

Więcej dobra donation platform - fundraising potential analysis

[Summary and recommendations - click here](#)

Key assumptions for the analysis

- We allow for a mix of qualitative and quantitative arguments in the vein noted by 80000Hours on [measuring impact](#): *Ideally you'd estimate a range for the contribution factors (in the right units) and a range for cause effectiveness (in the right units) and combine them to produce a confidence interval for the expected value of the impact of the career. In some cases, this may be possible. In our experience, however, the state of the data generally isn't good enough to make this very easy, and even if possible, the models are likely to be very simple and fragile, which can easily make them misleading. At this stage, we generally focus our efforts on using qualitative arguments to identify the most important factors, and then intuitively weigh up between them. We try to inform our approach with numbers wherever possible, but we rarely make explicit expected value estimates. This is somewhat similar from how GiveWell, despite maintaining the goal to maximise cost-effectiveness, reduced their reliance on explicit expected value estimates when they moved into more speculative areas of charity evaluation. Jonah Sinik has recently argued for focusing more on qualitative arguments here, which increases our confidence in this approach.* Note that 80k speaks about career impact, however the point still stands for charity evaluation and evaluating impact of donation platforms (as in GiveWell example).
- We start the analysis by exploring two related issues - NGO landscape in Poland and philanthropic giving in CEE (Central and Eastern Europe), which includes Poland.
- What follows is a listing of pros and cons of starting an effective giving platform such as the donation platform in Poland based on the reports.
- In another approach, we try to approximate how the donation platform could perform, based on lessons learned from Effektiv Spenden.
- In conclusion, we combine all the research into a summary and recommendations on launching the donation platform in Poland.

NGO landscape in Poland 2021

We base this overview primarily on a representative survey of 1200 Polish NGOs "The Capacity of NGOs in Poland" conducted by ngo.pl - one of the leading think-tanks on NGOs in Poland (executive summary is used as a primary [source](#) - unless otherwise noted):

General landscape - selected considerations

There are approximately 70000 active NGOs. 9% of active NGOs are active on an international level.

7% of active NGOs have a main focus on Social and welfare services, 6% on Healthcare, 4% on Environment and ecology; NGOs focusing mainly on International affairs and public aid are bucketed in the last 10% along with many other NGO types. In a multiple-choice question (not summing to 100%) which asked to list all the areas a given NGO is active in, some of the relevant numbers were:

- Social and welfare services - 17%
- Healthcare - 19%
- Environment and ecology - 16%
- International affairs - 4% (likely not including developmental aid)
- Other - 11% (likely to include developmental aid)

(source: [full version of the report](#) - p. 18)

Based on the answers to the multiple-choice questions mentioned above: Percentage of NGOs declaring some activity in Social and welfare services and Healthcare areas remained stable since 2018 (respectively 17% and 19%). There was growth in NGOs declaring activity in Environment and ecology (12% in 2018, 16% in 2021) and International affairs (2% in 2018, 4% in 2021). NGOs declaring activity in Other fields fell from 14% in 2018 to 11% in 2021 (it is impossible to distinguish if there was a downward trend in the number of developmental aid NGOs or was the drop due to other NGOs closing down or changing fields). In all, the authors of the report highlight increased ecological activity of NGOs and their increased perception of climate change as one of the major new phenomena (source: [full version of the report](#) - p. 11). All of this is relevant, since the donation platform can be classified as working somewhere on an intersection of fields such as social services, welfare, healthcare, environment (animal welfare), international affairs and developmental aid. Overall we take the above trends to be indicative of growing awareness of global issues in Poland and rising demand for NGOs tackling these global issues.

Quote on the prospects of NGOs from the report: *NGOs are moderately optimistic about their future. Thirty six per cent of NGOs expect the environment to be more conducive in 2022. The same proportion of NGOs feel things will not change for them compared with the preceding year and 18% expect deterioration.* The report highlights that the self-reported "mood" of NGOs on a scale of 1 to 6 is mostly in the range of 3 to 5 (with roughly 25-30% of NGOs per each point on a scale from 3 to 5). However the report also indicates many troubling developments and challenges for NGOs - fundraising, bureaucracy, issues with volunteer and talent acquisition/retention among others. The general sentiment appears to be rather mixed.

