

BORIS STREČANSKÝ – MARTIN BÚTORA – KATARÍNA VAJDOVÁ – ZUZANA SZATMÁRY – ZORA BÚTOROVÁ – MARTINA KUBÁNOVÁ – HELENA WOLEKOVÁ
Non-governmental organizations and volunteerism

INTRODUCTION

In terms of conditions for their operation, non-governmental organizations (NGOs) in Slovakia did not see any essential changes in 2005. The practices of assigning 2% of legal entities' income tax in 2004, particularly their amalgamation with corporate public relations and emergence of quasi-NGOs attracted intense media attention and gave birth to a number of initiatives that strove to remedy and regulate the current state of affairs. For instance, the Open Society Foundation (NOS-OSF) and the Donors' Forum opened an important and necessary but rather complicated public debate on the public interest and the essence of *public benefit* activities.

In 2005, Slovak NGOs experienced ambivalent implications of Slovakia's EU accession. On the one hand, NGOs operating in the field of education and supporting minorities or marginalized groups benefited from the inflow of financial assistance from EU structural funds and EU initiatives and projects aimed at furthering equal opportunities and educating members of marginalized groups in order to improve their chances on the labour market. On the other hand, though, NGOs had to cope with an increase in bureaucracy and administrative chores related to drawing funds from these resources. Apart from certain bright aspects, for instance Slovakia's development aid, partnership as the basic principle of cooperation between the public and the non-governmental sector remained largely declaratory in 2005.

NGOs operating in the field of service provision saw their scope of available funding broaden, mostly on the back of a complicated but perceptible improvement in terms of financing these services by municipal and regional self-governments, which encouraged non-profit organizations to focus on provision of social services especially on the local and regional level. On the other hand, grass-root civic initiatives reacting to local needs (e.g. advocacy organizations, think-tanks or organizations acting as 'watchdogs of democracy') saw a substantial drop in available funding in 2005. Still, the civic voice in public affairs continued to be heard, be it in international issues – for instance providing humanitarian and development aid to Kenya, Sudan, Kosovo, Afghanistan or Kashmir and manifesting solidarity with suppressed nations (e.g. supporting dissidents in Cuba or NGOs in Belarus) – or domestic issues such as restoring the High Tatra or protecting urban greenery.

PLAYERS IN THE NON-GOVERNMENTAL NON-PROFIT¹ SECTOR QUANTIFICATION OF SLOVAK NGOs BETWEEN 2002 AND 2005

¹ Non-profit organizations are defined as organizations whose main purpose is not to create profit to be distributed among their owners, administrators or founders. In this broad sense, the term "non-profit" does not only include non-governmental organizations but also various other types of legal entities established for non-commercial purposes, for instance cooperatives, organized interest associations of legal entities, trade unions, political parties and movements, non-business trade companies, as well as budgetary or contributory organizations.

Table 1 shows a quantitative overview of non-profit organizations operating in Slovakia, broken down by their legal status.

Table 1
Number of NGOs between 2002 and 2005, a breakdown by legal status

Legal status	2002	2003	2004	2005
Civic associations	20,803	20,575	23,789	25,257
Non-investment funds	345	440	513	497
Non-profit organizations providing <i>public benefit</i> services	215	397	831	1,021
Foundations	553	249	305	325
International NGOs represented in Slovakia	–	–	122	121
Total	21,916	21,661	25,560	27,221

Source: Figures for 2002 as of September 30, 2002, according to Demeš, 2002, with a reference to the Ministry of Interior; figures for 2003 as of September 1, 2003, according to Kadlecová – Vajdová, 2003, with a reference to the Ministry of Interior; figures for 2004 as of February 28, 2005, according to the Ministry of Interior; figures for 2005 as of December 23, 2005, according to the Ministry of Interior.

These figures indicate that the overall number of NGOs with specified legal status increased by 20% during the examined period. The NGOs specializing in provision of *public benefit* services saw a particularly hefty growth, as their total number almost quintupled since 2002. On the other hand, the total number of foundations dropped compared to 2002; their moderate growth in recent years has been fuelled especially by corporate foundations (for further details, please see the section *Slovak Foundations and NGOs* in this chapter).

Another indicator of non-governmental organizations' activities may be data on registered recipients of 1% and 2% (since 2004) of paid income tax assigned to them by individuals and legal entities (see Table 2).

Table 2
Registered recipients of 1% and 2% of paid income tax

Legal status	2002	2003	2004	2005
Civic associations	3,314	2,825	3,250	4,983
Non-investment funds	164	137	165	219
Non-profit organizations providing <i>pro bono</i> services	103	94	139	230
Foundations	321	187	168	197
International NGOs represented in Slovakia	3	4	3	8
Facilities operated by Churches and religious associations	86	88	78	103
Slovak Red Cross	44	34	29	30
Total	4,035	3,369	3,832	5,770

Source: 1. SNSC, 2005; <http://www.rozhodni.sk>.

The number of NGOs that show their activity by applying for the share of paid individual and corporate income tax amounts to only one fifth to one quarter of the total number of formally registered NGOs. This ratio may be close to the ratio of active NGOs to so-called “sleeping” ones that are duly registered but do not pursue any activity.

