a year ago.

7. Annexes

Annex A: List of major project–related events (by activities)

Activity	Place and date	Event
1.1. Kick-off conference	Debe, June 21-22, 1999	Conference: “Promotion of Best Practices in Community Economic Development – Kick-off Conference”
1.2. Training courses	Poland, April 199 – June 2000	21 training courses (see Annex B for the complete list)
1.3. Workshops and partnership visits	Podebice – Topola Króleska – Warsaw, April 10-14, 2000 Topola Królewska, April 11, 2000. Jachranka, May 8-9, 2000 Maine - U.S., May 14-20, 2000.	A partnership visit to Poland of two U.S. practitioners specializing in vocational rehabilitation of the disabled Conference: “Disabled Person in Local Community” Workshop: “Cooperation between Local Governments and Local Communities”, (in cooperation with LGPP) A partnership visit to U.S. of two representatives of a Polish organization supporting the disabled and of the Ministry of Labour and Social Policy
1.4. Publications	Warsaw, July 2000	Publication: “Promotion of Best Practices in Community Economic Development – Selected Presentations Conferences Organized in Course of the Project”, in Polish, 210 pp. (the same as 2.4)
2.1. Coalition	Otwock, September 17, 1999. Washington D.C., January 27, 2000. Washington D.C., January 27-29, 2000 Philadelphia, February 1, 2000. Poland, April 199 – June 2000	First Informal Meeting of the CED Coalition, Briefing for major U.S. funders: “Briefing on the CDC/CDFI Industry in Central and Eastern Europe” Participation of PWG representatives in the “Fourth National CDFI Institute” PWG Strategic Planning Session with NCCA, Informal planning meetings of the PWG member-organizations
2.2. Workshops	Warsaw, April 14, 2000. Rybaki, June 15-16, 2000.	Conference: “Methods of Social Integration and Vocational Rehabilitation of Disabled Persons in the U.S.” The First National Meeting of Community Development Organizations in Poland: “Community Economic Development – a Chance and a Challenge for Everybody”
2.3. Roundtable	Konstancin-Jeziorna, October 18-20, 1999.	Conference: “Community Economic Development – Legal Framework, Banks’ Role and Multilateral Cooperation”
2.4. Publications	Warsaw, July 2000	Publication: “Promotion of Best Practices in Community Economic Development – Selected Presentations Conferences Organized in Course of the Project”, in Polish, 210 pp. (the same as 1.4)
2.5. CEE relationships	Debe, June 21-22, 1999 Konstancin-Jeziorna, October 18-20, 1999. Poland, May 22-26, 2000.	Participation of two practitioners from other CEE regions in the Kick-off Conference Participation of seven practitioners from other CEE regions in the Bankers and Legislators Conference A Study Visit on Community Economic Development for 16 Practitioners from Central and Eastern Europe

Annex B: List of training courses

Dates	Location	Title	No of days	No of participants	No of man-days
17.06.99	Ketrzyn	Seminar on financing of SMEs	1	60	60
6.07.99	Srokowo	Strategic planning at gmina	1	15	15
7.07.99	Srokowo	Planing for and managing of municipal services	1	16	16
7-8.07.99	Warszawa	“Principles of Project Development for Co-Financing by the European Union”	2	38	76
13.07.99	Srokowo	Principles of preparation of projects to be co-financed by the EU	1	20	20
15-16.07.99	Warszawa	“Principles of Project Development for Co-Financing by the European Union”	2	9	18
4-9.10.99	Rabka	“Parachute” – training course for career planers, job seekers and occupation changers	6	10	60
4-9.10.99	Strzelce Krajeńskie	“Parachute” – training course for career planers, job seekers and occupation changers	6	16	96
5-10.10.99	Dobron	“Parachute” – training course for career planers, job seekers and occupation changers	6	15	90
11-16.10.99	Warszawa	“Parachute” – training course for career planers, job seekers and occupation changers – training trainers	6	13	78
11-16.10.99	Ketrzyn	“Parachute” training for trainers	6	13	78
18-23.10.99	Karlino	“Parachute” – training course for career planers, job seekers and occupation changers	6	10	60
5.11.99	Ketrzyn	Managing of municipal services based on an example of public transportation system	1	8	8
8-9.11.99	Ketrzyn	Targeted budget	2	17	34
15.12.99	Ketrzyn	Principles of developing the strategy for gmina	1	17	17

15.12.99	Ketrzyn	Seminar on agri-tourism	1	12	12
27-29.12.99	Strzelce Krajenskie	Running an economic activity – how to open a small business	3	20	60
3–5.01.00	Strzelce Krajenskie	Running an economic activity – how to open a small business – continued	3	19	57
10-15.01.00	Poddebice	“Parachute” – training course for career planers, job seekers and occupation changers	6	20	120
17-21.01.00	Lubartów	“Parachute” – training course for career planers, job seekers and occupation changers	6	11	66
17-19.05.00	Cieszyno Drawskie	Dialogue for the Poland’s rural areas	3	20	60
31.05- 2.06 2000	Krynica	Dialogue for the Poland’s rural areas	3	20	60
26-28. 06.00	Antoninó w	Dialogue for the Poland’s rural areas	3	20	60
Total			76	419	1221

Annex C: Report on the Best Practice (Kick-off) Conference

PROMOTION OF BEST PRACTICES IN COMMUNITY ECONOMIC DEVELOPMENT

REPORT ON THE KICK-OFF CONFERENCE

Debe, 21-22 June 1999

Summary

The conference inaugurating "Promotion of Best Practices in Community Economic Development" Project was held in June 21-22 in Debe near Warsaw. The objective of the conference, as stated in the proposal submitted to the U.S. Agency for International Development, was to establish links between stakeholders, to review best practices and to shape further implementation of the project.

The Conference gathered 85 participants (complete list attached) representing a cross-section of stakeholders and potential partners. The conference proceedings were interpreted simultaneously and tape-recorded for future reference. During the event the participants were asked to fill out questionnaires to obtain information on their areas of particular interest within local economic development field, interest in partnership visits, training needs and possible joint activities. The feedback will be tabulated and used to maximize effectiveness of the Project. A compilation of the presentations made during the conference will be published as a first of the "Best Practice Promotion" series. All records are available upon request at the Rural Foundation.

Agenda

Monday, 21.06.1999

10:00 - 10:20 Opening

William Frej: Welcome
Krzysztof Herbst: Local Economic Development

10:20 - 11:45 External Conditions for Local Economic Development Activities

Grazyna Gesicka: External Legal Context for Co-Operation Between Sectors
Zofia Kaminska: Rural Development in The Strategy of Ministry of Agriculture
Piotr Marciniak: Legal Framework for Activities of Non-Governmental Organizations for Local Economic Development
Ronald Phillips: Overview of The US Community Development Infrastructure

Discussion: What Else Should Be Changed?

12:00 - 14:30 Best Practices in Poland

- Tomasz Steppa: Development Based on Co-Operation Between Diverse Groups Of Interest
- Alfred Szalyga: Development Initiated By Local Authorities
- Barbara Fedyszak-Radziejowska: Roots of Leadership
- Ryszard Kaminski: Co-Operatives and Producer Groups
- Krzysztof Zasiadly: Innovation and Entrepreneurship Centers
- Anna Kosidlo: Micro-Lending
- Krzysztof Margol: Guarantee Funds
- Piotr Topinski: Mutual Arrangements as an Instrument to Finance Local Organizations
- Open discussion: What Already Works and What Still Does Not?
- 14:30 - 15:30 Lunch
- Helen Scalia: Information about Partnership Program (facultative, during lunch)
- 15:30 - 17:30 Best Practices in the US Field: Two Organizational Case Studies
- Ronald Phillips Coastal Enterprises, Inc. (Wiscasset, Maine)
- Jeremy Nowak The Reinvestment Fund (Philadelphia, Pennsylvania)

Tuesday, 22.06.1999

- 8: 30 - 9:00 "Best Practices in Poland – continued
- Jacek Kwiatkowski: Development Based on Strategy
- Janusz Szewczuk: Cooperation with Local Communities of Reclamation Areas
- 9:00 - 11:00 Best Practices in the US – continued
- Mark Pinsky: The Role and Development of a National Intermediary - Case Study: National Community Capital Association
- Mark Pinsky: Introduction to the Community Development Financial Institutions Act
- 11:15 - 13:30 What's Next ?...
- Dennis Taylor: Plans of LGPP
- Jerzy Radziwill: Plans of PWG
- Participants: Plans of Individual Organizations Present at the Conference (one sentence presentation!)
- Panel discussion: Where We Are and Where Are We Going?
- Open discussion: What's Next?...
- 13:30 to 14:00 Wrap up and Closure of the Conference

Participants

The number of participants of the Conference totaled 85. Polish **national organizations** were represented by 35 individuals including four representatives of USAID, four of LGPP and one media representative. 16 **local CED agencies**, five of them LGPP partners, were represented by 22 persons. 6 participants - four Americans and two Ukrainians represented **foreign institutions**. **Government** participants totaled 13 - twelve local government officials and a Ministry of Labor and Social Policy representative. 3 **Corporations** were represented by five individuals.

Proceedings

First day

The Conference was opened by the representative of sponsoring agency William Frej, USAID Mission Director who welcomed all participants. Introductory remarks on the CED in Poland were made by Krzysztof Herbst, FISE President.

The first session of the Conference was devoted to presenting an overview of the current situation in CED field in Poland including legal framework, presented by Piotr Marciniak and MAFE strategic plans by Zofia Kaminska. Ronald Phillips delivered a general picture of community development infrastructure in the US. This session was followed by a discussion to obtain the participants' opinions on what changes needed to be introduced to foster local development in Poland.

After the break the "Best practices presentation" session was opened. The presenters had been asked to give as broad description of a specific "best practice" as possible, rather than narrowing the speech to their agencies' activities.

The first presenter, Tomasz Steppa, spoke about collaboration between different groups of interest as a prerequisite to a success.

Alfred Szalyga, a representative of local government stressed the desirable functions of the new local governments and their role in grassroots economic initiatives.

The next presentation by Barbara Fedyszak-Radziejowska, a sociologist, identified local leadership as an important CED factor element, she also presented results of a survey conducted within a group of leaders, describing sources of influence, motivation and sense of success.

Another best practice, rural cooperatives and producer groups, was presented by Ryszard Kaminski. Professionally operated producer groups are one the answers to what should be done to increase Polish product competitiveness.

Innovation and enterprise centers have been proven in Poland as a best practice, a presentation by Krzysztof Zasiadly delivered an overview of their accomplishments in the last few years.

Anna Kosidlo's presentation focused on microlending, a well known best practice that impacts an increasing number of people in Poland.

Another financial tool – guarantee funds was spoken about by the next practitioner, Krzysztof Margol.

The last presentation on mutual arrangements was delivered by Piotr Topinski. Mutual arrangements are a means of bringing about synergy and consolidating efforts in the CED area.

This session ended with a discussion. The participants expressed their opinions as to which of the best practices applied in Poland are fully developed and operate efficiently and which are still fledgling.

During lunch, Helen Scalia of CEI presented plans for the Project partnership visits to establish prospective Polish communities willing to host an American CED practitioner to jointly address local concerns. It appears, confirmed by questionnaires, that there is a number of organizations genuinely interested in partnerships with the US.

The working day was concluded with two organizational case studies presented by the American guests. Ronald Phillips of CEI and Jeremy Nowak of the Reinvestment Fund described the organizational structure, capital development, operations and impact of their corporations.

Second day

Jacek Kwiatkowski and Janusz Szewczuk opened the second day of the Conference with their presentations as a continuation of the “Best practices in Poland” component. The former stressed the importance of a long-term strategy in place to local economic development. Such a vision should involve input from all local partners to ensure a harmonious growth. The latter raised an issue of reclamation areas of Poland and a necessity of aid for and cooperation with affected communities. Although not a national-scale problem at the moment, it should be given a proper forethought.

“Best practices in the US” continued next and included another case study to illustrate role, development and operations of a National Intermediary organization. The example of National Community Capital Association was given by its Director, Mark Pinsky. Existence of such organizations vastly improves conditions for local economic progress. The next presentation, also by Mark Pinsky regarded the CDFI Act as an instrument to encourage CED actions. Lack of similar regulations is regarded one of obstacles to CED in Poland.

The last session of the Conference was given to presentation of PWG and LGPP plans. Both set out to contribute to local development in Poland. Dennis Taylor presented LGPP activities and partners and Jerzy Radziwill delivered information on the current PWG activities and the plans for continuation and expansion. This session spurred a lively discussion answering some of the “what’s next?” questions and generated ideas for further course of the project implementation. The main conclusion was to stream further activities in three main directions:

1. State policy – to create legal environment for local development organizations like CDCs and CDFIs and to raise awareness among local and state authorities, policy makers and broad public;
2. Finance – to enforce stronger participation of the banking sector and to leverage funding by using modern financial engineering instruments in partnerships between diverse stakeholders,
3. Local and national community development organizations – to increase co-operation, transparency and measuring of results.