Finances of NGOs - selected considerations

Finances of NGOs are summed in the report as such:

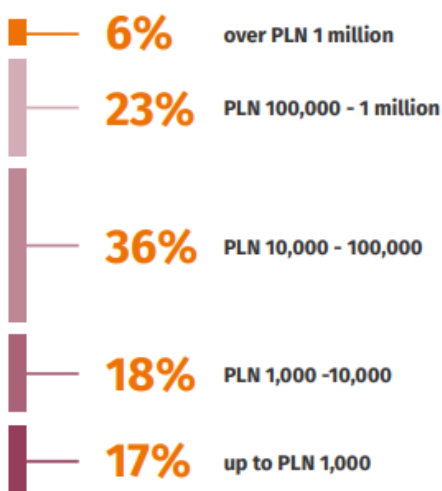
How much money do NGOs have?

26 000 pln

is the average annual budget of an NGO in 2020

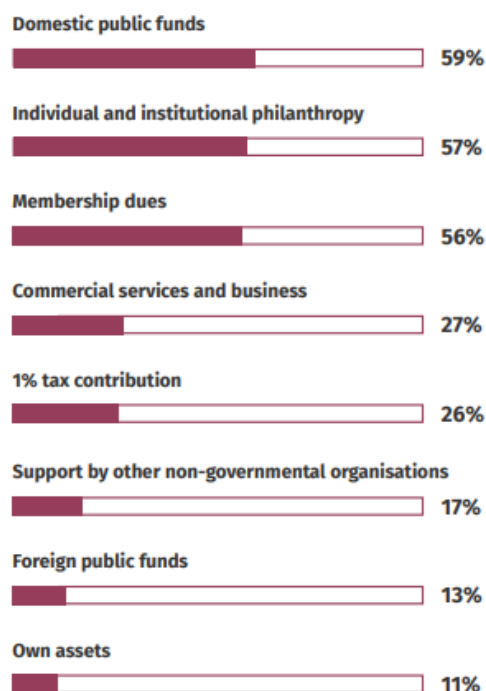


The revenue structure of non-governmental organisations in 2020



What are the sources of funding for NGOs?

NGOs fund their activities from a number of different sources. Here is a list of funding sources and a percentage of NGOs that used them in 2020:



The average annual budget of an NGO varies greatly due to several factors. Foundations have an average annual budget of 55 000 pln¹ (associations bring the overall average down); NGOs based in cities have an average annual budget of 61 000 pln; NGOs focusing on Social services and Healthcare are among the ones with the highest budget (104 000 pln and 71 000 pln respectively) (source: [full version of the report](#) - p. 61-63).

In 2020 median income of an NGO per funding stream was as follows (selected examples for typical funding sources):

- Governmental and central authorities' sources - 28 000 pln
- Local authorities' sources - 19 000 pln
- Donations from businesses and institutions - 6 500 pln
- Funds from 1% of income tax diverted to NGOs - 6 000 pln
- Donations from private donors - 4 000 pln

¹ 5 pln is equal to roughly 1 EUR or 1 USD at the time of writing (Oct 2022).

Authors highlight that the more funding streams the NGO has, the higher the overall revenue usually.

Additionally, the authors of the report highlight that the biggest determinant of the financial resources available to NGO is the location - NGOs based in cities larger than 200 000 inhabitants are in a much better financial position and are more often suited to act on a national or international level in developmental and international aid (source: [full version of the report](#) - p. 13). Such NGOs have recorded growth in both budget (since 2018) and operations (during the COVID-19 pandemic) (source: [full version of the report](#) - p. 59).