INFORMATION SOURCES ON NGOs IN SLOVAKIA

For several years, a civic Internet portal Changenet (<http://www.changenet.sk>) has been one of the most distinguished and frequently used information sources on Slovak NGOs. Besides providing a daily news and information service, the server also keeps an NGO directory. Changenet acts as the mother server for <http://www.feminet.sk>, a discussion forum focusing on issues of promoting gender equality and defending women's rights. During the initial years, the server was made possible thanks to financial assistance from abroad. Nowadays it seeks financial independence, which directly depends on its clients' ability to honour their contractual obligations, which in 2005 was not the case of several NGOs. Changenet is gradually broadening its clientele, which now includes also municipal self-governments and individuals.

An important information source is *EFEKT*, a bi-monthly published by the 1st Slovak Non-Profit Service Centre (1st SNSC). Select articles are available at <http://www.casopisepekt.sk>. The 1st SNSC also administers a website (<http://www.mvoservis.sk>) that offers information on economic and legal aspects of NGO activities and a website (<http://www.rozhodni.sk>) that keeps the updated database of registered recipients of income tax assignment, as well as the necessary counselling support.

Cross-sectoral cooperation between NGOs and organs of municipal and regional self-governance is helped by the *Guide through Social Services in Slovakia's Regions* elaborated by the SPACE non-profit organization and available at <http://www.nspace.sk>. A joint project of the PANET civic association and the Children of Slovakia Foundation (<http://www.partnerstva.sk>) is aimed at increasing awareness and sharing knowledge and experience in the field of intersectional cooperation (i.e. cooperation between subjects from the public, business and non-profit sector), professionalizing the non-profit sector and furthering corporate social responsibility in Slovakia. Both portals are designed for representatives of all sectors, with a special emphasis on NGOs. Another information source that focuses on promoting intersectional cooperation and corporate social responsibility is a project called Business Leaders Forum administered by the PONTIS foundation (<http://www.blf.sk>).

A brand new information source that was made available on December 1, 2005, is the SEFIN database (<http://www.sefin.sk>) that allows for retrieving information on NGOs from publicly available information sources according to financial and profile parameters.

A valuable source of information is the official website of the Centre for Environmental Public Advocacy (<http://www.cepa.sk>). This organization also operates a website that has over the past three years provided crucial guidance to Slovak NGOs seeking ways to apply for financial assistance from EU resources (<http://www.eufondy.org>). A link to this website is also featured on the official website of the Education Centre for Non-Profit Organizations (<http://www.cvno.sk>), which authored a long-awaited publication *Projektový manažment* [Project Management].

A website that features an abundance of information and graphic material is the official website of the Platform of Non-Governmental Development Organizations (<http://www.mvro.sk>) that associates Slovak non-governmental organizations operating in the field of development and humanitarian assistance under the Brussels-based CONCORD organization. The website features links to all of its 29 members and informs about activities in developing countries. Activities pursued by Slovak non-governmental development organizations were widely publicized in

national media, encouraging positive public perception of international solidarity (an IVO survey carried out for the Ministry of Foreign Affairs in May 2005).

In 2005, the Donors' Forum extended its official website (<http://www.donorsforum.sk>) to include analyses and information concerning Slovakia's foundation sector.

The website operated by the Ministry of Interior (<http://www.civil.gov.sk>) provides basic data on all NGOs registered in Slovakia as of July 12, 2005.

FORMAL AND INFORMAL STRUCTURES OF NGOS

For over a decade, the Gremium of the Third Sector (G3S), an independent legal entity associating almost 1,000 organizations from all over Slovakia was the most renowned and the most representative umbrella organization of Slovak NGOs; in recent years, though, activities and influence of the G3S began to decline.

Other important umbrella organizations that are duly registered as separate legal entities include the Confederation of Sports Associations in the Slovak Republic (<http://www.sport-fed.sk>) that associates over 60 national sports federations and the Slovak Youth Council (<http://www.mladez.sk>) that represents 36 children and youth organizations. In the field of social affairs and health service, a similar role is performed by the Slovak Humanitarian Council (<http://www.shr.sk>), which associates 169 non-profit organizations, and the National Council of Handicapped Citizens (<http://www.nrozp.sk>).

The Donors' Forum with ten regular and nine associated members (<http://www.donorsforum.sk>) continued to extend the scope of its activities in 2005. For several years, it has organized a conference of Slovak foundations; in October 2005, it published the *Report on the Condition of Slovak Foundations: Data Analysis for 2004*, which is available on its official website. The Association of Community Foundations represents the interests of 11 community foundations (<http://www.komunitnenadacie.sk>). A fast-developing subject whose activities receive a lot of media attention is the Platform of Non-Governmental Development Organizations, which has 29 members (<http://www.mvro.sk>). Other platforms that actively defend their members' interests include the Union of Maternity Centres (<http://www.materskecentra.sk>), the Domovina [Homeland] Platform – the Cultural Heritage Forum, and Špirála – the Society of Environmental Education Organizations (<http://www.spirala.sk>).