The Conference was closed at 15.00 with lunch.

Conclusions and outcomes of the Kick-off Conference

The following key problems have been identified during the conference and summarized at the wrap up session (grouped here into three main categories):

A. STATE POLICY:

1. Lack of regulations for community development.
2. Mentality of mindset of politicians at the top in finance ministry, etc. – afraid to relinquish control.

B. FINANCE:

1. Need for exchange of views with bankers (October Conference).
2. Scarcity of capital in PL, so question is “what do you invest in?” (U.S. issue is distribution).
3. Leverage existing resources.
4. Learn how to be a partner with banking institutions.
5. Ability to generate \$/zł and create partnerships with local and country government.

C. ROLE OF LOCAL AND NATIONAL ORGANIZATIONS

1. More transparency with organizations:
 - financial management
 - transparent investments
2. Tools for “efficiency monitoring”:
 - performance evaluation,
 - lack of data,
 - no way to demonstrate.

Annex D: Report on the First Informal Meeting of the CED Coalition

THE MEETING OF ORGANIZATIONS ENGAGED IN COMMUNITY ECONOMIC DEVELOPMENT (coalition building)

Otwock-Swider, September 17, 1999

REPORT

Agenda

The goal of the meeting was to initiate stable and concrete collaboration between organizations involved in CED field. The agenda of the meeting included several sessions to discuss:

1. Our projects and our future
2. Field news from Poland and elsewhere
3. The most important challenges for CED organizations in Poland
4. A Coalition : possible structure and activities
5. October conference (Bankers and Legislators' Roundtable): what we want to achieve and how.

List of participants

- | | | |
|--------------|--------------------|--|
| 1. Urszula | Budzich-Szukala | |
| 2. Anna | Potok | - Fundacja Fundusz Współpracy,
Program Agrolinia 2000 |
| 3. Magda | Adamus | |
| 4. Krzysztof | Herbst | |
| 5. Hanna | Szczeblewska | - Fundacja Inicjatyw Społeczno Ekonomicznych |
| 6. Anna | Kosidło | |
| 7. Krzysztof | Mularczyk | - Fundacja na Rzecz Rozwoju Polskiego |
| | Rolnictwa | |
| 8. Emilia | Kansy-Słowinska | - Fundacja Rozwoju Gminy Żelów |
| 9. Krzysztof | Margol | - Fundacja Rozwoju Nidzicy "NIDA" |
| 10. Witold | Boguta | |
| 11. Ryszard | Kaminski | - Fundacja Spółdzielczości Wiejskiej |
| 12. Robert | Milewski, | |
| 13. Jerzy | Radziwiłł | |
| 14. Monika | Slotwińska | |
| 15. Piotr | Szczepanski | - Fundacja Wspomagania Wsi |
| 16. Grażyna | Praweńska-Skrzypek | - Małopolski Instytut Samorządu Terytorialnego |

Session 1: Our projects and our future

The meeting was opened by Jerzy Radziwill who made introductory remarks. The first session was devoted to the exchange of information regarding the invited organizations' history, activities and future. The organizations represent a cross-section of CED operations and form a capable group with potential to address issues that can't be dealt with on an individual basis. Specific selected areas of the organizations' expertise within CED field include:

- guarantee funds and cooperation with banks
- training delivery (to SME, unemployed, NGO, administration and self-governments)
- grant making, microlending and crediting (loan and credit funds)
- producer groups and other cooperative forms
- policy forums
- EU issues (integration, pre- and accession funds, compliance etc.)
- public administration cooperation and training
- SME development, support
- research
- advisory and consulting service for the field
- business planning and strategy development
- community leadership
- agritourism, infrastructure, publications, scholarships, conferences, databases,

and other.

Session 2: Field news from Poland and elsewhere

The "News from Poland and elsewhere" session was opened by Piotr Szczepanski who shared findings from his trip to France regarding SME development environment and talked about Community Development Grants in the US. The next presentations included news on:

- Migration trends (from towns to the country)
- Heritage preservation and management (a dynamically developing sector in the EU) as a community development support tool
- Leader Program
- Freedom Foundation
- Databases of innovations
- Transatlantic network of CED organizations.

Session 3: The most important challenges for CED organizations in Poland

The participants' view on the most important challenges for CED organizations in Poland have been investigated by collecting individual responses to the following two questions:

1. What is the most important feature of a CED organization?
2. What would be the best use of a say \$ one million for a CED project?

Individual answers were discussed and grouped into several broad categories. According to participants, the most important features of a CED organization are following:

1. bottom-up approach, focus on beneficiaries, close co-operation with local beneficiaries
2. positive motivation of beneficiaries, presenting challenges, stressing their skill and capabilities, creating self-confidence
3. professional skills and knowledge more important than financial support
4. persistence and sustainability of relations with beneficiaries

The most desirable projects identified by participants fits into the following categories:

1. Education (youngsters, changing attitudes, leaders),
2. Grants for local and national-level organizations (projects, capacity building, liquidity loans for organizations)
3. Capital investments (joint ventures, loan funds, etc.)
4. Other (e.g. think tanks)

Session 4: a Coalition - possible structure and activities

As a result of a long and interesting discussion, the following themes have been selected as prospective areas of activity for coalition:

1. Joint projects
 - project planning and fundraising,
 - joint activities exceeding capacity of any individual organization,
 - continued assistance to local organizations, including “orphaned” organizations,
 - peer-learning and education,
 - information exchange,
 - quality standards for CED organizations.
2. Legislation
 - legal regulations for non-profits
 - legal regulations for CED financing
3. Think tanks (strategic role)
 - promotion of CED
 - innovative approaches
 - needs assessment (diagnosis)

Concerning the structure of the coalition, it was decided that at the present stage it shall remain informal. Further integration of the group can be achieved by, joint initiatives, exchange of information, developing specific forms of co-operation.

Session 5: October conference (Bankers and Legislators’ Roundtable) - what we want to achieve and how.

Discussion was based on a draft agenda for the October conference. Participants made several recommendations concerning speakers for individual sessions

Annex E: Report on the Bankers and Legislators Conference

REPORT ON THE CONFERENCE ”COMMUNITY ECONOMIC DEVELOPMENT – LEGAL FRAMEWORK, BANKS’ ROLE AND MULTILATERAL COOPERATION”

Konstancin-Jeziorna, October 18-20, 1999

Summary

The conference was held on October 18-20 in Konstancin-Jeziorna near Warsaw. The primary objective of the conference was to elicit comments and opinions on the current situation and generate new solutions and ideas regarding the future of local economic development in Poland. The conference was designed to:

- bring together legislators and banking community to promote economic development-supportive solutions and opportunity for sound investment
- constructively discuss and systemize the issues critical to CED in Poland to establish basis for conceptual work and specific steps taken by the represented institutions, organizations and banks.

The following areas were addressed:

1. Legal framework for the local economic development in Poland with the emphasis on the package of acts regarding implementation of the public administration reform, legal environment for the engagement of banks and NGOs, and their cooperation with the public administration.
2. The banking sector participation in community economic development funding, with the emphasis on financial engineering instruments and related experience of the USA.
3. Cooperation between all interested parties, with the emphasis on the role of the NGO sector, conditions for its operations, and feasibility of introduction of selected model solutions applied in USA.

The participants invited to the conference included policy and law makers, bankers and practitioners (complete list attached). The conference proceedings were interpreted simultaneously and tape-recorded for future reference. At the completion the participants were asked to fill out a questionnaire to evaluate the conference (the three days separately and the whole conference). All records are available upon request at the Rural Development Foundation.

Program

Day 1 – Monday, 18.10.1999 LEGAL FRAMEWORK

- 10:00 – 11:00 **The opening of the conference and introduction to the subject**
- Jerzy Osiatynski
 - Wieslaw Sikorski
 - Steven Horn
 - Ronald L. Philips
- 11:00 – 11:45 **Community Development Organizations**
- Jerzy Hausner: “The importance of cooperation between sectors to CED”
 - Krzysztof Herbst: “Community Development – Community Matter”
 - Dariusz Szewczyk: “Regional Development Agencies – legal status and operation environment”
- 12:00 – 13:00 **Banks’ Participation in CED funding**
- Marek Wasowicz: “Legal framework for banks’ participation in CED funding”
 - Irena Herbst: “Cooperation between banks and local government”
 - Janusz Szewczuk “Sources of funding for CED”
- 13:00 – 14:00 **Funding for community-based development**
- Andrzej Bratkowski and Stefan Bratkowski: “Financial institutions of the third sector – tradition and present”
- 15:00 – 16:30 **Legal framework for CED Organizations in the USA**
- Karen Sherman: “Legal structures to spur economic development”
- 16:45 – 18:45 **Legal framework for banks in the USA**
- John Taylor: “Community Reinvestment Act – Primary tool for community-based development”

Day 2 – Tuesday, 19.10.1999 BANKS’ ROLE

- 9:00 – 10:30** **Banks’ participation in CED – the US examples**
- Michael Finnegan and Ronald L. Philips: “CEI and Key Bank – a partnership model in community development”
- 10:30 – 11:00 **Affordable Housing Development – examples of cooperation in the US**
- Lee Boulac: “Public and private sector collaboration – creating the tools and resources for affordable housing”
- 11:15 – 13:00**
(two simultaneous sessions) **Guarantee, loan and capital funds.**
- Krzysztof Margol: “The operation of the National Association of Guarantee Funds”
 - Jan Szczucki: “Guarantee funds for SME – Polish experience and development trends”
 - Emilia Kansy-Slowinska – “Loans for SME”
 - Mariusz Laskowski: “ The National Guarantee Fund”
 - Magdalena Kowalska: “The role of a venture capital fund – the example of the North Fund.”
 - Izabela Norek: “French CED programs experiences”
 - Helen Scalia: “Development finance – filling the gaps”
 - Discussion

The role of Affordable Housing in Community Economic Development

- 11:15 – 13:00** • Alina Muziol-Weclawowicz: “Determinants of the housing development impact on CED”
(two simultaneous sessions)
- Aleksander Paszynski: “Housing – the role of the market and local government”
 - Ewa Bonczak-Kucharczyk: “Assistance for local housing programs in the new housing policy of the State”
 - Wojciech Dziewulski: “Stimulation of housing development through credit system: the prospects for development of market and subsidy credit products.”
 - Krzysztof Herbst and Jakub Wagnanski: “Non-Government sector and housing – reality and prospects.”
 - Discussion
- 14:00 – 15:45** **Banks’ participation in CED – Polish examples**
- Joanna Wardzinska: “Banks’ participation in CED using various financial tools – BISE example”.
 - Michal Bitner: “Opportunities and limitations of local government’s access to capital market”
 - Irena Gadaj: “Collaboration between a regional development agency and a bank - Bilgaraj example”
 - Examples of cooperation with banks – participants’ experience
- 16:00 – 16:30** **Conclusions in groups (local government, banks, NGOs)**
16:30 – 17:45 **Central banks versus local banking – panel discussion and summation**

Day 3 – Wednesday, 20.10.1999 MULTILATERAL COOPERATION

- 9:00 – 10:30** **The Bill on Principles of Regional Development Support – panel discussion**
- Krzysztof Mularczyk
 - Wislawa Surazska
 - Włodzimierz Tomaszewski
 - Jacek Szymanderski
- 10:45 – 12:15** **CED organization and cross-sector cooperation models**
- Emilia Kansy-Slowinska:
 - *Michal Konwicki: “The role of Chambers of Commerce in regional development support”*
 - *Krzysztof Chmura:*
 - *Miroslaw Wilk: “Scope and modes of operation of a local CED fund – principal concerns and obstacles”*
 - *Tomasz Schimanek*
 - *Wojciech Zarzycki: “Incentivization of local governments and communities – a catalyst role”*
 - CED organization and cross-sector cooperation models – participants’ experience
- 12:30 – 13:00** **Legal and financial framework for Polish CED organizations’ operation**
- Maciej Juszczyński: “Concepts of legal regulations for the third sector in Poland”
- 13:00 – 14:00** **Legal framework for Polish CED organizations’ operation and cooperation between sectors – panel discussion**
- Maciej Juszczyński
 - Jakub Wagnanski
 - Krzysztof Mularczyk
 - Karen Sherman

Participants

The Conference gathered 128 participants representing government and local administration (23), banks and parabanking institutions (22), and community development organizations in Poland (47), along with practitioners from other CEE Countries (7) and from the U.S. (6).