Philanthropy in Central and Eastern Europe 2020

This part of the overview we base on a report by Social Impact Alliance for Central and Eastern Europe (philanthropy think-tank) and Kantar (public opinion research centre) "Philanthropy in Central and Eastern Europe (CEE) 2020" ([source](#)):

Quote from executive summary (highlights by the authors of the analysis):

*(...) Even after adjusting the data for population size (...), **CEE citizens are currently giving at the level of 3.7% of the amounts donated by Americans.** (...) Nearly half of CEE citizens (46%) donated to philanthropy last year (...) [Polish donors donate on average per year] approx. EUR 80 / PLN 350. When comparing these amounts to the average monthly salaries of CEE citizens, **we can see that they donate less than 1% of their annual earnings each year.** Despite the small contributions, **impact is very important for almost 70% of donors** – being aware of the changes brought about by their actions.*

According to CEE citizens, achieving the Sustainable Development Goals (SDGs) should be supported primarily by the public administration. However, when asked about who is actually supporting them, the respondents significantly less frequently pointed to governments, at the same time appreciating the role of social organizations, business, and individual donors.

*(...) The ongoing COVID-19 crisis helped CEE citizens realize the importance of their philanthropic involvement in society. 36% of CEE citizens confirmed that the pandemic changed their attitudes in relation to philanthropy. **For approximately 15% it was a breakthrough moment to start giving, which they had never done before.** Stimulating and maintaining their involvement should be a key goal guiding the public administration and social organizations. The social solidarity built during the pandemic can be a valuable basis for further action.*

Other relevant quotes:

Page 15: *It is worth emphasizing that in the future transparent information on the utilization of obtained funds and the measurability of effects may be even more important. Even today younger people (up to the age of 30) consider this to be slightly more important than in the case of older age groups. It is not only important to be convinced of the effectiveness of the implemented programs, but also to have access to measurable data illustrating this effectiveness.*

Page 19: *It should be noted, however, that in Poland the percentage of donors is the highest, which may also result in a lower average amount of payments. Those who can only afford a small financial commitment also try to help.*

Note: Authors of the report also calculate that in 2020 approximately 1 billion EUR was donated to philanthropy in Poland.

This does not include volunteering, which, as mentioned elsewhere by the authors of the report, is increasingly important (30% of CEE citizens are involved; with 38% of people under 30 involved - this indicates that in the future volunteering may further increase in importance). However, "The Capacity of NGOs in Poland" report still states that volunteer acquisition and retention are among the major challenges faced by NGOs.

Page 20: *We also asked the citizens of the region what payments they could make. It turns out that their willingness to give is very significant. Many people who did not donate any money the previous year declare that they would be willing to do it. In order for this to happen, certain systemic problems must be resolved, such as the lack of knowledge about social purpose organizations, lack of awareness of the need to give, lack of tax incentives, etc. If the declarations were turned into actual payments, the scale of philanthropy in CEE would increase to approx. EUR 3.3 billion. [currently it is around EUR 2 billion]*

Page 32 of the report offers a very interesting analysis of different levels of support to SDGs (Sustainable Development Goals) of the UN and Page 33 offers a discussion of these results. Please see the relevant pages since they cannot be reproduced here in satisfactory quality. In general goals such as "No Poverty", "Zero Hunger", "Clean Water and Sanitation" are among the more supported goals (along with environmental goals). The lesser supported goals are grouped by the authors of the report as "Areas related to inequalities and development of societies" and include goals such as 'Quality Education', "Decent Work and Economic Growth" or "Peace, Justice and Strong Institutions". In general there are no clear regularities in how support is distributed among SDGs, however it is reassuring that for some Goals related to global health and development (such as "No Poverty") the declared support in Poland is in the 50-60% range with financial support given by more than 30% of respondents (and similar percentage of respondents declaring volunteering support).

Pros and cons of launching effective fundraising platform (such as the donation platform) in Poland

Pros:

- There is growth in a number of NGOs involved in international affairs and ecological affairs (which can be linked to climate changes which are global in scope - which is a proxy indicator of growing awareness of global issues in Poland and rising demand for NGOs tackling these global issues).