For the sake of effectiveness, it is crucial that NGOs are associated according to particular fields of activity. This objective is achieved through informal NGO platforms. The most active platforms in 2005 were Socioforum (<http://www.socioforum.sk>) and Ekoforum and, in some *ad hoc* cases, also the New Romany Generation, a platform of the Council of Slovak Romany Non-Governmental Organizations. Regional development and mobilization of numerous NGOs operating in this field continues to be positively affected by the Rural Parliament (<http://www.vipa.sk>) whose basic mission is to improve the quality of life in the country through its nationwide network. An informal NGO platform that was particularly active in 2005 was the Our Tatra Non-Governmental Committee (<http://www.nasetatry.sk>), which was established in reaction to the devastating windstorm that ravaged the High Tatra in November 2004.

Since most of the mentioned platforms operate on the national level, this type of activities is in much demand on the regional level, especially with respect to shaping and influencing regional public policies.

RECENT TRENDS IN THE ROLE OF SLOVAK NGOS

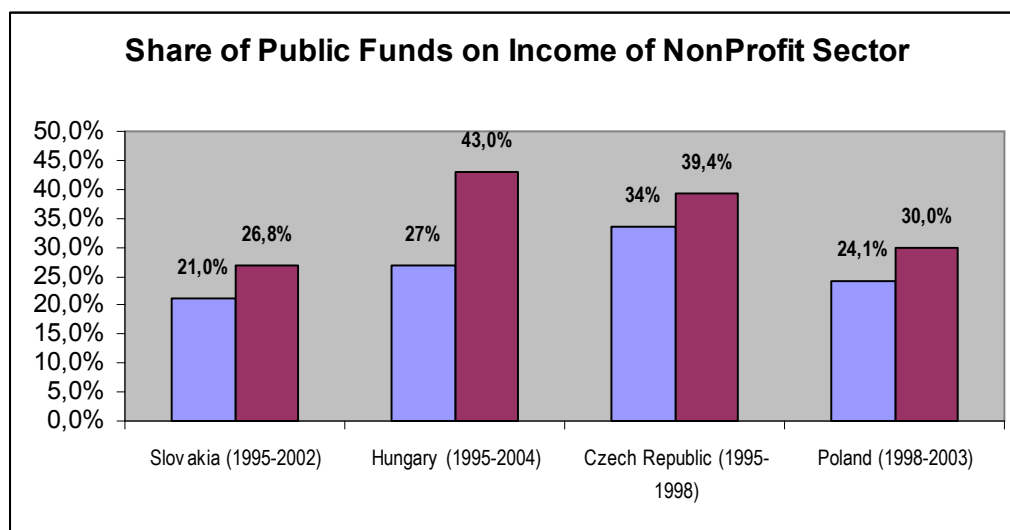
Between 2002 and 2005, the role of NGOs in society continued to take shape. One of the most perceptible trends is their increasing Europeanization, which rests in the fact that besides nationwide or free-time activities, Slovak NGOs are beginning to focus on providing social, health care and educational services on local as well as regional level; in other words, they are less frequently expected to fulfil the advocacy role and increasingly often become the government's contractors as sort of quasi-public agencies providing professional services and strongly depending on funding from state budget and budgets of self-governance organs.

This trend is accompanied by non-governmental organizations' gradually improving access to public funds in the field of providing social and educational services. In 2004 regional self-governments allocated 636.1 million Sk in subsidies to NGOs providing mostly social services (Kubánová – Orth – Molnárová – Čajková, 2005).

On the other hand, Slovak NGOs continued to be indispensable in terms of opening new issues, defending civil rights, highlighting deficiencies, criticizing currently pursued policies and seeking alternative solutions (e.g. legislatively tackling the conflict of interests, recovering the High Tatra from the devastating calamity, protecting greenery in large towns from intense development, etc.) and social innovations (e.g. civic monitoring of courts of law, hospice movement, etc.).

Unfortunately, funding of these roles was significantly scarcer than in previous years, which made these organizations to strive very hard for their basic work. ;

Between 2002 and 2005, the share of public funds on non-governmental organizations' income increased, mostly on the back of financial assistance from EU structural funds and the recently introduced mechanism of tax assignation. While most available data are outdated, most estimates indicate an increase. Still, an international comparison of the overall share of public funds on financing NGOs suggests that Slovakia lags behind most neighbouring countries. While in Slovakia this share was approximately 26.8% in 2002 (Petrášová – Štěpánková, 2004), in Hungary it was 42.3% in 2004, in the Czech Republic 39.4% in 2000 and in Poland 30% in 2003 (Hyánek – Škarabelová – Řežuchová, 2005; Galazka, 2005; Sebestenyi – Scsaurszki, 2005; Salamon, 2003).



Despite an abundance of new experiences in the field of mutual cooperation between non-governmental, public and private (corporate) sectors, the period of 2002 – 2005 was primarily the time of catching up with past deficits in terms of mutual education, i.e. learning to cooperate and treat each other as respected partners. In spite of countless joint achievements in the process of implementing various reforms, a certain degree of distrust between particular sectors lingers on. This lack of trust may be illustrated by a number of examples, for instance the government’s ignoring proposals by NGOs in the field of programming structural funds, the government’s model of public funds’ financial administration with respect to NGOs or the recent trend of emerging corporate foundations in areas that are considered principal domains of NGOs. On the other hand, NGOs at large have limited capacity to be a partner to government or business.