Proceedings

First day

The conference was opened by a Member of Polish Parliament, Jerzy Osiatynski and the Vice-president of the Polish Towns Association, Wieslaw Sikorski. Opening remarks were also made by the USAID representative, Steven Horn.

The whole day was devoted to debate on the legal landscape for the field operation in Poland and USA. The first presentation “Community development – community matter” was delivered by Krzysztof Herbst and underlined proactive attitude of local stakeholders. Continuation of best practice focus followed with presentation from Dariusz Szewczyk speaking of the regional development agencies role in Poland in view of new funding to become available as Poland nears integration with EU structures. Legal regulations, or their lack, for banking sector to invest locally, banks relations with local government and funding for the field were the key themes of the next three presentations by Marek Wasowicz, Irena Herbst and Janusz Szewczuk. The themes were continued after lunch under a general name “legal structures for CED” a presentation by Karen Sherman, a US lawyer, who illustrated differences between Polish reality and American instruments developed to foster communities growth. The working day was concluded with a presentation by another American guest, a representative of banking community, John Taylor. His presentation regarded Community Reinvestment Act, a flag regulatory incentive for banks and a tool for community-based development in the US.

Second day

The day was an in-depth analysis of the present relations of banks and other financial institutions with the emerging community development sector. Multiple presentations were delivered by representatives of Polish national agencies and local organizations to familiarize the participants with a variety of techniques and tools available. The day was opened with two American presentations on partnership models in CED and public and private sector collaboration by Michael Finnegan/Ron Phillips and Lee Boulac, respectively. At noon two simultaneous sessions were held: one on affordable housing, the other on guarantee, loan and capital funds. Both sessions were attended by both Polish participants and the American guests. The sessions generated much interest and the discussions were lively. The last plenary session was devoted to Polish examples of banks’ participation in community development. Although not on a large scale and without significant impact yet, there is evidence that some banks already have established working relations with communities and NGOs and examples were employed. The day ended with a panel session to summate the day’s findings.

Third day

The last day of the conference started with a panel discussion on the Bill on Principles of Regional Development Support, in opinion of many not perfect piece of legislation created to facilitate community-based initiatives. After the break, Polish examples of cross-sector cooperation models were presented followed by questions and experience sharing from the floor. Next, a comprehensive overview of legal and financial basis for Polish CED organizations was presented by a Polish lawyer, Maciej Juszczyński along with concepts of legal regulations for the whole NGO sector. The last session, a panel, emphasized again the importance of joint efforts and collaboration between all stakeholders. The conference was evaluated, summed up and closed at 14.30.

Evaluation

The conference was evaluated highly content and organization-wise. Some of the strengths of the conference, according to the questionnaires and opinions expressed throughout and after the event include: a wide and interesting range of delivery methods, large portion of concrete knowledge and information on various aspects of community development in Poland and USA, and continuation of networking process for the field. Not enough time for discussion was the main drawback. Overall, the sessions aroused much interest and some were viewed as interesting and important enough to be a sole topic for another conference (banks' participation).

Annex F: List of participants of project related events¹

<u>The U.S.:</u>		De- be	Otw -ock	Kon -stan	U.S. visit	To- pola	War -saw	Ja- chr	U.S. -part	CEE visit	Ryb- aki
1.	Mike Finnegan, Regional Vice President Keybank of Maine, Brunswick, Maine, USA			x							
2.	Karen Sherman, Attorney Law Office of Karen Sherman, New York, USA			x							
3.	Adina Abramowitz, Director Consulting & Training National Community Capital Association (NCCA), Philadelphia, USA				(x)						
4.	Douglas Ades, Advisor Polish-American Freedom Foundation, New York, USA			x							
5.	Lee Beaulac, Vice President Rural Opportunities, Inc., Rochester, USA			x							
6.	Robert Franciose, Vice President Marketing and Development Employment Trust Incorporation, Portland, Maine, USA					x			(x)		
7.	Faye Haselkorn, Program Management Specialist U.S. Agency for International Development, USA									(x)	
8.	Jeremy Nowak, President Delaware Community Reinvestment Fund, Philadelphia, USA	x									
9.	Ronald L. Philips, President Coastal Enterprises Inc., Wiscasset, Maine, USA	x		x	(x)				(x)		
10.	Mark Pinsky, President National Community Capital Association, Philadelphia, USA	x									
11.	Helen Scalia, Manager, Costal Enterprises Development Services Coastal Enterprises Inc., Wiscasset, Maine, USA	x		x	(x)				(x)		
12.	Ronald Spinella, Director Staff Training and Development Employment Trust Incorporation, Portland Maine, USA					x			(x)		
13.	John Taylor, President National Community Reinvestment Coalition, Washington, USA			x							
<u>Local Government:</u>		De- be	Otw -ock	Kon -stan	U.S. visit	To- pola	War -saw	Ja- chr	U.S. -part	CEE visit	Ryb- aki
1.	Daniel Ambrozej, Z-ca Dyrektora Biura Sejmik Województwa Podlaskiego, Białystok, Poland			x							
2.	Józefa Antczak, Naczelnik Starostwo Powiatowe, Wydział Zdrowia, Poddebice, Poland					x					
3.	Małgorzata Baran Urząd Gminy, Pierzchnica, Poland	x									
4.	Leonard Bednarek, Wójt Urząd Gminy, Peczniew, Poland					x					
5.	Ewa Bonczak-Kucharczyk, Wiceprezes Urząd Mieszkalnictwa i Rozwoju Miast, Warszawa, Poland			x							
6.	Bożena Cebulska, Kierownik Referatu promocji Miasta Urząd Maista, Ilawa, Poland								x		
7.	Marianna Czekaj, Burmistrz Urząd Miasta, Poddebice, Poland					x					
8.	Leon Czuprynski, Członek Zarządu Starostwo Powiatowe, Poddebice, Poland					x					
9.	Bernard Gajewski Sejmik Województwa Kujawsko-Pomorskiego, Chelmno, Poland							x			
10.	Marcin Gebka Urząd Marszałkowski woj. Mazowieckiego , Wydz. Promocji i Współpracy Zagranicznej, Warszawa, Poland			x							
11.	Wojciech Goslawski Starostwo Powiatowe, Wydział Rolnictwa, Lesnictwa i Ochrony Środowiska, Poddebice, Poland					x					
12.	Kunegunda Gurzyska, Skarbnik Gminy Urząd Gminy Rogóżno, Rogóżno, Poland			x							
13.	Beata Hodon Urzedu Marszałkowski, Regionalne Centrum Polityki Społecznej, Łódź, Poland					x					
14.	Jerzy Jankowski, Specjalista ds.Przedsiębiorczosci Urząd Marszałkowski w Lublinie, Lublin, Poland			x							
15.	Emilia Kaczmarek Wydział Oświaty, Kultury, Sportu i Turystyki Starostwa Powiatowego w					x					

¹ The list does not account for 419 participants of training courses

	Poddebicach, Poland		
16.	Alicja Kaminska, Przewodniczaca Komisji Oswiaty i Kultury Urząd Gminy, Srokowo, Poland		x
17.	Elzbieta Kazmierczak, Sekretarz Starostwo Powiatowe, Poddebice, Poland	x	
18.	Aneta Keska Starostwo Powiatowe, Wydział Promocji, Rozwoju i Informacji, Poddebice, Poland	x	
19.	Katarzyna Klejnszmidt Urząd Marszałkowski woj. Podkarpackiego, Dep. Polityki Regionalnej, Rzeszów, Poland	x	
20.	Józef Klimczak, Przewodniczacy Starostwo Powiatowe, Komisja Zdrowia, Poddebice, Poland		x
21.	Mariola Konowalczyk, Kierownik Referatu Planowania i Rozwoju Gospodarczego Urząd Miasta i Gminy w Czaplunku, Czaplunek, Poland		x
22.	Michał Kowalski, Członek Zarządu Starostwo Powiatowe, Poddebice, Poland		x
23.	Ryszard Kozyra, Wójt Gminy Urząd Gminy, Barciany, Poland	x	
24.	Dorota Kubiak, Naczelnik Starostwo Powiatowe, Wydział Oswiaty, Kultury, Sportu i Turystyki, Poddebice, Poland		x
25.	Agnieszka Kucharska Urzedu Marszałkowski, Regionalne Centrum Polityki Społecznej, Łódź, Poland		x
26.	Krzysztof Kuchczynski, Burmistrz Urząd Miasta, Namysłów, Poland	x	
27.	Tomasz Kujawiak Starostwo Powiatowe Poddebice, Wydział Promocji, Rozwoju i Informacji, Poddebice, Poland		x
28.	Tomasz Kujawiak Starostwo Powiatowe, Wydział Promocji, Rozwoju i Informacji, Poddebice, Poland		x
29.	Grzegorz Lesniewicz, Członek Zarządu Starostwo Powiatowe, Zgierz, Poland		x
30.	Jadwiga Lewandowska, Sekretarz Gminy Urząd Gminy, Srokowo, Poland		x
31.	Krzysztof Niedopytalski, Pełnomocnik Starosty ds.Promocji i Współpracy z Organizacjami Pozarządowymi Starostwo Powiatowe, Starachowice, Poland		x
32.	Daria Ostrowska, Pełnomocnik Zarządu Województwa Kujawsko Pomorskiego ds. Problemów Bezrobocia i Spraw Osób Niepełnosprawnych Urząd Marszałkowski, Torun, Poland		x
33.	Krzysztof Panfil, Pełnomocnik Burmistrza ds.. Profilaktyki Urząd Maista, Ilawa, Poland		x
34.	Zofia Pietrucha, Dyrektor ZSZ, Poddebice, Poland		x
35.	Krzysztof Podkanski, Z-ca Dyrektora Wydziału Polityki Regionalnej Urząd Marszałkowski w Lublinie, Lublin, Poland	x	
36.	Jadwiga Pusta Starostwo Powiatowe, Wydział Promocji, Rozwoju i Informacji, Poddebice, Poland		x
37.	Henryk Rechinbach, Burmistrz Urząd Gminy i Miasta, Korsze, Poland	x	
38.	Ryszard Rytter, Naczelnik Starostwo Powiatowe, Wydział Rolnictwa, Lesnictwa i Ochrony Środowiska, Poddebice, Poland		x
39.	Piotr Seczkowski Starostwo Powiatowe, Wydział Promocji, Rozwoju i Informacji, Poddebice, Poland		x
40.	Elzbieta Sindrewicz, Kierownik Wyzd. Rozwoju Miasta Urząd Miasta, Luban, Poland	x	
41.	Adam Stepień Urząd Marszałkowski Województwa Lubelskiego, Lublin, Poland		x
42.	Eugeniusz Synakiewicz, Burmistrz Urząd Miasta, Uniejów, Poland		x