- NGOs based in cities (which are the ones more likely to engage in international affairs - and a likely model for the donation platform) are among the ones which are financially the fittest in Poland and have recently recorded growth in both budgets and operations.
- the donation platform could likely get several different sources of contributions, which is positively correlated with overall funding.
- Impact is very important for almost 70% of private donors.
- COVID-19 pandemic increased the activity of philanthropic donors and volunteers (although it remains to be seen if and how this trend will continue) and there is a room for growth for philanthropic activity in CEE and Poland.
- Some of the UN SDGs related to global health and development receive significant support in terms of declarations, financial contributions and volunteering.

Cons:

- General sentiment on the condition of NGOs in Poland appears to be mixed.
- Assuming the donation platform will:
 - have its operations and donor base primarily in cities;
 - be at least somewhat similar to other healthcare and social services NGOs;
 - not be outstandingly successful or unsuccessful;

It is likely that without the support from CEA and in the worst case scenario total budget (funds raised + operating costs) will fall within the range of 50 000 - 100 000 pln (roughly 10 000 - 20 000 EUR or USD), as is the case with most similar organisations. This order of magnitude is also similar to what can be achieved by getting a median funding across typical funding sources. We are positive however that with the support from the CEA we will be able to scale much quicker and get more donations than a usual NGO would get, quickly breaking the 10 000 - 20 000 EUR or USD level. By how much we could break it is a question considered in the next section where we draw analogies with Effektiv Spenden.

- Quote: *CEE citizens are currently giving at the level of 3.7% of the amounts donated by Americans.* However, we estimate that most of the impact and added value from running the donation platform will come from outside of the private donations - see Summary and Recommendations for details.

Other view - Effektiv Spenden analogy

One drawback of the analysis above is that donation platforms needn't be a typical NGO and judging by other successful donation platforms in Poland (siepomaga.pl, zrzutka.pl) - donation platforms can likely get more donations than a typical NGO. A way of modelling donations to the donation platform would be to look at Effektiv Spenden, since it is a similar platform in a broadly similar (European) country. On their initial run, Effektiv Spenden did write ([source](#) - posted in Nov 2020):

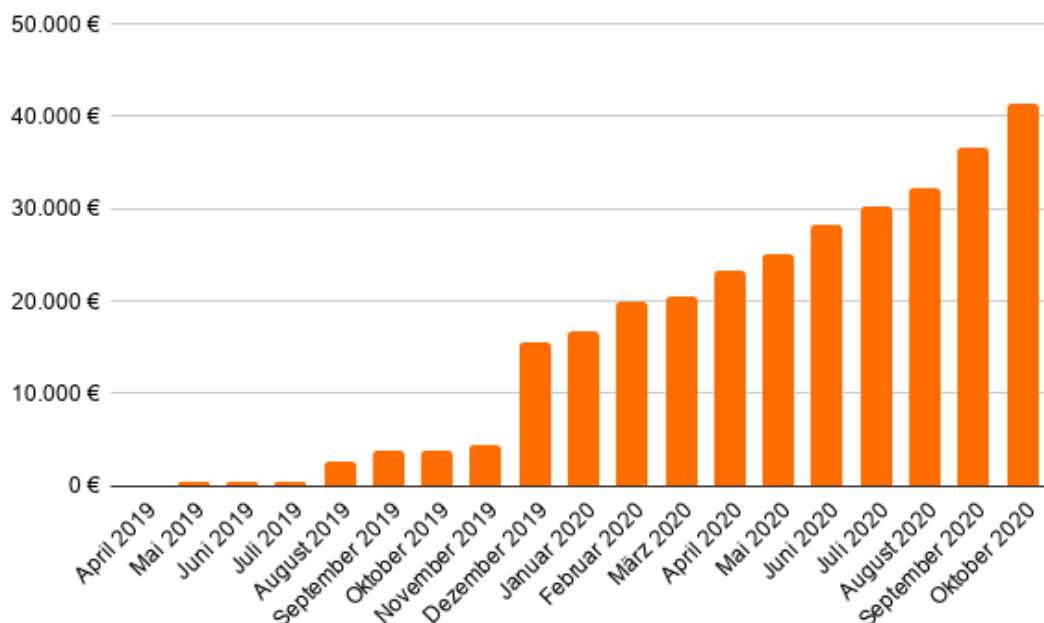
With a total budget of €140,000 for 2021, we expect to raise between 2.5 and 4 Million Euros for EA charities. Although the counterfactual calculation would be quite complicated, this would have a maximal multiplier of 17.8x - 28.5x in terms of Donations/OpEx.