Developments in 2005 confirmed the recent decline of universal umbrella representative organizations such as the G3S, which began in 2003. At the same time, there is a perceptible trend of strengthening thematic platforms and associations representing particular fields of activity. This trend provides greater space for preserving plurality, internal diversity and ‘colourfulness’ of civil society, helping it to distinguish itself from the government or the market.

The necessity to increase effectiveness of joint actions or discussions concerning certain universal issues (e.g. legal status of non-profit organizations, *pro bono* activities, tax allowances, financing, etc.) may in the future lead to creating new, rather informal structures, ‘associations of associations’ so to speak. This trend was adumbrated by a joint declaration issued in November 2005 and signed by 17 NGO platforms in which they expressed fundamental disapproval of the content of the *National Strategic Referential Framework for the Programming Period of 2007 – 2013* with respect to allocation of EU funds. The document seeks to stipulate the priorities of allocating over €10 billion from EU structural funds and the Cohesion Fund, as well as decision-making mechanisms. The declaration was an important display of non-governmental organizations’ ability to adopt a joint position on the crucial issue of allocating EU funds.

Another specific trend recorded between 2002 and 2005 is emergence of corporate foundations, which contrasted the significant decline in the total number of foundations in Slovakia. In 2005, Slovakia had 294 foundations, including 12 community foundations, 60 corporate foundations and 222 other foundations. Between May 2002, when the law allowed legal entities to assign 2%

of their paid income tax to NGOs, and July 12, 2005, 131 new foundations were established; 43 of them were directly founded by corporate legal entities.² For the sake of comparison, the total number of corporate foundations established between 1993 and 2001 was 23. “The [general decline in the number of foundations] was brought about by the legislative change from 2002,³ which increased foundations’ mandatory endowment to 200,000 Sk. While the number of foundations registered in Slovakia was 553 as of September 30, 2002, it dropped to 249 by September 1, 2003, which means that many smaller foundations folded or changed their legal form” (Kubánová – Orth – Molnárová – Čajková, 2005).

Perhaps the greatest change between 2002 and 2005 saw the category of non-profit organizations providing *public benefit* services. Not only has their overall number increased (see Table 1), but many of them have also significantly changed their character. Shortly after 1989, most of these organizations were founded by consumers or professional providers of services who were not satisfied with the quality of services inherited from the previous regime. These organizations’ principal mission has always been to introduce innovations and thorough changes in availability and quality of services provided to inhabitants, mostly in the social area. Since 2003, the legal form of non-profit organization began to be used also in the process of transforming those budgetary and contributory organizations the government wanted to get rid of. A similar process is currently underway on the level of municipal and regional self-governments. Public benefit services have also become to be eyed by the private business sector, particularly in the field of health service and education.

LEGISLATION CONCERNING NGOs

On February 15, 2005, the cabinet issued Government Order No. 76/2005 that obliged all foundations to publish an auditor’s opinion regarding their statement of account, which forms part of their annual reports, in the Commercial Newsletter for the fee of 100 Sk.

The 1st SNSC supported by the Socioforum platform continued to pursue its initiative aimed at adopting the so-called *Code of Non-Profit Law*. In 2004, the initial draft was criticized and gradually rejected by the G3S, Ekoforum, the Citizens to Themselves initiative, environmental organizations, regional G3S branches, the legislative-economic task force of the Government Council for NGOs and eventually by the Council itself. Its chairman and Deputy Prime Minister Pál Csáky later agreed to abandon the agenda. The initiators subsequently transferred their agenda onto the Ministry of Justice. Some ideas from the document’s legislative intentions have already been incorporated into other bills, for instance the proposed Sports Act.

In June 2005, various NGO platforms agreed to adjust the mechanism of assigning 2% of paid income tax; since then, they have tried to incorporate the following changes:

- introducing an obligation for legal entities to publish the recipients of their contribution;
- introducing an obligation for the Justice Ministry to publish the list of those recipients who have failed to publish the specific purpose of allocating the contribution in the Commercial

² Data supplied by the foundations’ register (<http://www.civil.gov.sk>.)

³ Law No. 34/2002 on Foundations and Amending the Civil Code, as amended.

Newsletter (toto sa nevolá náhodou Official Journal?) before the stipulated deadline and therefore are not eligible to receive 2% of paid income tax over the next three years;

- allowing foundations to allocate the contributions to increasing their endowments.

Of the proposed changes, parliament endorsed only the second. In September 2005, the cabinet submitted its own amendment to the Income Tax Act, which met with much greater response as it also proposed to amend some provisions concerning the assignation mechanism. The cabinet proposed to increase the minimum limit of assigned amount from 20 Sk to 250 Sk for individuals and introduce the maximum limit of assigned amount at 5 million Sk for legal entities. These adjustments would substantially reduce the scope of persons eligible to assign 2% of paid income tax as well as the total volume of funds allocated for *public benefit* purposes through the assignation mechanism. Parliament rejected the proposed amendments, thanks in part to lobbying activities of NGOs coordinated by the 1st SNSC and the Citizens to Themselves initiative (for further details on the proposal, please see the section *Recent developments in the field of assigning 2% of paid income tax* in this chapter).