	Forum Inicjatyw Lokalnych, Ketrzyn, Poland			
4.	Jan Banaszczyk, Prezes Forum Inicjatyw Lokalnych, Ketrzyn, Poland		x	x
5.	Małgorzata Baran Społeczny Ruch Trzeźwości w Pierzchnicy, Pierzchnica, Poland			x
6.	Stanisław Baska, Kierownik Programu Ośrodek Promowania Przedsiębiorczości, Sandomierz, Poland			x
7.	Robert Bak, Przewodniczący Stowarzyszenie Młodzieży Katolickiej WOLNI OD UZALEŻNIENIA, Zaleszany, Poland			x
8.	Małgorzata Bejmanowicz, Trener Stowarzyszenie "Wakacje Inaczej", Apynty, Poland		x	
9.	Małgorzata Bengsz, Referent Biuro partnerstwa Gosp. Nadrenii–Palatynatu i Sl. Opolskiego, Opole, Poland			x
10.	Grażyna Białopiotrowicz, Kierownik Ośrodka Wspierania Przedsiębiorczości Ślęskie Stowarzyszenie Innowacji Gospodarczych i Przedsiębiorców, Ślęsk, Poland	x	x	
11.	Elżbieta Bilinska-Wołodźko Stowarzyszenie Młodzieżowe "Ulica", Dobre Miasto, Poland			x
12.	Witold Bogdanowicz Barciańska Inicjatywa Oświatowa, Barciany, Poland		x	
13.	Zofia Borowska, Prezes Lidzbarskie Stowarzyszenie Bezrobotnych Warmia, Lidzbark Warm., Poland			x
14.	Zofia Bukowska, Prezes Stowarzyszenie Osób Niepełnosprawnych i Zycżliwych w Zgorzelcu, Zgorzelec, Poland		x	
15.	Wacław Bukowski, Vice-Prezes Fundacja im. Ks. Piotra Wawrzyniaka dla Wspierania Inicjatyw Społecznych i Gospodarczych, Mogilno, Poland			x
16.	Józef Buza, Wiceprezes Stowarzyszenie Soltysów Woj. Mazowieckiego, Garbatka, Poland		x	
17.	Zbigniew Charmulowicz, Dyrektor Towarzystwo Rozwoju Dzierżonia, Dzierżon, Poland	x		
18.	Elżbieta Charmulowicz, Specjalista ds. szkoleń Towarzystwo Rozwoju Dzierżonia, Dzierżon, Poland	x		
19.	Krzysztof Chmura, Przewodniczący Rady Fundacja Rozwoju Gminy Żelów, Żelów, Poland		x	x
20.	Waldemar Chociej, Prezes Stowarzyszenie Rozwoju Przedsiębiorczości, Białystok, Poland			x
21.	Jolanta Czubak, Specjalista ds. promocji Fundacja Promocji Gospodarczej Regionu Krakowskiego, Kraków, Poland	x		
22.	Roman Czupryński Forum Inicjatyw Lokalnych, Ketrzyn, Poland			x
23.	Roman Dawidowski, Specjalista Działdowska Agencja Rozwoju S.A., Działdowo, Poland			x
24.	Barbara Domanska, Dyrektor Węgrowskie Stowarzyszenie Wspierania Przedsiębiorczości i Agroturystyki, Węgrów, Poland			x
25.	Krzysztof Dorsz, Dyrektor Regionalny Ośrodek Socjalno-Edukacyjny na rzecz Wsi Fundacji "Barka", Chudopczyce, Poland			x
26.	Józef Duda, Prezes Stowarzyszenie Soltysów Woj. Krakowskiego, Gelcza, Poland		x	
27.	Hanna Dybalska Komitet Obrony Praw Bezrobotnych w Miastku, Miastko, Poland			x
28.	Marcin Flis, Konsultant Ośrodek Promowania Przedsiębiorczości, Poland			x
29.	Paulina Fronczek Towarzystwo Rozwoju Gminy Pluznica, Pluznica, Poland			x
30.	Irena Gadaj, Prezes Zarządu BARR Bilgorajska Agencja Rozwoju Regionalnego, Bilgoraj, Poland	x	x	x
31.	Elwira Głodowska, Specjalista ds. szkoleń Stowarzyszenie Inicjatyw Społeczno–Gospodarczych, Karlino, Poland			x
32.	Bogdan Golebicki			x

	Stowarzyszenie Inicjatyw Społeczno-Gospodarczych, Karlino, Poland										
93.	Ewa Suchenia, Przewodnicząca Komisji Rewizyjnej Stowarzyszenie Soltysów Ziemi Kieleckiej, Miedziana Góra, Poland		x								
94.	Ryszard Surala, Prezes Stowarzyszenie Społeczno-Kulturalne Soltysów woj. Mazowieckiego, Tarczyn, Poland		x								
95.	Mieczysław Szczodry, Z-ca Prezesa Zarządu Głównego KSS Stowarzyszenie Soltysów Ziemi Kieleckiej, Wachock, Poland		x								
96.	Włodzimierz Szymanski, Dyrektor Funduszu Wspierania Przedsiębiorczości Fundacja Centrum Wspierania Przedsiębiorczości w Poddebicach, Poddebice, Poland					x					x
97.	Zdzisław Scigaj, Prezes Stowarzyszenie Soltysów Ziemi Chrzanowa, Mysłachowice, Poland		x								
98.	Marek Swider Fundacja Rozwoju Regionu Rabka, Rabka, Poland	x									
99.	Sylwia Taras Fundusz Północny SA, Olsztyn, Poland		x	x							
100.	Zbigniew Tarnawa, Przewodniczący Komisji Rewizyjnej Stowarzyszenie "Towarzystwo Wspierania Rozwoju Gminy Zagórz", Zagórz, Poland										x
101.	Katarzyna Tromska, Prezes Zarządu Mazowiecka Izba Gospodarcza w Ciechanowie, Ciechanów, Poland		x								
102.	Zdzisław Trzaska, Prezes Stowarzyszenie ds. Rozwoju i Rozbudowy Wsi Jankowice, Jankowice, Poland										x
103.	Krzysztof Waksberg Stowarzyszenie Tecza, Warszawa, Poland						x				
104.	Wojciech Walczykowski, Specjalista Stowarzyszenie Inicjatyw Społeczno-Gospodarczych, Karlino, Poland										x
105.	Antoni Wejnert, V-ce Prezesa Zarządu Regionalne Stowarzyszenie Wspierania Przedsiębiorczości, Kwidzyn, Poland										x
106.	Paweł Wójciak, Specjalista ds. Inwestycji Fundacja Rozwoju Regionu Rabka, Rabka, Poland										x
107.	Małgorzata Wójcik-Powłoka, Dyrektor Fundacja Centrum Wspierania Przedsiębiorczości, Poddebice, Poland	x					x				x
108.	Jadwiga Wyzner, Prezes Zarządu Poddebickie Stowarzyszenie Przedsiębiorczości, Poddebice, Poland	x	x	x					(x)		x
109.	Wojciech Zarzycki, Asystent Socjalny Regionalny Ośrodek Socjalno-Edukacyjny na rzecz Wsi Fundacji "Barka", Chudopczyce, Poland		x								
110.	Andrzej Zielonka, Dyrektor Specjalny Ośrodek Szkolno-Wychowawczy, Stemplewo, Poland						x				

National-level Organizations:

		De- be	Otw -ock	Kon -stan	U.S. visit	To- pola	War -saw	Ja- chr	U.S. -part	CEE visit	Ryb- aki
1.	Jerzy Adamski, Konsultant ds. Rozwoju Ekonomicznego Partnerstwo dla Samorządu Terytorialnego, Kraków, Poland	x									
2.	Magdalena Adamus, Kierownik Projektu Fundacja Inicjatyw Społeczno-Ekonomicznych, Warszawa, Poland	x	x								
3.	Angela Ailloni-Charas Caresbac-Polska S.A. / Fundusz Północny S.A., Olsztyn, Poland	x									
4.	Izabela Banas Fundusz Mikro, Warszawa, Poland			x							
5.	Piotr Bartoszewicz-Malicki, Koordynator Projektu Polsko-Amerykański Fundusz Pożyczkowy Inicjatyw Obywatelskich, Warszawa, Poland	x									
6.	Norton Berman Partnerstwo dla Samorządu Terytorialnego, Warszawa, Poland	x									
7.	Dagmara Bienkowska, Koordynator Projektów Dotyczących Rozwoju Ekonomicznego (LGPP) Małopolski Instytut Samorządu Terytorialnego i Administracji, Kraków, Poland	x									
8.	Michał Bitner Agencja Rozwoju Komunalnego, Warszawa, Poland			x							
9.	Rebecca Black, Director USAID, Regional Housing and Urban Development Office, Warszawa, Poland	x									

Annex G: List of Polish member-organizations of the expanded PWG

- ACADEMY FOR THE DEVELOPMENT OF PHILANTROPY IN POLAND, ul. Poznanska 16 m. 7, 00-680 Warszawa, ph. (48 22) 622-01-22, (48 22) 622-02-11, e-mail: aedwars@ikp.atm.com.pl
- AGROLINE 2000 (PROGRAM of COOPERATION FUND), ul. Nowy Swiat 6/12, 00-400 Warszawa, ph. (48 22) 661-73-52, fax: (48 22) 625-13-73, e-mail: a2000@cofund.org.pl
- FOUNDATION FOR SOCIAL AND ECONOMIC INITIATIVES ul. Jezuicka 1/3, 00-281 Warszawa, ph./fax: (48 22) 635-62-77,78, e-mail: fise@fise.org.pl
- FOUNDATION FOR THE DEVELOPMENT OF POLISH AGRICULTURE (FDPA), ul. Mokotowska 14, 00-542 Warszawa, ph. (22) 622-52-55, fax: (48 22) 622-52-45, e-mail: fdpa@fdpa.org.pl
- LOCAL ECONOMIC DEVELOPMENT ASSOCIATION (LEDA), ul. M. Skłodowskiej-Curie 4, 71-332 Szczecin, ph./fax: (48 91) 487-44-80, e-mail: office@srgg.org.pl
- NIDZICA DEVELOPMENT FOUNDATION “NIDA”, Pl. Wolności 1, 13-100 Nidzica, ph. (48 89) 625-22-26, fax: (48 89) 625-43-37, e-mail: fundacja.nida@infonet.com.pl
- NORTH FUND, ul. Linki 5/5, 10-534 Olsztyn, Poland, ph.: (48 89) 535-19-99, fax: (48 89) 523-61-90, e-mail: north_fund@at.pl
- RURAL DEVELOPMENT FOUNDATION² ul. Obozowa 20, 01-161 Warszawa, ph./fax: (48 22) 632-00-76, -13-96, -14-84, -97-05, e-mail: fww@fww.org.pl

² Created in July 1999, as a result of merging of the Agricultural Foundation and the Water Supply Foundation

Annex H: Profiles of member organizations of the expanded PWG

Academy for the Development of Philanthropy in Poland

ul. Poznanska 16 m 7, 00-680 Warszawa
tel. + 48 22 622 01 22, 622 02 08, fax. + 48 22 622 02 11
e-mail: arfp@filantropia.org.pl
www.filantropia.org.pl

Motto: Good Deeds the Whole Year Through

The Academy for the Development of Philanthropy is an association registered in February 1998 as RST 3330. It has 8 employees who for years now have been dealing with local programs implemented by *pro publico bono* organizations in cooperation with business and local authority circles. The Academy has been founded to develop and support different philanthropic activities. It operates thanks to numerous Polish and foreign donors.

How Do We Understand Philanthropy?

In its operations, the Academy refers to the original meaning of the term "philanthropy" (*philanthropia*): charity, benevolence, the love of mankind – with a concurrent blend-in with the contemporary practical application thereof. In the past, philanthropy had taken on personal forms only. In time, it has become increasingly institutionalized, assuming a variety of forms and methods of charity. We perceive philanthropy as a community development-oriented public attitude of private individuals and of companies who provide moral, tangible, and financial support to social initiatives, organizations, and other *pro publico bono* institutions.

Academy Operations:

- ◆ activating local community population;
- ◆ forming public coalitions with the purpose of resolving local problems;
- ◆ creating and supporting programs and initiatives to resolve local problems;
- ◆ developing and propagating individual and corporate philanthropy;
- ◆ involving entrepreneurs in the financing of publicly important purposes;
- ◆ popularizing charity-resulting benefits;
- ◆ supporting philanthropic activities;
- ◆ popularizing efficient solutions in philanthropic activities in other countries, in the East in particular.

Academy Programs:

I. LOCAL PHILANTHROPY DEVELOPMENT PROGRAM

- ◆ Local Philanthropic Organizations' Cooperation Network
- ◆ New Local Philanthropic Organizations' Cooperation Network Candidates

II. THE "BUSINESS CIRCLE PHILANTHROPY" PROGRAM

- ◆ The "Benefactor of the Year" Competition
- ◆ Presentations for Entrepreneurs

III. THE "PUBLIC-ORIENTED ORGANIZATIONS: THEIR SUSTAINABILITY" PROGRAM

- ◆ Summer Fundraising School

IV. THE "PROMOTING PHILANTHROPY" PROGRAM

- ◆ Publications

ACADEMY'S OPERATIONS ARE SUPPORTED BY THE FOLLOWING INSTITUTIONS:

- ◆ Atom S.A.
- ◆ Agencja Reklamowa Publicis
- ◆ Agencja Reklamowa KOPPA
- ◆ Agencja Reklamowa GRAFI
- ◆ Adpol Sp. z o.o.
- ◆ Bancom Sp.z o.o.
- ◆ Bank BISE III oddzial w Warszawie
- ◆ Bank Informacji o Organizacjach Pozarzadowych KLON/JAWOR
- ◆ Biuro Obslugi Ruchu Inicjatyw Samopomocowych
- ◆ Business Centre Club
- ◆ BusinessPoint S.A.
- ◆ Business Press Sp. z o.o.
- ◆ PTK Centertel Sp. z o.o.
- ◆ Europlakat
- ◆ Ford Distribution Sp. z o.o.
- ◆ The Foundation for a Civil Society (Via Bona)
- ◆ Fundacja Reklamy Spoecznej
- ◆ Gentleman
- ◆ Impres Jot
- ◆ Le Royal Meridien Bristol Hotel
- ◆ Miedzynarodowe Stowarzyszenie Reklamy
- ◆ Polonia 1
- ◆ Biuro Reklamy TVP S.A. (1 i 2 Program TVP)
- ◆ Nadace VIA
- ◆ Pieniadz
- ◆ Polixel S.A.
- ◆ Polskie Radio S.A. Program III
- ◆ Polskie Radio Bis
- ◆ Puls Biznesu
- ◆ Radio dla Ciebie S.A Polskie Radio – Rozglosnia Regionalna w Warszawie
- ◆ Radio Plus
- ◆ Roband
- ◆ Rodzinny Osrodek Zdrowia Psychicznego dla Dzieci i Mlodziezy
- ◆ RTL 7
- ◆ Super 1
- ◆ Studio ZET
- ◆ Telewizja Regionalna
- ◆ TVN

- ◆ AND INDIVIDUAL DONORS AND VOLUNTEER

AGROLINE 2000

AGROLINE 2000 is a programme of assistance to Polish agriculture and rural areas which is financed from repayment of credits disbursed under the European Union's Phare programme. The programme is carried out by the Cooperation Fund, a foundation of the State Treasury specialized in the implementation of assistance programmes involved in private sector development and adjustment of Polish institutions to the requirements of European integration.

