



ENDOWMENT FUNDS

How to finance the third sector in Poland

An endowment fund is capital that is not spent on the day-to-day activities of a foundation but is invested in order to preserve and grow its value. Current expenditures in foundations with endowments are financed from the returns generated by this capital. Endowment capital helps non-governmental organisations and other non-profit institutions, such as universities and research institutions, become less dependent on donations and grants. This model is widely used in the United States and Europe, with potential for development in Poland.



Bank Polski

In the United States, private universities typically finance a large share of their activities through endowments, including institutions such as **Yale and Harvard**. The largest endowments in the world are held by the **Danish** Novo Nordisk Foundation¹ (USD 138.6 billion in 2024), the Bill & Melinda Gates Foundation² **in the United States** (USD 73.3 billion in 2024). In Poland, endowment funds existed in the interwar period but did not survive the Second World War or the communist era.

In the early 1990s, several foundations received large initial grants and established endowments. These included the Foundation for Polish Science (FNP), which received funding from the State Treasury; the Batory Foundation, supported by the Open Society Foundation; and the Foundation for Polish-German Cooperation and the Auschwitz-Birkenau Foundation, both financed by numerous donors, most notably the German government. Currently, **only a small number of non-governmental organisations** in Poland operate endowments.³

However, the number of small foundations commemorating family members and financed through a single inheritance is growing, and the first universities have also begun establishing their own endowments. Kozminski University created the first such fund in 2023, followed by Poznań University of Economics and Business, which became the first public university to establish an endowment in 2025. **Rising household wealth and the development of Poland's capital market provide favourable conditions for expanding this form of financing in the third sector.**

The third sector in Poland remains highly fragmented and often faces challenges in maintaining stable financing. According to a report by the Klon/Jawor Association⁴, around 75,000 non-governmental organisations were active in Poland in 2024.

One quarter of them had **annual budgets below PLN 10,000**, while only around 10 per cent operated with budgets exceeding PLN 1 million. **For non-governmental organisations, endowments could provide long-term funding independent of ongoing donor generosity.** This enables foundations to plan their spending over the long term. Reducing reliance on donations and grants also gives organisations greater freedom from the priorities of grant providers and public funding institutions.

The wider adoption of endowments could also support the development of the Polish financial market by **helping address shortages of long-term domestic savings.** In the United States, endowments constitute an important source of capital for stock markets as well as for venture capital and private equity funds. Investing endowment capital in start-up enterprises in Poland could provide long-term support for their development and strengthen the innovative capacity of the economy.

To sum up, after 35 years of economic transformation, Polish society has generated and accumulated significant capital which – if appropriately allocated – can play an even greater role in development of both the economy and of the social services provided by non-governmental organisations. The non-governmental sector itself is now sufficiently mature to plan over a long-term horizon, provided the stable sources of funding are available. Expanding the use of endowments in Poland could therefore complement the development of the financial market by providing long-term capital support and generate structural demand for asset management and investment advisory services.

1 Novo Nordisk Fonden, Annual Report 2024, <https://novonordiskfonden.dk/publications/annual-report-2024/> [Accessed: March 2026].

2 Gates Foundation, Audited Financial Statement for 2024, <https://www.publicnow.com/view/109CACAB1B0F2ACC5195B9520F2A86CAB8378168> [Accessed: March 2026].

3 Pílanthropy Europe Association, The Fabric of Giving 2025: Public-Benefit Foundation Data in Europe, <https://philea.eu/insights/publications/the-fabric-of-giving-2025-public-benefit-foundation-data-in-europe/> [Accessed: March 2026].

4 Klon/Jawor Association, The Condition of Non-Governmental Organisations in 2024, <https://kondycja.ngo.pl/> [Accessed: March 2026].



ENDOWMENT FUNDS IN POLAND AND INTERNATIONALLY

DIMENSIONS	POLAND	EUROPE	USA
 Scale of endowments	Very small. The largest foundations hold ca. PLN 300 million	Medium, though uneven. The largest foundations hold tens of billions USD	Very large. The largest foundations hold tens of billions USD
 Investment	Below 50 per cent in higher-risk assets. Deposits and debt instruments dominate	Ca. 70% in higher-risk assets. Listed equities dominate ⁵	Ca. 90% in higher-risk assets. Significant share of alternative assets, such as PE and VC ⁶
 Professionalisation	Low. Rarely a dedicated investment	High, though uneven. Investment committees delegate to asset managers	Very high. Large in-house teams for asset allocation
 Data and transparency	Low transparency	Partial transparency	High transparency
 Approach to risk	Defensive	Diversified	Offensive and long-term
 Legal framework	No general legal framework for endowments (except Act on the Auschwitz-Birkenau Foundation)	Most EU countries regulated. Including investment rules, tax incentives	Regulated. Broad investment freedom, tax incentives

5 European Investment Bank, The Philanthropic Capital Study, <https://commission.europa.eu/system/files/2022-12/The%20Philanthropic%20Capital%20Study.pdf> [Accessed: March 2026].