FINANCING NON-GOVERNMENTAL ORGANIZATIONS

The structure of funds allocated to financing NGOs continued to change in 2005. The total volume of EU funds increased, hailing mostly from structural funds but also from community programs. Since tax incentives for donations of individuals and corporations for public benefit purposes were abolished in 2004, data on these gifts are not part of individual and corporate income tax returns anymore; therefore, it is impossible to quantify the total volume of private giving in Slovakia.

The conditions for obtaining direct subsidies from public funds became more transparent; as far as the total volume of allocated funds goes, there have been no essential changes. The most important change in the field of indirect support was allowing legal entities to assign 2% of their paid income tax, which substantially increased the total volume of assigned funds since 2004.

In April 2005, parliament adopted the Law No. 171/2005 that amended the Gambling Act, stipulating that all government proceeds generated by the bulk of gambling activities (especially the national lottery) are qualified as state budget revenues and are not partly earmarked for concrete purposes anymore, which used to be the case in the past when part of them was automatically allocated to sports associations. During the debate on the bill, some NGO platforms tried to lobby the cabinet as well as members of parliament to enact the so-called charity lottery that would have a preferential taxation regime and could become an independent source of income for NGOs; however, parliament rejected the proposal.

Domestic foundations focused mostly on administering financial assistance provided by various foreign and domestic donors, mostly because their own capital still does not allow them to play a more important role in financing NGOs.

DOMESTIC PUBLIC FUNDS FOR NGOs

Direct forms of support

The public sector provides various types of subsidies to non-governmental organizations (NGOs). A survey examining financing of NGOs from state resources between 1988 and 2002 suggests that allocation of subsidies to ‘traditional’ organizations selected in advance continued to prevail over allocation of subsidies based on submitted projects in the ratio of 65:35 (Dluhá – Kouřil, 2002).

Recently, the criteria and rules of the entire allocation process were made more transparent.⁴ According to new budgetary rules, particular budgetary chapters’ administrators may decide on allocating subsidies in the area of their competence, usually based on applications, while abiding by their own generally binding guidelines. The rate of competitiveness in the process of allocating subsidies also increased: most importantly, ‘traditional’ organizations⁵ received only about 6.3% of total funds allocated in 2004; also, only about 18% of total funds were distributed via institutions that did not publish concrete allocation criteria on the Internet. The most serious problems linger in the field of evaluating the effects of implemented projects, as their final reports are largely unavailable. In compliance with most ministries’ generally binding guidelines, the main reason for providing subsidies is to support concrete goals of government policies in particular areas.

Types of direct public funds for NGOs

From the viewpoint of NGOs, the most generous donors of state budget funds are the Ministry of Education and the Ministry of Culture; between 1996 and 2002, their share of total state budget subsidies fluctuated around 45 – 65%, but in 2003 and 2004 it increased to 83%. Mid-size donors are the Ministry of Interior, the Ministry of Labour, Social Affairs and Family, the Ministry of Agriculture, the Ministry of Environment and the Slovak Government’s Office; their combined share of state budget subsidies reached 16% in 2004. Needless to say, the volume of state budget subsidies largely depends on the election cycle; the total amount of subsidies disbursed in election years of 1998 and 2002 was substantially higher than in ‘normal’ years.⁶

Besides traditional state budget subsidies, the Ministry of Foreign Affairs also provides financial assistance to projects submitted by NGOs within the framework of official development aid (ODA); between 2003 and 2006, it averaged 160 million Sk (approximately \$5,3 mil) per year (<http://www.slovakaid.sk>). While ODA funds are not earmarked only for them, NGOs along with other subjects are allowed to apply for support via two grant mechanisms: the so-called Trust Fund administered in cooperation with the UNDP regional centre in Bratislava and the Bratislava – Belgrade Fund (BBF) administered by the Civil Society Development Foundation (NPOA), which is specifically designed to provide development assistance to Serbia and Montenegro (<http://www.npoa.sk>).

⁴ Article 8, Paragraph 2 of the Law No. 523/2004 on Budgetary Rules of Public Administration.

⁵ These organizations are in the competence of the Ministry of Justice, the Ministry of Foreign Affairs, the Slovak Academy of Science, the Ministry of Interior and the Ministry of Defence. For further details, please see the section *Types of Direct Public Funds for NGOs* in this chapter.

⁶ In 1998, it was by 42% higher than the average amount allocated in 1997 and 1999; in 2002, it was by 30% higher than the average amount allocated in 2001 and 2002. In election years, a substantial part of the increase is disbursed via the General Treasury Administration budgetary chapter.

In 2005, the Trust Fund organized two grant rounds, allocating 15 grants worth 40 million Sk to development projects carried out by NGOs in ODA target countries, namely Albania, Bosnia and Herzegovina, Macedonia, Serbia and Montenegro, Afghanistan, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Uzbekistan, Kenya, Mozambique, Sudan, Ukraine, Belarus, and Cambodia.

The BBF also held two grant rounds in 2005. Since its founding in 2003, it supported 21 NGO projects with the total amount of 72.1 million Sk. The most important aspect of the BBF is that the government out of its own initiative established partnership with a private sector subject, namely the NPOA, in order to procure financial assistance also to NGOs whose overall share of ODA funds is approximately 40%. Like in other cases of the government supporting NGOs that help pursue its policies, these funds are earmarked for project implementation and NGOs are not allowed to use them for institutional strengthening.