AGROLINE 2000 continues the work of the Phare programme "Credit Line for the Import of Equipment for Agriculture and Agro-Industry in Poland", which was implemented in the period 1991-1996. Within this programme, about 1000 credits were disbursed to small and medium enterprises in the agricultural and agro-processing sector, training was organized or financed for approximately 10,000 persons (including nearly 8000 in cooperative banks) and over 20 books and brochures were published with information necessary to rural investors.

After the "Credit Line for the Import of Equipment..." received positive evaluation, the Polish government, together with representatives of the European Union in Warsaw, made the decision to establish a new programme - AGROLINE 2000 - financed from the repayment of credits from the earlier programme.

The mission of AGROLINE 2000 is to support rural transformation and assist rural communities in active adjustment to market economy conditions and to European integration.

This mission is fulfilled through the following activities:

- a credit line for investment in small and medium enterprises in agricultural production, processing and services.

These are preferential credits granted through the network of cooperative banks and their affiliating (regional) banks. The banks are independent in their credit decisions and use the same procedures as when on-lending their own funds. Two types of credits are offered:

- investment credits with long repayment period (up to 12 years),
 - the so-called "package loans", with simplified procedure, where the decision to grant credit can be made very quickly.
- training, information and publication activities within the following projects:
 - training of rural leaders,
 - rural entrepreneurship development,
 - assistance to cooperative banks,
 - small grants for grass-roots initiatives.

The programme has been designed in such a way as to create synergy between the different components. It is the philosophy of the programme to:

- ✓ react in a flexible manner to changes taking place in rural areas,
- ✓ respond to initiatives originating from local communities,
- ✓ support the establishment of lasting structures and mechanisms which will be capable of independent functioning even after the programme is over.

Hence, particular attention is paid to the selection of partner institutions. AGROLINE 2000 cooperates with a number of institutions and organizations active in the field of rural development, such as:

- chambers of agriculture,
- agricultural extension centres,
- cooperative banks and regional/affiliating banks, National Union of Cooperative Banks,
- regional and local development agencies, local initiative agencies,
- local government,
- agricultural schools, banking schools and research institutes,
- non-governmental organizations,

as well as with many partners in the European Union, thus facilitating contacts with them for Polish organizations of a similar character (agricultural chambers, cooperative banks etc.).

AGROLINE 2000 covers with its activities the whole area of Poland. Offices of the programme are located:

in Warsaw: Nowy Swiat 6/12, 00-400 Warszawa
 Credit Unit: phone/fax (0-22) 661 77 22
 Assistance to Cooperative Banks, Specialist for Small Grants:
 phone (0-22) 661 73 60, 661 72 98, fax (0-22) 625 13 73

in Poznan: Kraszewskiego 15, 60-501 Poznan
 Rural Development Unit (training of rural leaders, entrepreneurship
 development):
 phone (0-61) 847 14 83, 841 72 15, fax (0-61) 841 72 17

Foundation for Social and Economic Initiatives (FISE)

The Foundation for Social and Economic Initiatives (FISE) was founded on September 10, 1990.

FISE's mission is to support the development of civil society in local Poland: in towns; gminas, powiats, and regions. We believe that the basis of democracy is cooperation between the government and the citizens. In this process; civic and local initiatives have an important role to play in meeting development needs and in defining the aims of development.

According to FISE's articles of incorporation, it is Foundation's mission to promote and support all efforts targeted to:

- development of entrepreneurship;
- initiating and strengthening social, economic; and cultural initiatives;
- setting up and developing companies, associations, and foundations.

We realize our statutory goals by:

- the support of local initiatives (especially those connected with the local economy and SME's);
- running projects bringing together local government and business, local opportunities and resources, and creating local associations of entrepreneurs;
- participation in pro-active initiatives aimed at preventing unemployment, assistance in the setting up and development of small enterprises creating, new jobs, and training events for groups at high-risk of unemployment;
- assistance in establishing structural solutions (local development strategies; restructuring projects) by sponsoring local initiatives while respecting the principles of sustainable development;
- participation in the development of many forms of civil society by assisting, in the creation of new associations, foundations, organizations, and non-governmental programs.

We realize our goals by cooperating with local partners: representatives of local government, non-governmental organizations, and a wide cross-section of local society and business.

Foundation for the Development of Polish Agriculture (FDPA)

Mission and Background

The Foundation for the Development of Polish Agriculture (FDPA) is a private, non-profit Polish institution established in 1988 to facilitate sustainable transition of the Polish food and agriculture sector and to promote the development of civil society in rural areas. Since its establishment, the Foundation has had a significant positive impact on Polish agriculture, rural development, agricultural policies and rural citizens.

FDPA believes that European integration presents challenges as well as opportunities for Poland. A successful integration process depends upon *diversification of the rural employment base and modernization of agriculture*. Economic, social and political transformation that took place in Poland had made FDPA focus on preparations of rural communities to the integration with the European Union. FDPA's goal is to use opportunities created by the integration process to improve the quality of life of Polish rural citizens. Therefore, FDPA takes efforts to empower rural people with instruments needed to diversify economic activities as well as to create civil society in rural areas.

FDPA operates both at the national and local level where it provides development resources through seven field offices located in *Plock, Siedlce, Nowy Sacz, Jelenia Góra, Gorzów Wielkopolski, Polczyn Zdrój and Elblag*.

FDPA: Programs and Activities

I. Rural Entrepreneurship Promotion Program (REP)

FDPA believes that small businesses are the backbone of strong local communities. REP's objective is to support local development through inspiring entrepreneurship and starting small businesses in rural areas. The Program provides loans, advisory services and training to individuals and groups who want to start their own business outside agricultural sector, but who are not eligible for commercial bank credits. Established in 1993, REP was the first micro-credit program in Poland and is still the only one operating exclusively in rural areas throughout the network of its seven field offices. REP targets these groups of rural communities who are in the greatest need: the poor, the unemployed and women. To date REP has given 1200 loans worth \$3,000,000. As the result of over 2000 new permanent and seasonal jobs have been created

II. European Integration Program (EIP)

The European Integration Program strengthens the foundations of civil society in rural Poland through supporting preparations of rural communities to operate within EU structures.

- **Local Development** – EIP provides local rural communities, local and regional government leaders with training, advisory services and information in order to stimulate practical operations and take advantage of EU integration through planning community development and benefiting from EU pre-accession funds
- **Farming Efficiency** - EIP supports activities that lead towards the increase in farming efficiency such as farmers' self-organization. EIP offers a training package to producers groups that undertake collective forms of economic activity.
- **Rural Development Policy** – EIP provides a forum for discussions on agricultural and rural development policies as well as sustainable development issue in the context of EU accession. EIP links policy and decision-makers at national, local and international level, involves business, practitioners, academics and media into the dialog. EIP emphasizes communication and dissemination of information as an attribute of the democratic decision making process.
- **Non Governmental Organizations (NGOs)** – EIP recognizes NGOs as the backbone of the civil society and therefore supports initiatives that lead towards strengthening NGOs' position in the process of policy development and implementation. EIP networks Polish rural NGOs with the peers from the Members States and Central Europe.

FOUNDATION FOR THE DEVELOPMENT OF POLISH AGRICULTURE

Mokotowska St., 14
00-561 Warsaw
POLAND

Telephone : 0.048 22 622 52 55
Facsimile: 0.048 22 622 52 45
E-mail: fdpa@fdpa.org.pl

Local Economic Development Association (LEDA)

INFORMATION

The Local Economic Development Association (LEDA) has started in collaboration between the Training Center of Foundation in Support of Local Democracy (FSLD) in Szczecin and the National Community Development Association in Washington and with the assistance of the German Marshal Fund of the United States.

The Association, established in October 1993 in Miedzzydroje, was registered in County Court in Szczecin in January 1994.

The Association acts according to similar principles as the National Community Development Association in the United States does. The Association assembles representatives of about eighty municipalities from all over the Poland who work with an economic development in their own municipalities. A program of collaboration with the developing centers of local authorities in countries that formerly belonged to the eastern bloc was elaborated in close co-operation with the NCDA.

The Training Center of Foundation in Support of Local Democracy in Szczecin plays also a role of the Association's training center, and participates in preparation and realization of training for the Association's members, both from the whole Poland and for all those who are interested. The Association also co-operates with other FSLD's centers in various regions of Poland (e.g. the joint training activities conducted in Jelenia Góra, Rzeszów and Olsztyn).

The Association spreads out knowledge connected with the economic development problems. It intends to affect legislation system alterations in direction much desired by municipalities and create institutional forms of the municipality economic development.

The Association actual methods of activity are as follows: organization of training and conferences, publishing activity, collection and distribution of information among its members.

According to experiences of its past activities, the Association offers its own solutions of issues that regards:

- municipal bonds,
- establishing formation and activity of the small business incubator,
- strategy of municipality development,
- support of the small and medium local business,
- restructuring an organization and management of municipal agencies,
- contracting public services by municipality.

In 1994, along with the FSLD, the Association prepared the publication concerning issuing of municipal bonds. It also began publishing its own bulletin.

The Association collaborates especially close with the Enterprise Center (small business incubator) in Szczecin, which is operating as a member of the Promoters of Innovation and

Enterprise Centers Association in Poland. PEDDA along with this Center offers practical internship for the Enterprise Center animators from other municipalities.

The Association's objective is to support initiative and endeavors focusing on:

- (a) creating groups of people professionally dealing with the issues of economic development of communes (gminas),
- (b) popularizing the knowledge of economic development,
- (c) stimulating changes in legal regulations desired by local governments,

The Association's form of activity applied in order to accomplish the designed objectives are:

- collection and distribution of information among its members,
- publishing activity,
- influencing legislative changes,
- organizing training and experience sharing,
- working out instruments of active influence on the economic environment of gminas

Contact:

Tel./fax: 091 4874480, e-mail: office@srgg.org.pl

WWW – www.srgg.org.pl

Nidzica Development Foundation “NIDA”

Nidzicka Fundacja Rozwoju (Nidzica Development Foundation) “NIDA” commenced its operations in 1994 (registration with the District Court in Warsaw on 8 April 1994 No. 4148).

The „NIDA” Foundation is a non-government organisation, which is independent of all political parties and neutral in its philosophy, operating as a non-profit organisation. The immediate area of activities of the Foundation is the area of four municipalities in Olsztyn province: Nidzica, Janowiec Koscielny, Janowo and Kozłowo).

The Foundation organises its activities in agreement with the Act on Foundations and Associations.. The activities of the Foundation are financed from the funds obtained for implementation of specific projects developed by the Foundation as well as from revenues from own economic activities.

According to its Charter; the objectives of the "NIDA" Foundation include:

- ⇒ support to development of small and medium enterprises,
- ⇒ establishment of the environment for development of tourism;
- ⇒ support to all initiatives aiming at a decrease of unemployment and stimulating economic development.

The above objectives of the Foundation are being achieved by means of the following activities:

- ⇒ origination of bank guaranties and loans,
- ⇒ economic and legal advisory services;
- ⇒ training,
- ⇒ organisation of fairs and exhibitions;
- ⇒ publication of promotional and advertising materials,
- ⇒ assistance to local self-governments in their activities in the area of local development,
- ⇒ organisation and servicing of contacts with foreign local government, bodies and business people,
- ⇒ servicing aid programmes.

Nidzicka Fundacja Rozwoju "NIDA"
Pl. Wolności 1, 13-100 NIDZICA
tel.: (0-89) 625 22 26
tel./fax: (0-89) 625 43 37
E-mail: fundacja.nida@infonet.com.pl

The North Fund

The North Fund is a new community development financial institution whose goal is to provide equity investments and business assistance to selected small- and medium-sized enterprises in northern Poland. It was founded by the *Small Enterprise Assistance Funds (SEAF)* from Washington D.C., the Cooperation Fund and the Foundation for Development of Polish Agriculture. The North Fund invests jointly with *CARESBAC-Polska SA* and the investment capital was raised from the Ford Foundation. The North Fund was established for the promotion of sustainable regional development in some of the most economically neglected parts of Poland. USD 2 million of investment capital will be targeted for the regions of **Elblag, Olsztyn, Suwalki, Torun, Koszalin, Slupsk** and **Pila**, where unemployment is high and investment capital is scarce. The North Fund draws attention and, more importantly, assistance and needed development capital to small- and medium-sized businesses in this part of Poland.