Since our founding in April 2019, we have been able to raise more than 1 Million Euros for Top EA organizations and we have seen a steady increase in this amount over time (see chart). In fact, in October 2020 we raised €40,000 from recurring donations alone. This makes our multiplier to date 6.7 (including startup costs).

General information on the charity habits of Germans in 2020 can be found [here](#). Based on both sources a few approaches can be made to translate experiences of Effektiv Spenden to prospects for the donation platform:

Approach a)

- Quote: *Germans donated around €5.4 billion in 2020 – the second highest total since 2005, yet fewer people gave.*
- Philanthropy in Central and Eastern Europe 2020 report estimates roughly 1 Billion EUR was donated in 2020 in Poland - this gives that roughly 5.4 times more money was raised in Germany.
- Let's assume that the ratio of Polish to German charity spending was roughly similar to 2020 in 2019 as well.
- Effektiv Spenden raised roughly 1 Million EUR in Apr 2019 - Oct 2020 timeframe.
- All other things equal (*ceteris paribus*) this would mean that across a similar timeframe a similar platform in Poland could raise 1 Million EUR/5.4 = 185 185 EUR.
- The donations in the first 12 months of Effektiv Spenden activity constituted roughly a third of donations in the first 19 months. This can be seen in a graph below for recurring donations - assuming this is broadly indicative for all donations (Quote: *Since our founding in April 2019, we have been able to raise more than 1 Million Euros for Top EA organizations and we have seen a steady increase in this amount over time (see chart).*):



- This means that in the first year alone, an Effektiv Spenden style platform in Poland could raise roughly 185 185 EUR/3 = 61700 EUR. Even with some discounting for

circumstances such as changing economic landscape or other, unforeseen circumstances, we believe we should not fall below 40000 EUR mark.

Approach b)

- Let's assume a 6.7 multiplier² for the first 19 months in the case of Effektiv Spenden (Apr 2019 - Oct 2020).
- The donations in the first 12 months of Effektiv Spenden activity constituted roughly a third of donations in the first 19 months (explained above).
- Therefore, if we were to apply the multiplier to first 12 months alone, it would be closer to roughly $6.7/3 = 2.23$
- Let's also assume startup and operating costs for the first year of running the donation platform to be within a range of 65 250 - 113 281 USD (as per grant proposal).
- Applying the multiplier for the first year to operating and startup costs of the donation platform would result in roughly 145 000 - 250 000 USD collected over the first year.

One factor which might make approaches a) and b) not come exactly true is the prevalence of Effective Altruism giving in Poland vs Germany. For example a [source](#) claims that more than 16 times Giving What we Can Pledges were made for Germany than for Poland (634 vs 38). This cannot be taken to support that Poland will have 16 times less donations, however still it is indicative that a lower engagement rate in Poland is possible, somewhat decreasing confidence in the uppermost values of projected donations.

Summary and Recommendations

Combining the findings so far we can conclude that the money raised by the donation platform within the first year of operations should not fall below 10 000 - 20 000 EUR mark - this would be the worst case scenario based on us having no external financial support.