Besides state budget subsidies (item No. 642001), government institutions are currently allowed to support NGOs (and other institutions) directly, from funds generated by **proceeds from lotteries and other similar games**. The total volume of these subsidies is even slightly higher than the volume of subsidies allocated via the item No. 642001. For the period between 1998 and 2004, the volume of subsidies from these funds provided to various recipients reached 5,97 billion Sk, while the volume of subsidies provided via the item No. 642001 reached 5.7 billion Sk. State budget revenues generated by proceeds from lotteries and other similar games may only be used for education, youth, physical education, sports, health care, social, cultural and environmental purposes; at least 50% of these funds is allocated to the Education Ministry's budgetary chapter for physical education and sports purposes.⁷ For the sake of illustration: between 2003 and 2005, the Ministry of Finance distributed 57.5 million Sk from proceeds of lotteries and other similar games. Over the same period; the share of subsidies allocated to NGOs gradually increased.

Table 3
Funds distributed by the Finance Ministry from proceeds of lotteries and other similar games (Sk)

	2003	2004	2005
Total amount distributed	21,365,100	18,608,500	17,494,500
Amount allocated to NGOs	5,753,100 (27%)	5,732,000 (31%)	9,614,500 (55%)

Source: Ministry of Finance, 2005; authors' calculations.

Government's tools of indirectly supporting NGOs

In 2002, individual citizens were for the first time allowed to write off 1% of their paid income tax (for 2001) and assign it to a legal entity of their choice. The scope of subjects eligible to receive the contribution was limited to civic associations, foundations, non-investment funds, non-profit organizations providing *public benefit* services, facilities operated by Churches and religious associations, International NGOs represented in Slovakia and the Slovak Red Cross.⁸

⁷ Article 4, Paragraph 8 of the Law No. 194/1990 on Lotteries and Other Similar Games. Besides, a portion of the proceeds is also allocated to municipalities that have to abide by the identical allocation rules.

⁸ According to the law, these organizations must pursue activities in at least one of the following areas:

- a) Development and protection of spiritual values;

Table 4**Basic data on assigning 2% of income tax between 2002 and 2005**

	Number of registered recipients		Total amount distributed (million Sk)	Share of the potential sum (%)*	Income tax FO/PO (million Sk)	Number of donors	Assigned percentage
2002	4,034		101.882	34.2%	29,826.831		1%
2003	3,398		97.070	30.4%	31,892.211	288,318	1%
2004	3,829	FO	275.917	54.6%	25,253.451	402,057	2%
		PO	569.256	96.0%	29,653.283	8,364	2%
2005**	5,746	FO	298.999	n/a	n/a	416,600	2%
		PO	579.393	n/a	n/a	13,700	2%

Note:

FO – individuals

PO – legal entities

* The potential sum is the amount that would be allocated to Slovak NGOs if all taxpayers in Slovakia chose to exercise their right to assign 2% of their paid income tax; this does not apply for income tax collected by deduction.

** Data supplied by the Slovak Tax Directorate as of July 31, 2005.

Source: Slovak Tax Directorate, *National Account of the Slovak Republic* for 2002 – 2004; authors' calculations.

Tax assignment is becoming increasingly popular in Slovakia, which may be illustrated by the increasing number of subjects that opt for it as well as the growth in the total amount of assigned funds. At the same time, several interesting phenomena may be observed, for instance emergence of quasi-NGOs, continuously low transparency of some of the recipients, or relative low regional disparities of cash-flows (after disregarding the factor of capital Bratislava).

Non-profit organizations are exempt from certain taxes, customs, fees and penalties.

According to the Slovak Tax Directorate, the government between 1997 and 2003 gave up 6.64 million Sk on taxes in favour of various legal forms of associations, i.e. unions, societies, guilds, clubs, etc. There are several other tax allowances whose total extent is impossible to quantify. For instance, all organizations that are not established for business purposes,⁹ including NGOs, are exempt from paying income tax if their revenues do not exceed 300,000 Sk (approximately \$10,000); the revenues generated by activities for which these organizations have been established or activities circumscribed by a special regulation (except income generated by

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- b) Protection of human rights;
 - c) Environmental protection;
 - d) Protection and support of health and education;
 - e) Support of sports activities of children, youth and handicapped citizens;
 - f) Provision of social assistance;
 - g) Preservation of natural and cultural values.

⁹ Article 12 of the Law No. 595/2003 stipulates the following organizations: organized interest associations of legal entities, professional chambers, civic associations including trade unions, political parties and political movements, state-recognized Churches and religious associations, associations of owners of flats and non-residential areas, land associations, municipal and regional self-governments, budgetary and contributory organizations, state funds, universities, health insurance companies, the Social Insurance Company, the National Labour Bureau, the Fond of Deposit Protection, the Slovak Bureau of Insurers, the Slovak Land Fund, the Slovak Radio, the Slovak Television, the Fond for the Support of Foreign Trade, the Financial Market Authority, non-investment funds, foundations, non-profit organizations providing *pro bono* services and organizations whose non-profit activities ensue from specific regulations that establish them; commercial companies not established for business purposes are not considered eligible according to this law.

commercial activities), as well as membership fees and proceeds from church collections are also exempt from taxes.