Generally, the Fund seeks a combined **20% to 49%** minority stake in local, private companies for an average of USD 250,000 in exposure per investment. Most investments will range **from USD 25,000 to USD 400,000**. Targeted companies employ between 5 and 100 people and have an annual turnover of USD150,000 to USD2 million; they must demonstrate strong, sound management as well as a coherent business plan. Investments in chosen companies will be intended to finance specific projects for modernization and expansion of the companies or for their permanent working capital requirements.

Fundamental to the Fund's purpose is the provision of **technical assistance** to investees in such areas as management, planning, accounting, technological improvement, product development, quality control and marketing. In its analysis of a potential investee, the staff of the North Fund works with the company's management to identify crucial areas of training or technical assistance. The key to effective investing lies in the degree to which the Fund can establish a relationship of trust and mutual interest between the investor and investee. The North Fund is prepared to do everything possible to create and maintain such a relationship with promising investees, and will strive to work closely to ensure a successful venture.

In addition to its investment activity, the North Fund intends to promote business development and job creation in the economically-distressed rural region of Northern Poland. The North Fund seeks to improve economic development in these designated regions through collaboration with other organizations providing community development services similar to those provided by organizations in the United States. These include management training in organizational development, compensation practices and incentivization of employees. The Fund will also work with local government agencies to identify unemployed and otherwise disadvantaged persons appropriate for hiring by investees and other enterprises with which the Fund has contact.

With the participation of *SEAF, CARESBAC-Polska*, and other community development organizations, the North Fund aims to bring a range of technical resources and significant financial experience and capital to Northern Poland.

For more information, please contact:

Fundusz Północny S.A.

ul. Linki 5/5, 10-534 Olsztyn

tel. (+48) (+89) 535-19-99, fax: (+48) (+89) 523-61-90

e-mail north_fund@at.pl

Rural Development Foundation (RDF)

Rural Development Foundation is a merger of the **Water Supply Foundation and Agricultural Foundation**.

Water Supply Foundation was established in 1987 as first Polish Foundation registered according to new foundation law (1952 communist government abolished all foundations in Poland and nationalized their property – new law on foundation was introduced in 1984 in results of the efforts of the Polish catholic church). Its main mission at the beginning was to support construction of piped water systems in Polish rural areas. At the beginning of nineties foundation broader the scope of its activity and in 1998 its carried out several programs dealing with local development (low interest loans and training for small businesses, youth employment programs, microlending, low interest loans for on site wastewater treatment, etc).

Agricultural Foundation was established in 1991. Its mission was supporting economic initiatives of rural society and development of southern and northern regions of Poland affected by the highest unemployment in agriculture. Until 1988 foundation carried several programs such as low interest loans for business development and establishing of four small and medium size enterprises.

In 1998 the two foundation were merged with one main mission: development of rural areas. Today, except of the continuation of its predecessors activities, **the Rural Development Foundation** started microlending programs for rural areas inhabitants and some new programs for rural youth.

The results of activities of foundations: 142 000 farms were equipped with piped water system, 13 240 farms were connected to wastewater systems, 85 wastewater treatment plans were constructed, 2334 on-site wastewater treatment plans were constructed; 19 rural social and health care centers were connected to or equipped with proper sanitation system, 8500 trainees attended training in small business development and management, 5532 trainees attended training in environmental protection in rural areas, 20 communities attended in youth programs, 11 communes affected by flood in 1997 were supported in reconstruction of piped water system and 6 others supported in reconstruction of local libraries. 1036 loans were disbursed and 5066 new work placements were created; 73 loans supported establishment of 73 tourist farms, 104 loans supported construction of 90 small water power stations all over Poland.

Within the framework of microlending program, that was started only lately 200 microloans were granted among them 28% for establishing of new micro-businesses in rural areas.

For more information, please contact:

Fundacja Wspomagania Wsi (Rural Development Foundation)

ul. Obozowa 20, 01-161 Warszawa, Poland

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web page: www.fww.org.pl

Annex I: “History and Profile of the Community Development Industry in the U.S.” (presented by Ronald Philips at the Bankers and Legislators Conference).

BANKERS AND LEGISLATORS ROUNDTABLE

**LEGAL FRAMEWORK, BANKS’ ROLE
AND MULTILATERAL COOPERATION**

**HISTORY AND PROFILE
OF THE COMMUNITY DEVELOPMENT INDUSTRY IN THE U.S.**

BY:

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**KONSTANCIN - JEZIORNA, POLAND
OCTOBER 18, 19 & 20, 1999**

PREFACE

The goal of the October, 1999 Bankers and Legislators Roundtable is to stimulate support for what we in the U.S. call the CDC and CDFI industry - that is, community development corporations and community development financial institutions organized to create economic opportunity in rural and urban regions that are struggling to participate in the mainstream of the economy. This conference therefore represents an important step in building understanding of community development.

Our own experience with community development in the U.S. has evolved in just 30 years. In that time, we have learned how important both federal legislation and bank partnerships are for community investment. While in Eastern Europe the concept of community development is still in its formative stages, Poland is in an excellent position to advance this practice and serve as a model for the wider Eastern European movement.

As an organizing member of the Practitioners Working Group (PWG) coalition on community development Coastal Enterprises, Inc. (CEI) we are pleased to serve as link to the U.S. experience. In addition to sharing our own practice in economic and housing development in Maine, we have introduced PWG members to several strategic networks in the U.S. important to our regulatory and political climate. Over the last two years, PWG members have met with national community development groups and leaders in the U.S. including our national trade associations like the National Congress for Community Economic Development, National Community Capital, and Local Initiative Support Corporation.

Last October, 1998 we held a donors and practitioners roundtable in Warsaw. Last June, we held a seminar in Debe, continuing our work to examine best practices of community development among national intermediaries, practitioners and bank partners. We are pleased to participate at this Konstancin - Jeziorna session to share our experiences with the U.S. community development field.

Note: This paper has been used in a variety of conference settings as a background paper on the CDC/CDFI field in the U.S. Its aim is to acquaint community economic development practitioners and policy makers in emerging and transitional economies about the U.S. community development history and experience and potential for developing a similar infrastructure in other countries. This paper has been presented to such diverse audiences as Northern Ireland, South Africa, and Eastern Europe.

COMMUNITY DEVELOPMENT IN THE U.S.

INTRODUCTION

I first visited Poland in 1994 for what has become an ongoing CEI effort to establish relationships in several Eastern European countries to stimulate the understanding and practice of community development. Many of our own banks, like Citigroup, U.S. corporations, and private foundations are active in this region. Many support our work in the U.S. Since that time, I have had the great pleasure of meeting leaders in this nascent field from all over the CEE regions, especially Hungary, Ukraine, and Slovakia. In 1994 unemployment in Poland was very high, as much as 20% and more. The country was just coming out of 40 years of economic dependence. Traditional textile markets from mills in Lodz were disappearing. Industries were shutting down and being privatized all over Poland. Farm production from large collectives in Olsztyn and other regions were in a state of reorganization.

While there are still many challenges today, Poland's economy is as vibrant as one can expect, a testament in no small measure to the entrepreneurial character of its people. Like the U.S., Poland has shown a very high percentage of new business formation. Its banking system is rapidly transforming to provide financing mechanisms for business development, and local governance and civic institutions have renewed themselves to support a diverse and healthy economy. Now Poland is rapidly making strides as part of the process of integration with the European Union. There are many indications of this, including lower unemployment, declining inflation, and inflow of foreign investment.

At the same time, however, *uneven development* is occurring. Not all of Poland's 40 million people are participating in the new economy. The banking system is pitched more to service the larger, outside corporation. The World Bank, USAID, and Western European aid institutions have invested significant sums to shore up economic transformation. This summer the World Bank announced programs to deal with continuing high unemployment in rural areas. A recent report notes that

Even though unemployment in Poland has fallen in the last five years from 16.4% to 12.1%, it is unequally distributed across regions and remains a key issue for rural Poland. Nearly half of Poland's unemployed live in rural and mixed (that is, non-municipal) gminas. These rural areas also bear a disproportionate share of "hidden" unemployment.

The pattern here is similar to what we experience in the U.S. Millions of American families have been - and continue to be - left out of economic gain even in the best of times. In some regions, intractable unemployment may be the result of decades of misguided public policy, as with our Native American population. Or they may be as a result of large influxes of hispanic immigrants who populate unincorporated towns like the colonizas along our Texas board. Or they may be the intractable poverty of remote rural regions, of Appalachian coal country where single industries dominated, and now, as markets shrink, generations of local people are left without options. Or they may be the neighborhoods of inner cities where disinvestment has occurred - and is still occurring - over decades, leaving minorities and others to fend for themselves. Recent studies of income and wealth in the U.S. show little gains, indeed, even widening gaps between the rich and the poor. The Center for Budget and Policy Priorities in Washington, DC just released its latest study on the *widening income gulf* showing

that the top 1%, or just 2.7 million people, have as much after-tax income as the bottom 38% or 100 million people.

Restructuring of the farm industry as part of European Union integration will create more unemployment. Where will people get jobs. In the cities? What initiatives are underway to help create new industry, new employment? The words sound all too familiar: investment in direct assistance for private sector development; human capital development, and; basic infrastructure. But how will this investment be directed? Specifically:

- ◆ What kinds of local institutions at the gmina, powiat or region (new voivodship level) are necessary?
- ◆ What is the role of the local governmental development agency?
- ◆ What is the role of the NGO?
- ◆ What kinds of governmental funding programs are needed to invest in these regions? What partnerships are necessary with the private sector?

These are the questions we ask in the U.S. These are the questions we believe are relevant for Poland.

COMMUNITY DEVELOPMENT IN THE U.S.

Historically, since the 1960s when it began, the community-based economic development industry in the United States has grown significantly. We think of it as an industry because a variety of local, regional, state and even multi-state or national support organizations (called *intermediaries*) have come into existence over the last 30 years or so to foster community development. These organizations range from private, nonprofit tax exempt charitable entities, to local and regional governmental organizations, and even for profit venture capital groups.

Why do these organizations exist? Economic dislocation is not new to any country, East or West. In the U.S. plant shut downs, layoffs, low wage jobs, the need for education and training, effect millions of people. CDCs and CDFIs are largely local, grassroots organizations which aim to bridge the gap between those who need jobs, training and resources. The impetus for growth of the community development industry goes back to the civil rights movement of the 1950s when various specialized federally-funded urban *redevelopment* and rural programs were implemented to deal with what was then called *urban blight* or severe *rural poverty*. It was also the period when the civil rights movement in the United States began to dominate the national agenda.

Despite these efforts, and with rising civil strife, by the early 1960s, social and economic conditions in many communities had worsened. Millions of people were not benefiting from *the American dream* of social and economic fulfillment. Black, white, native American, hispanic and other minorities were isolated from the mainstream of economic vitality. Michael Harrington, a famous American socialist, wrote a book in 1963 called *The Other America*, which drew national attention to the 25 percent of the American people who lived in abject poverty. Martin Luther King, Jr., the famous black civil rights leader, had now fully engaged the black community and the nation in a challenge to poverty and racism. Protests were growing from all parts of American society over national foreign and domestic spending priorities. Investment was needed in community development. But huge sums of money were being dedicated to the military in general, and the nation's rising commitment to the Vietnam War.

RISE OF THE COMMUNITY DEVELOPMENT CORPORATION AND COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

In the mid-1960s various new private and federal initiatives were launched to support community development corporations (CDCs) and other local development entities to create opportunity for residents of disenfranchised rural regions and urban neighborhoods. The Ford Foundation, which has been a leading supporter of the CDC field in the U.S., played a vital role in funding various demonstration initiatives. In 1964 the federal *Economic Opportunity Act* was passed setting the stage for President Lyndon Johnson's *War on Poverty*, which included support for CDCs. In 1970 the national trade association called the National Congress for Community Economic Development was formed to represent and support community development interests. Community development credit unions were also a vehicle to provide credit to families for basic consumer needs.

A more recent institution, the Community Development Financial Institution (CDFI), has evolved to join these efforts. In 1994 the Community Development Banking and Financial Institutions Act was passed by Congress to provide grants, loans and investments and technical assistance to CDFIs. CDFIs specialize in targeting financial resources *to underserved markets, regions and people*. These groups include community development banks and credit unions, which are regulated depository financial institutions, CDCs and microloan organizations. They are primarily involved in financing community development, and are certified by the CDFI agency of the U.S. Treasury.