6 Neuberger Berman, The Endowment Model Reimagined, <https://truenorthinstitute.com/wp-content/uploads/2025/11/Neuberger-Berman-The-Endowment-Model-Reimagine-Mar-2025.pdf> [Accessed: March 2026].



CASE STUDY: FOUNDATION FOR POLISH SCIENCE (FNP)

In 1991, the FNP received PLN 100 million from the State Treasury, which quickly began to function as an endowment. By 1993-1994, these funds started to be invested and gradually accumulated. Historically, the foundation has maintained spending above the fund's average rate of return.

FNP currently holds approximately PLN 300 million in its endowment, making it one of the largest such funds in Poland, though still small by European standards. The fund distributes around 6 per cent of its capital annually, although this fluctuates depending on the foundation's spending needs. It finances around one sixth of the foundation's annual expenditures (around PLN 20 million) for its own programmes.

Programmes financed from the fund include **scholarships, grants, prizes, a Polish-Ukrainian cooperation programme, and book publishing.** The remaining PLN 100 million of the foundation's annual income comes mainly from EU structural funds and is allocated to externally commissioned programmes.

In line with its investment strategy, more than 50 per cent of the endowment is invested in Polish government bonds. Around 25 per cent is invested in Polish and foreign equities, while the remaining assets are diversified across other instruments, including corporate bonds and foreign government bonds. In 2025 the fund achieved an exceptional return of 11.5 per cent, although average return in past ten years was below 6.3 per cent annually.

Currently, the foundation works with four external asset managers under agreements with asset management firms or investment fund companies (TFI). Investments in asset classes other than retail government bonds, local government bonds and bank deposits are managed by external entities.

The foundation values the endowment as a **stable source of funding and appreciates the independence it provides from the priorities of grant providers.** In the case of science funding, it emphasises the importance of flexibility in using such resources compared with traditional grants.

"Thanks to the endowment, we were able to **finance an industrial innovation programme** tailored to market needs," said Tomasz Perkowski, Vice-President of the foundation. "Innovation requires adaptation and change, and this type of financing allows programmes to evolve when new knowledge emerges or market conditions change."

SWOT ANALYSIS OF ENDOWMENT FUNDS

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<p>STRENGTHS</p> <ul style="list-style-type: none"> ▪ Long-term financial stability, independent of grant funding. ▪ Independence from the political and philanthropic priorities of donors. ▪ Greater flexibility in allocating funds according to the foundation's needs. ▪ Long-term investment support for domestic enterprises. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> ▪ Capital must be preserved now in order to generate funding later. ▪ High entry barrier. ▪ Limited liquidity during crisis. ▪ Additional costs associated with managing such capital. ▪ Limited awareness of the solution within the third sector. 	<p>CHANCES</p> <ul style="list-style-type: none"> ▪ Potentially high investment returns and surpluses over current expenditure. ▪ Stronger perception of foundations as stable, long-term institutions. ▪ A stable source of funding during economic crises. 	<p>THREATS</p> <ul style="list-style-type: none"> ▪ Risk of asset value losses under more aggressive investment strategies. ▪ Some donors prefer to allocate funds only to current expenditure. ▪ Some foundations may lack the capacity to manage such capital effectively. ▪ Reputational risk related to investment portfolios (e.g. carbon footprint, involvement in armed conflicts).



Maciej Kuziemski

President of the Management Board, PKO BP Foundation

Polish civil society is facing financial pressure due to an increasingly unstable funding environment. As the country continues its rapid development, traditional donors are increasingly shifting their focus to less developed regions, while the domestic philanthropic ecosystem is not keeping pace with these growing needs. **Establishing endowment funds** – i.e. accumulating capital that is invested over the long term, with only the returns used to support ongoing activities – **is one of the effective ways to build the independence of non-governmental organisations** and reduce their reliance on grants and donations. It also enables them to plan their activities over the long term. **The mission of the PKO Bank Polski Foundation is to support social resilience, including strengthening civil society.** For this reason, we plan to support the development of the Polish endowment fund market through educational activities, the exchange of best practices, and grant programmes.



Samer Masri

Director of the Brokerage House, PKO BP

Developing long-term investment strategies is important not only for companies but also for non-governmental organisations. One such solution is endowment funds. In Poland, this model is still underdeveloped, and one of the main barriers is the lack of experience in creating and managing such funds, as well as limited access to professional investment support.

PKO Bank Polski Brokerage Office aims to fill this gap by offering support to organisations interested in establishing an endowment fund. Our role would not be limited to managing the investment portfolio – we also want to assist in designing the entire operational model of the fund, from the investment strategy and payout policy to tailoring the portfolio to the nature of the organisation’s activities.

Investment solutions should be aligned with the specific needs of each institution: its statute, planned expenditures, relationships with donors, and the intended time horizon of the fund. For this reason, we plan to prepare several model solutions that can be adapted to different types of organisations. Our goal is also to ensure that **access to such support is available not only to large institutions but also to smaller organisations**, which often lack the resources for professional capital management. We plan to launch the programme in the second half of the year.