With funding it is fairly reasonable to expect a break even on grant funding (65 250 - 113 281 USD) with some possibility for both lesser and larger amounts raised (up to roughly 250 000 USD). Also, it is possible that the intense scaling of collected donations will start just past the one-year of activity mark, as was the case with Effektiv Spenden. Therefore, even though the grant application asks for funds for the first year, it is important to remember that significant donations and impact might come some time later.

Either way, analysis of NGO landscape as well as analysis of philanthropic giving landscape and drawing comparisons with Effektiv Spenden indicate that fundraising potential for the donation platform is limited, when compared to Western countries (though even limited resources directed towards effective causes can result in non-negligible positive, life-saving impact). However, the donation platform can bring added value also in other ways.

² The linked post on the initial run of Effective Spenden says: *"This makes our multiplier to date 6.7 (including startup costs)"*. It might be interpreted as "we collected donations to pay back our startup costs and then 6.7 times as much as the startup costs, effectively collecting 7.7 times as much as the startup cost". Even if so, this change does not significantly impact the final result of the analysis.

Firstly, having a national hub for donations is needed to demonstrate that the Polish EA movement can operate at the same level of professionalism as current charities and other actors in NGO space. This in turn is needed to build credibility of EA Poland - as a community/movement and as a partner for NGOs and authorities alike (e.g. a partner in an advisory role on how to direct charitable spending).

Also, the donation platform could serve as a project to build a community around - it is hard to imagine building Polish EA community in the long run:

- around funnelling highly-engaged EAs exclusively to other projects abroad;
- without an organisational, legal and online presence dedicated to serving Polish community in the first place, especially when it comes to effective giving;
- without a local offer and achievements which can be pointed to when doing community-building.

Moreover, some highly-engaged Polish EAs are likely to work for other EA-aligned organisations or projects in the future, therefore a project such as the donation platform will positively contribute to their career capital. This is valuable in the long run both in- and outside Poland since EA-aligned organisations globally still report problems with sourcing appropriate talent. In this context, supporting the donation platform leverages the fact that costs of operations and training in Poland are generally smaller than in the US or Western Europe - therefore people involved with the donation platform can gain globally valuable, EA-aligned career capital and know-how at a reduced cost.

Also, working on the donation platform will enable the people involved to get expert-level knowledge on the NGO and philanthropy sphere in Poland and Central and Eastern Europe. With Effective Altruism growing outside of US and Western Europe it is likely that at some point EA-aligned experts of this specialty will be needed for global organisations and projects.

Potential for gaining donations from private donors is limited in case of the donation platform, however it cannot be viewed as the only relevant metric. Rather than that, it is important to make it a launchpad for other, potentially more impactful modes of action. As soon as basic fundraising capability is secured and successfully demonstrated we could focus on:

- Making the donation platform one of the hubs for Polish language information and education on effective giving, effective charity interventions, global health and development and on Effective Altruism in general.
- Making it one of the hubs for the Polish EA community building - e.g. by running events, offering internships, training and other ways of engagement.
- Building advisory, research (think-tank) and advocacy capabilities - especially in terms of directing the charitable spending of other large NGOs, of large corporations (e.g. by advising on CSR, strategic philanthropy etc.), of wealthy individuals and of authorities both local and national. This (and other points that follow) is in line with strategic priorities of The Polish Foundation for Effective Altruism.
- In time, the donation platform could grow to become a charity evaluator for Poland or CEE in general. This could be a step on the way to make the donation platform into sort of a hub - educating NGOs on how to increase impact of their programs; coordinating NGOs to push for positive reform of charity in Poland and CEE (eg. introducing tax breaks for volunteering etc.).

- Another possible avenue of impact - setting standards and best-practices in terms of transparency and reporting (which are currently lacking in Poland and CEE).

Overall, it seems likely that the major impact of the donation platform will be in community building, for which there are a number of positive predictors - in Poland and CEE there is a rising trend in the awareness of global issues, desire to have an impact through one's charitable actions and increasing willingness to volunteer.