One of the most important developments in the growth of the community development field was passage of *the Community Reinvestment Act* of 1977, known as CRA. This act, and subsequent revisions, has required the U.S. banking sector to demonstrate investment in communities that were being drained of resources and neglected or *redlined - that is, neighborhoods literally marked in red on maps indicating where a bank will not lend money*. Racism often deterred bankers from marketing and making mortgage or consumer loans to residents of low-income communities, while often taking their deposits and reinvesting funds elsewhere.

Under CRA, however, banks must submit information on their performance in three areas of activity: lending, investment and services. Failure to meet standards set could result in federal denial of bank mergers, expansions and related business goals. As an example, to receive a favorable rating on lending, the bank must show performance in five key areas:

- ◆ Lending Activity, that is, loans made in the bank's assessment area(s)
- ◆ Geographic Distribution, for example, number and amount to low, moderate, middle and upper income geographies (LMMU)
- ◆ Borrower Characteristics, such as housing mortgages, small business, farm and consumer loans made to LMMU
- ◆ Community Development Loans
- ◆ Innovative or Flexible Lending Practices

As a result of CRA billions of dollars have been made to low income people and neighborhoods, and rural regions that otherwise might be bypassed by the banking system. (However, there are many financial institutions in the U.S. not covered by CRA. These include

insurance companies.) CDCs have been instrumental in *leveraging* bank resources for housing and other community development projects. Today, representatives of many banks see *community development lending* as an important *market opportunity*.

CDCs are involved in the practice of community-based economic development. Community-based development means a local initiative that is typically *controlled by residents of the community*, and serves a specific neighborhood, rural or urban region, and sometimes multicounty or statewide area. Increasingly, CDCs have played a vital role in urban neighborhood or rural regions to create new economic opportunities for residents of these communities. It is estimated that there are over 3,600 community development corporations now operating in rural and urban communities throughout the U.S.

CDCs target activities to benefit *distressed* or low-income urban and rural areas and people through a variety of economic development strategies. These include financing and technical assistance to small businesses, housing, real estate, community facilities, education and training, consumer loans, and other infrastructure and asset-building development initiatives. CDCs are very flexible local institutions. They work with both the private and public sectors, leverage funds with banks and other sources, and generally serve as the local intermediary to *bridge the gap* between those in need and those with resources. Here are some of their accomplishments:

ACCOMPLISHMENTS OF CDCS 1997 FIGURES

- **71 million square feet of commercial and industrial space developed**
- **\$1.9 billion in loans outstanding to 59,000 small and micro businesses**
- **550,000 units of affordable rental and ownership housing built or renovated**
- **247,000 private sector jobs created**

Compiled by the National Congress on Community Economic Development, Washington, D.C. in a report released in 1999

Other types of community development organizations have evolved within this same period. Governmentally-organized entities whose *accountability is to local and county government*, such as Economic Development District (EDDs) organizations share some characteristics with CDCs. Their goals are to organize local municipalities around regional development strategies to spur economic growth.

ROLE OF NATIONAL INTERMEDIARIES IN SUPPORT OF COMMUNITY DEVELOPMENT

Important to the growth of the CDC movement has been the *national intermediary*. Intermediaries play a critical role of advocating for resources at the federal or private sector

level, and often serve as a broker and manager of these resources. National intermediaries have helped generate millions of dollars of private and public capital to the local level for housing, real estate, and microenterprise development. Following is a list of some of the national intermediaries that advocate for their members, and in some cases, provide grants, loans and technical assistance.

SELECT LIST OF MAJOR NATIONAL INTERMEDIARIES

National Congress for Community Economic Development, Washington, D.C. The trade association for community development corporations. Conferences, workshops and technical support for CDCs in urban and rural regions. Founded in 1970. 1000 members.

National Community Capital Association, Philadelphia, Pennsylvania. Conferences, technical support, loans and grants for CDFIs, credit unions, community loan funds. Founded in 1986. 53 members and 199 Associate members.

Association for Enterprise Opportunity, Washington, D.C. Conferences and fund raising support for microenterprise development. Washington, D.C. Founded in 1992. 400 members

Enterprise Foundation, Baltimore, Maryland. Financial and technical support for housing development in urban regions throughout the U.S. Founded in 1982. \$2.3 billion in grants, loans, equity investments for 86,000 homes. 940 nonprofits in 280 locations.

Local Initiative Support Corporation, New York, New York. Support for hundreds of CDCs in urban and rural communities in housing, commercial real estate, and economic development in rural and urban America. Founded in 1980. \$3 billion raised for CDCs. 41 urban program areas. 60 rural sites. 80,000 homes.

Community Development Venture Capital Association, New York, New York. Conferences and technical support for CDCs, CDFIs, and other organizations that provide venture capital to small, job creating SME enterprises. Founded in 1995. 70 members.

WHY A COMMUNITY DEVELOPMENT INDUSTRY?

Throughout this century, both private sector, foundations, banks, insurance companies, and public agencies at the federal, state and even local level, have been pressed to support community development. Beginning in the early 1900s, whether settlement houses, housing assistance programs, craft and trade union movements for better wages, redevelopment programs of the New Deal or the civil rights movement, the community development industry has evolved in response to disenfranchised people and communities.

Why? The U.S. economy, while producing great wealth, income and economic opportunity for many people, also produces low paying jobs, underemployment and joblessness, and economic disenfranchisement. To illustrate, over 40 million Americans cannot afford to pay

for health insurance. In many regions of the country, most families cannot afford a house. And despite the “economic miracle” of the present U.S. economy, real wages for most Americans have fallen, and the hourly wages of service sector jobs do not provide enough income for what we call a *livable wage*. As a result, there is a large and growing class of working poor persists.

DIVERSITY OF COMMUNITY DEVELOPMENT

No matter where you go in the U.S., some type of economic development entity is likely to exist to further the aspirations of the local citizenry around an issue important to their future. The problem may be:

- ◆ How to create value-added in a natural resource industry?
- ◆ How to foster small business and new enterprises?
- ◆ How to create a sound tourist-based industry?
- ◆ How to educate and retain young people?
- ◆ How to protect farmland and agricultural communities?
- ◆ How to engage the banking community in community development? How to revitalize neighborhoods through commercial real estate and housing development?
- ◆ How to work collaboratively with others in achieving community development goals?
- ◆ How to support organizational activities, sustain organizations, and leverage funds?

These are the development challenges and questions faced by all of us in the emerging field of a global CDC/CDFI industry. These organizations are all trying to address a significant *gap* that has occurred in the primarily *market economy* of our system.

The community development movement has become very diverse, involving many different kinds of governmental, quasi-governmental and private, nonprofit (NGO) development entities. For example:

- ◆ In a remote rural community, a governmental development authority is formed in the wake of a military base closing to take title to the property and develop commercial and industrial space.
- ◆ In an urban or rural region where the labor market is tight, a development community organization initiates a community facilities fund for child care for parents to take advantage of job opportunities.
- ◆ In a coastal fisheries or agricultural region, municipalities create a special purpose development organization to purchase and improve property for lease to private enterprises to stimulate value-added processing.
- ◆ In an urban downtown or neighborhood, the city council forms a quasi-governmental organization to serve as a planning and development vehicle for revitalization of the commercial center, affordable housing, and business promotion.
- ◆ In rural or urban communities where jobs are in short supply, a financial institution is formed to operate revolving loan and investment funds and provide support for new enterprises, workshops, and skills development for fledgling entrepreneurs.

CATALYSTS FOR COMMUNITY DEVELOPMENT: GOVERNMENT, QUASI GOVERNMENT AND PRIVATE ORGANIZATIONS

What type of organizations comprise the community development field in the U.S.? Community development organizations can be sorted in to three major categories as the following figure shows:



How are these various community development entities formed, and what are their characteristics? The structure depends on the purposes around which the organization is forming. Typically, a catalyst is needed to set up a community development organization. Often, federal or state legislatures, city councils and/or town governments are catalysts for development organizations. Increasingly, NGOs have played a role in community development. Catalysts for forming NGO development organizations come from organizers or *social entrepreneurs* in communities affected by common issues facing that community.

For example, elected officials at the state, town and city level could resolve to establish a development organization. Hearings are held. Enabling legislation or resolutions are adopted. Funds are appropriated. In this model, the government usually retains control of the development agency through appointment of the officers and directors. In effect, this is a governmental organization. *Accountability* is to local and state government.

A second model is a governmentally-supported initiative or quasi governmental organization. In this case, the government creates programs and funding to support a private organization with “charitable” aims. However, there are ties to the government. For example, the board may be representative of local and county government. Control therefore resides in the hands of local, regional or state governmental representatives. But the entity functions outside of the normal procedures of government to perform the desired community development goals. *Accountability* is to a *quasi-governmental* board of directors.

A third model is a fully *nongovernmental organization* (NGO). This type of organization is usually made up of other NGOs or residents of the area, and even stockholders (if it is a for profit venture). The *shareholders* of NGOs are typically individuals and other nonprofit organizations dedicated to a community strategy. Funds can flow from the government, but control is with *the people* or, in the case of a for profit, stockholders of the entity, or a credit union, its shareholders. *Accountability* is to members of the corporation.

DEVELOPMENT STRATEGY AND BUSINESS PLAN

Whether governmental or nongovernmental, a community development strategy is needed to define the purposes and goals of the entity. In recent years much more attention has been devoted to the community strategy and business planning functions of an organization. A development strategy and business plan is perhaps the most vital part of community development, because, like a private business, *community development is a business*. Entities are managing assets, hiring people, and seeking performance outputs to ensure an impact on the community. Organizations must manage and evaluate their performance. Competitiveness and efficiencies must be maintained. A professional standard achieved.

The elements of a development strategy include market, organizational and financial information. Following are the major components of a business plan should:

1. Market analysis and target markets
2. Current conditions and opportunities for development
3. 5-year projections of trends, impact and outcomes, and products and services that will be delivered
4. Management plan and coordination with other organizations
5. Financial projections, funding sources and schedule to complete activities

FUNDING SOURCES FOR COMMUNITY DEVELOPMENT

The infrastructure of community development has become very sophisticated, widespread, and diverse. Funds originate from both private and public sources. Literally billions of dollars of investment flow to states, local communities and organizations for economic development, physical infrastructure, housing and related activities. Where does funding for community development come from. Following is a summary of CDC financing:

**SOURCES OF CDC FINANCING
PERCENTAGE OF CDCS RECEIVING \$50,000 OR MORE IN GRANTS,
LOANS AND INVESTMENTS IN 1998 AND 1997**

	1998	1995
• Federal government	90	77
• State government	46	51
• Banks	49	48
• Foundations	46	45
• Local government	31	40
• Intermediary organizations	41	27
• Religious institutions	13	15
• Other	12	--

Compiled by the National Congress on Community Economic Development, Washington, D.C. in a report released in 1999

Federal agencies

Today, we speak of *public-private partnerships* as an essential component of funding and implementing community development. The federal government has played a crucial role in funding of the community development. Such agencies as the Department of Housing and Urban Development (HUD), Department of Health and Human Services (HHS), Department of Agriculture (USDA), Department of Commerce's Economic Development Administration (EDA), the Small Business Administration (SBA), and the U.S. Treasury, which sponsors the CDFI program, are among the leading federal agencies with multiple programs and resources for community development. State finance agencies and departments of community and economic development frequently supplement federal resources. Following is a list of major federal resources for community economic development and approximate annual funding allocations.

**ANNUAL FUNDING ALLOCATIONS FOR COMMUNITY ECONOMIC
DEVELOPMENT LOAN FUNDS - SELECT LIST OF FEDERAL AGENCIES**

<u>Agency</u>	<u>\$ Amount in Millions</u>
United States Department of Agriculture	
• Intermediary Relending Program - 1% 30 year loan	35
• Rural Business Enterprise Grant	36
Department of Health and Human Services	
• Office of Community Services	30.6
Department of Housing and Urban Development	
• Rural Housing and Economic Development	25
Community Development Financial Institutions	
• Core Funding of CDFIs	95
United States Small Business Administration	56.3
Economic Development Administration	368
TOTAL	<u>\$635.9</u> Million

Source: Rapoza Associates, Washington, D.C.

Banks and the Community Reinvestment Act

As described above, regulations under the 1977 Community Reinvestment Act require banks to show specific outcomes in community development lending if they are to acquire other banks, expand operations, or otherwise achieve their corporate goals. Citigroup in New York has been an important funder for community development. Regional and local banks, like Key Bank based in Cleveland, Ohio, have been very active in small business lending, and lending to community facilities or homeownership. Bank of America, among the larger banks in the U.S. is in the process of merging with another large bank, announced a 10-year \$10 billion commitment to rural development. Fleet Bank, now merging with Bank of Boston, announced some \$15 billion in community investment over 5 years.