Recent developments in the field of assigning 2% of paid income tax

The rate of using tax assignment increases especially on the back of increasing number of taxpayers – both individuals and legal entities – who choose a concrete NGO as beneficiary. The share of the maximum amount that may potentially be collected from individual taxpayers increases constantly. Legal entities used the possibility almost to the full (96%) in 2004; the same rate may be expected in 2005. This development was affected by several factors. Naturally, citizens' awareness about the assignment mechanism increases, which shows through a decline in the total number of incorrectly filled forms – from about 32,000 in 2002 to 9,000 in 2004 among individual taxpayers. Also, some administration procedures have been simplified; since 2005, tax assignment columns are printed out directly in income tax return forms and special forms must be filled only by employees whose income tax return forms are filled by their employers. Allowing legal entities to enter the tax assignment mechanism in 2004 and subsequently better promotion of this possibility attracted more individual taxpayers. The total volume of transferred funds increased as well – from 100 million Sk in 2002 to almost one billion Sk in 2005 – mostly due to legislative changes, i.e. allowing legal entities to participate in the assignment mechanism and increasing the percentage of paid income tax from 1% to 2% beginning in 2004.

In an attempt to optimize **cost efficiency of tax assignment**, the government enacted two administrative restrictions: first, the minimum assigned amount was set at 20 Sk for individuals and at 250 Sk for legal entities; second, individuals must assign 2% of their paid income tax to a single recipient.

In 2005, the Ministry of Finance unsuccessfully tried to make two changes to the assignment mechanism during the process of amending the Income Tax Act:

- a) Arguing by administration difficulties of processing a large number of small payments¹⁰, the Ministry of Finance proposed to increase the minimum assigned amount to 250 Sk also for individuals¹¹;
- b) Without elaborating on reasons, it proposed to limit the maximum possible amount assigned by legal entities to 5 million Sk.

In October 2005, parliament turned down the proposal based on committees' joint position on the submitted bill, reasoning it would significantly reduce the total volume of funds distributed among NGOs.

NGOs AND EU FUNDS

¹⁰ When pressed to provide more information, the Finance Ministry officials admitted the amendment did not automatically guarantee workforce savings and were unable to quantify the amendment's expected effects on the state budget or estimate tax offices' administration costs of each assigned payment.

¹¹ Government Resolution No. 652/2005 from August 24, 2005, regarding the bill seeking to alter and amend the Law No. 595/2003 on Income Tax, as amended.

General information on EU pre-accession and structural funds is available at:
<http://www.vlada.gov.sk/eu>; <http://www.strukturalnefondy.sk> and <http://www.build.gov.sk>.

In 2005, Slovak NGOs were allowed to draw financial assistance from EU structural funds within the framework of the following sectional operating programs: Basic Infrastructure, Human Resources, Industry and Services and Single Program Document NUTS II – Bratislava Objective II and Bratislava Objective III. Besides structural funds, NGOs could apply for support from two initiatives, namely INTERREG III and EQUAL.

A special initiative of the European Commission (EC) aimed at supporting civic activities in the field of enhancing transparency, combating corruption and promoting good governance was the so-called Watchdog Fund, which at the beginning of 2005 accepted applications from Slovakia as well. After the EC DG Justice had lingered for over seven months in announcing the results of the grant call, the Ekopolis Foundation at the beginning of November 2005 initiated an open letter to the EC that was signed by over 100 subjects from seven countries; in the letter, the signatories urged the EC to remedy the current state of affairs, improve communication and enhance efficiency of its activities. At the end of November, the EC announced the results of application assessment, adding it would call another grant round at the beginning of 2006.

NEW FOREIGN RESOURCES FOR SLOVAK NGOs

In joining the EU in May 2004, Slovakia became a full-fledged member of the European Economic Area, which opened up a possibility for it to draw additional financial assistance in the form of non-returnable financial contributions. These sources are pooled by countries that are not full-fledged EU member states but are members of the European Economic Area – namely the Kingdom of Norway, Iceland and the Principality of Liechtenstein. A similar mechanism is in place for Switzerland.

The total budget of the **EEA Financial Mechanism** that pools contributions from Norway, Liechtenstein and Iceland is €32.34 million (€31.046 million after deducting administration costs) for Slovakia alone; the country is entitled to draw these funds between May 1, 2004 and April 30, 2009. Another financial tool is the **Norwegian Financial Mechanism** that pools contributions from Norway in the total amount of €37.989 million (€36.09 million after deducting administration costs) for Slovakia. The Kingdom of Norway finances approximately 95% of both financial tools combined.

An integral part of these financial tools is the **Fund for Non-Governmental Organizations** that was specifically created to support NGOs operating in the field of furthering the public interest. The total amount of funds earmarked for NGOs is **€5 million**. The contribution from Slovakia's state budget to the Fund will not exceed €882,000. In October 2005, the Fund announced a call aimed at selecting three grant-making intermediaries responsible for administration and implementation of three so-called block grants provided by the Fund. The three basic areas were defined as follows:

- a) Sustainable development (e.g. environmental protection, renewable energy sources, food security, environmental education);
- b) Human rights (protecting and implementing human rights, combating discrimination, strengthening the judiciary and furthering multicultural environment aimed at minorities and particularly at the Roma);
- c) Social affairs (e.g. combating drug abuse, protection against social exclusion, supporting endangered children and juveniles).