Private foundations, corporations and religious institutions

Many private foundations, corporate foundations, insurance companies, individuals and even religious institutions, have provided important funding for community development. Going back to the early '60s, the Ford Foundation in New York City has been the nation's leading funder of community development. Other major private foundations include the Charles Steward Mott in Flint, Michigan, MacArthur Foundation in Chicago, Pew Charitable Trust in Philadelphia, and most recently, Kellogg Foundation in Battle Creek, Michigan. Religious institutions have also done their share of providing much needed start-up and *seed* capital for community development. U.S. Catholic Conference's Campaign for Human Development,

funds from such religious groups as the Sisters of Mercy, Protestant Episcopal Church, United Methodist Church, or the Presbyterian Foundation U.S.A.

Private Investors

Funding stream for community development has been a function of government policy in both *direct giving*, or *indirect giving*. That is private sources can invest, loan or grant funds as a result of the U.S. tax code and various regulations. For example, private foundations must allocate a percentage of their portfolio annually in outright grants or loans. Private investors and corporations can develop low-income housing and take a federal tax credit for the investment. An individual investor can structure a relationship with a charitable organization to invest and donate funds.

Lobbying for State and Federal Legislation

As a rule, community development advocates consistently *lobby* for direct funding to local organizations and national intermediaries. For example, the proposed appropriation the CDFI in FY 2000 is \$125 million; for the USDA's rural lending and grant program, \$88 million; for the Small Business Administration's microloan program, \$92 million; and \$6 billion for a proposed new federal tax credit for private investment in community development! These funds come as a result of *coalitions* and *lobbying* to ensure Congressional representatives are responsive to the funding needs of community development practitioners and the people and communities they are working in. Similar efforts are made at the state level. For example, in Maine, voters approved a State Bond to capitalize regional revolving loan funds. Similar initiatives have occurred in such states as North Carolina, Ohio, and Massachusetts.

LESSONS LEARNED

Since the early days of the civil rights movement, the infrastructure for local and regional development organizations has been evolving. National trade associations and financial intermediaries are going about the work of building community-based economic development. Thus, the U.S. experience in community development offers a rich diversity of models and best practices in approaching the issue of community development, from market assessment, shaping community development strategies, and business planning, to lobbying for resources.

Building a strong infrastructure for community development is a political, social and economic challenge. The goal of each of us is build strong, viable, healthy and sustainable communities by building strong and healthy *development institutions* like CDCs or CDFIs. What lessons have we learned about the community development industry in the U.S.? Here are several lessons to conclude this background presentation on the U.S. community development field:

**LESSONS LEARNED ABOUT THE INFRASTRUCTURE
OF COMMUNITY DEVELOPMENT IN THE U.S.**

- | | |
|--|--|
| 1. Grassroots | Community development is a grassroots strategy for improving economic opportunity for residents of rural regions and urban communities. |
| 2. A business | Community development is a business. A business plan and strategy are vital to success. |
| 3. Long term investment | Long term funds for seed capital, core operations and permanent investment capital are needed. |
| 4. Private public partnerships | Private and public partnerships are essential to community development. |
| 5. Role of the Federal government | Federal government funds are necessary to ensure growth of the industry. |
| 6. Coalitions and lobbying | Policy development is critical to mobilize resources for the industry. Coalitions must be formed. Lobbying is an essential part of growing the infrastructure. |
| 7. Private investment | The private sector must be engaged in community investment. |
| 8. National intermediaries | National intermediaries and coalitions play a <i>pivotal</i> role in creating a political environment and resources supportive of the community development field. They also provide training and technical assistance to sharpen practitioner skills. |

**Annex J: “Community Development in Central and Eastern Europe”
(presented by PWG at the briefing for major U.S. Funders)**

**Practitioners Working Group
on Community Development
Briefing on the CDC/CDFI Industry
in Central and Eastern Europe**

**Thursday, January 27, 2000, 3:00-5:00 PM
Omni-Shoreham Hotel
Washington, DC**

**Background Paper:
Community Development
in Central and Eastern Europe**

**Prepared by: Practitioners Working Group
January 2000**

PWG Background Paper: Community Development in Central and Eastern Europe

1. The transition

The democratic transition in Central and Eastern Europe, triggered by the well known events that took place in Poland in 1989, resulted in extensive changes in all three sectors of social life: economy, public administration and civic society. The advancements, however, are not equal in all CEE countries. Economic situation of Czech Republic, Hungary, Poland, and Slovakia is perceptibly better than this of Bulgaria, Romania and Ukraine. The GDP per capita varies between about \$3.500 in Ukraine, \$8.430 in Poland and \$12.900 in Czech Republic (1998 data; compare with \$30.500 for U.S.). The average monthly salary ranges from about \$60 in Ukraine, to \$350 in Poland and Czech Republic.

The most important growth indicators - its dynamics and quality of solutions introduced to foster effective market economy - are better in Poland and Hungary which lead the region, whereas Czech Republic is experiencing a temporary decline. The remaining countries are much less advanced. Poland, Hungary and Czech Republic are also on the cutting edge of strengthening the other two sectors which have direct impact on economy: politics and citizen participation, through introduction of democratic rules and building of civic society.

The progress in the region, particularly in Poland, is not harmonious. Although all three sectors of social life are interrelated and none of them can effectively develop without parallel transformation of the others, apparently the economic transition proved to be the easiest and brought about the most spectacular results, unlike the politics which still requires solutions. Building democracy and teaching the society to effectively use the democratic rules may require more than a generation to take place. It is even slower in the building of the civic society. In all CEE countries including Poland this sphere falls visibly behind the economic and political change. This is primarily due to the slow process of changing people's mentality and an insufficient recognition of the sector importance.

2. Civil society

The essence of the reforms that have been taking place in Central and Eastern Europe for the last ten years lies in making individuals responsible for their own lives and in encouraging of entrepreneurial and proactive attitudes. It is an obvious attribute of the market economy applicable to organizations and the functioning of the society as a whole. Empowering every individual to feel responsible, decide about and act for their own future, their community and the whole nation is a precondition and key component of the democratic transition. This means development of civic society that involves change of mentalities, decentralizing public structures and creation of appropriate environment for voluntary organizations.

3. Decentralization

Basic reform of the administrative system in Poland was introduced in 1999. Its main objectives include decentralization of power and changes in the distribution of budgetary resources. In the past, local government existed only at one level - in about 2.500 local administrative units called

Gminas. The reform introduced two additional levels – poviats and voivodships. The responsibilities of the gmina authorities were not reduced and the poviats and voivodship authorities took over from the central administration a number of tasks that exceeded the capabilities of most single gminas. Each level of local government receives financial means to manage the entrusted tasks. The existing 49 voivodships were consolidated into 16 large, strong units, capable of managing economic and social development programs.

Other CEE countries are less advanced in restructuring and decentralizing their administrative systems. In the Czech Republic, despite of the fact that an administrative reform package has been prepared, a regional level does not yet exist.

4. Non-profit sector

The situation and legal environment for the non-profit sector operation in Central and Eastern Europe reflects both the hardships in the region's history and the realities of the present. After World War II, existence of any independent civil initiative groups was not allowed in the CEE countries; the communist regime had a firm grip on all civic organizations.

It was not until the 80's that the first legislation allowing the establishment of foundations and associations in Poland was passed. The act, with minor amendments, remains in force today and provides limited incentives for development of the non-profit sector. In particular, the existing non-profit, public finance and tax laws restrict activities of non-profit organizations to specific pre-selected areas of social life and contain neither provisions for access to public funding nor for partnerships with public administration.

The Polish non-profit law also creates opportunities for the abuse of tax incentives. For instance, the public sector is able to create non-government organizations to escape the strict control of public funds and enjoy the privileges of PVOs such as eligibility for foreign aid funding. Paradoxically, free interpretation of the existing laws by the Registration Court, motivated to restrict the abuse of the incentives, actually prevents true non-profit organizations from engaging in any economic activities consistent with their statutory objectives. The registration procedure itself is painstaking and the results are unpredictable.

From the community development perspective, the main obstacle in the legal system is the lack of clear regulations governing economic activities of non-profit organizations. No activities similar to those of CDCs in the US can be performed under the existing law. There is also very little space for non-traditional CDFIs; majority of financing rights are granted exclusively to the banking sector.

The second major challenge for community development organizations is to change people's attitudes and perception on all sides. The non-profit sector is growing. Depending on the definition of "non-profit", there are 25,000 to 40,000 non-profit organizations in Poland today. However, most of them are involved in "soft" areas such as charity, social aid, education or culture. Within the non-profit sector itself, there is little understanding of the role of community development organizations like CDCs or CDFIs. Therefore, the concept has to be spread out and popularized among local communities, let alone local authorities and state legislators.

5. Community development

Over the last decade, in all CEE countries, local development has been supported by programs and organizations addressing a variety of issues: the capacity of local governments, democratic rules, education, culture, economic development, small and medium enterprises, unemployment, life standards, infrastructure, social aid etc. Many of these programs have been funded by foreign aid organizations and institutions. These programs contribute to improving their communities not only through financial mechanisms, but even more importantly by sharing know-how and promotion the best practices.

The impact of community development programs and initiatives of the last decade is clearly visible. There are many successful local organizations and excellent examples of localities, where comprehensive community development programs resulted in significant improvements of life standards and continuous economic progress. There are many communities where new concepts and methods, once introduced, resulted in sustainable structures and successful long-term development. The entrepreneurial skills and spirit are spreading out.

There are growing numbers of organizations, both public institutions and private, capable of designing and implementing local development strategies, creating effective funding instruments, supporting SMEs, educating leaders and individual citizens, and introducing innovative concepts and solutions. All kinds of local, regional and national organizations and institutions, from local authorities to PVOs and state administration are involved in this process. Of primary importance is that all these organizations and institutions learn how to co-operate with each other.

Despite the progress, the community development movement in CEE is still in its infancy. It is characterized by several noteworthy limitations. In general, community development programs in CEE are scattered and to a large extent random in terms of space, time and content. They cover selected geographical areas and last for a fixed time. Their scope is usually limited to selected aspects of community development rather than being comprehensive. In many cases there is limited cooperation between organizations and institutions active in an area. As a result, successful local development programs are viewed as single positive examples to follow, rather than a common reality.

The above characteristics of the local development movement lead to inefficient use of available resources. There are many examples of local organizations or local communities where development programs were too small or too short-lived, and failed to provide a critical mass that would be necessary to create sustainability and further development. Substantial inefficiency also results from insufficient or missing co-operation and co-ordination between programs and support organizations.

Two distinct but related issues emerge from the situation described above:

"Orphan" NGOs - organizations created by western interventions and then left alone. There are many examples of "orphaned" local organizations or communities where the initial investment in community development has been wasted due to lack of consistent funding and long term planning.

A shortage of community development tools required by NGOs to thrive - the lack of local capital mobilization mechanisms which encourage local pro-development investment, and the lack of skills, financing and lobbying for better horizontal cooperation and harmonization with the state structures.

The transition in Poland led to structural reform that is not always supportive to the most effective functioning of non-profit organizations. Indeed, the passage of legislation that reformed local administration structures quickly strained the relationship between the local government and the local non-profit organizations they support. With local government (gmina) authorities in charge of the purse strings, decisions to fund foundations are now very political. Campaigning for popular support does not entail catering to the needs of non-profits. Local officials often refuse to support local civic initiatives even as they work directly with the non-profit organization member. The local administrators and the civic activists are allies who often do not trust each other. The distrust of administrators and civic organizers highlights the fact that many Poles are still ignorant of the programs undertaken by local and national non-governmental organizations.

There are many assistance programs which are successful in building a civil society and encouraging democratic governance. However, the centralized, institutional approach remains inadequate or missing. The time is now for comprehensive solutions and coordinated efforts among all stakeholders in a partnership with each other. It is also time to disseminate the best practices, tested over the last decade, community by community and region by region to cover the whole countries.

The current PWG initiative aims to switch the community development movement in Poland to next stage, characterized by systematic approach, broad impact, comprehensive solutions and concerted initiatives. In the future, the PWG seeks to address broader regional issues through increased peer learning and assistance between Central and Eastern European countries.

KEY POINTS:

- Building of the civic society lags behind the economic and democratic transition.
- CDCs and CDFIs industry is still small element of the non-profit sector, hampered by inadequate laws and insufficient recognition of their role.
- After ten years of transition, there is a time now to introduce systemic solutions, concerted efforts and large scale, broad-impact programs.
- Countries of the region have a lot to learn from each other and from U.S. practices.