Finally, there is the **Swiss Financial Mechanism** that will disburse €43.55 million between 2006 and 2010; NGOs will be among its end beneficiaries. Launching project implementation is envisaged for 2007. This financial mechanism focuses on the following areas:

1. Security, stability and support of reforms;
 2. Environment and infrastructure;
 3. Development of the private sector;
 4. Development of human and social resources.
- (Kubánová – Orth – Molnárová – Čajková, 2005).

2005 marked the end of the first phase of programs financed by the Trust for Civil Society in Central & Eastern Europe (CEE Trust), a consortium of several private, mostly American foundations. The CEE Trust operated in Slovakia since 2002, mostly via grant programs administered by two consortia, namely the Ekopolis Foundation and the Centre for Philanthropy – ETP, as well as a Trust program implemented by the Open Society Foundation (NOS-OSF), the Children of Slovakia foundation and the January Hus Educational Foundation.

SLOVAK FOUNDATIONS AND NGOs

In 2005, activities of Slovak NGOs were supported also by Slovak foundations. As of January 1, 2005, Slovakia had 294 foundations; 60 of them were corporate foundations and 12 of them were community foundations (*Správa o stave...*, 2005).

The legal status of foundations differs from that of other NGOs, reflecting their specific position with respect to the non-governmental sector, which stems from the fact that they participate in financing it. Grant-making allows foundations to influence the *public benefit* agenda by defining grant programs and outlining criteria for support. Some foundations confine themselves strictly to providing financial assistance, but usually they combine it with their own so-called operating activities in order to enhance their grant programs' effectiveness. This trend of foundations' 'operationalization' was one of chief trends in 2005 (see Table 5) and was partly forced by deteriorating availability of resources for foundations to implement grant programs.

At the same time, foundations form an integral part of the non-governmental sector, which is clearly distinguished from the private sector as well as the public sector, because it combines the private initiative for public good.. Several foundations are involved in activities within the public sector and take an active part in the public discourse, for instance F. A. Hayek Foundation, the Ekopolis Foundation, etc.

Another specific hallmark of foundations is that while they provide financial assistance to NGOs, they simultaneously compete with them for the same resources, for instance for gifts from private sector as well as for public funding. A typical example is the mechanism of assigning 2% of paid income tax. In 2004, foundations obtained 259.9 million Sk from this mechanism, which amounts to 30.8% of the total volume of assigned funds. Since foundations made up only 4.38% of the total number of registered recipients, they were quite successful in vying for available funds (*Analyza výsledkov...*, 2005); however, an important factor predetermining this success was including legal entities into the mechanism, which spurred many of them to founding and supporting corporate foundations.

It is important to point out that foundations do not support only NGOs but also various *public benefit* projects implemented by subjects other than NGOs. Beneficiaries of financial assistance provided by foundations often include individuals receiving scholarships or public sector institutions (e.g. schools, hospitals, etc.). For these reasons, the role of foundations in financing other NGOs should not be overestimated. The total volume of grant-providing foundations' expenditures was 609.9 million Sk in 2004; it is our qualified guess that NGOs received approximately 50% of this amount.

For instance, the largest foundation in terms of the volume of provided grants – namely the Pázmány Péter Alapítvány (Péter Pázmány foundation) – expended over 200 million Sk in 2004. The foundation focuses on supporting education system of ethnic Hungarians in Slovakia, which includes purchase of textbooks and teaching aids, further education of teachers, knowledge competitions, summer camps and programs for talented children; this clearly suggests that the greatest beneficiaries of disbursed funds are schools and educational institutions (*The situation...*, 2005; <http://www.htmh.hu>). The foundation is funded by the Hungarian Government based on the Agreement between the Slovak Government and the Hungarian Government on Mutual Support on Ethnic Minorities in the Field of Education and Culture that was concluded in 2003 as part of bilateral cooperation envisaged by the Basic Agreement between the Slovak Republic and the Hungarian Republic from 1995.¹²

Table 5
Top 10 Slovak foundations according to the volume of allocated grants

Rank	Foundation	Headquarters	Allocated grants total (Sk)	Own activities (Sk)	Total (Sk)	Share on the total amount of allocated grants (%)
1.	Pázmány Péter Alapítvány	Galanta	192,471,000	7,923,000	200,394,000	31.6
2.	János Selye University foundation	Komárno	49,000,000	65,696,000	114,696,000	8.03
3.	Open Society	Bratislava	46,787,000	40,914,000	87,701,000	7.67

¹² The Agreement between the Slovak Government and the Hungarian Government on Mutual Support on Ethnic Minorities in the Field of Education and Culture was signed on December 12, 2003. The Agreement stipulates that financial assistance provided by both governments will be distributed via foundations and will be channelled exclusively to education and culture. In Slovakia, the funds are disbursed via the Pázmány Péter Alapítvány Foundation established by the Union of Hungarian Pedagogues in Slovakia; its counterpart in Hungary is the Pro Bono Foundation established by the Union of Slovaks in Hungary.

	Foundation (NOS – OSF)					
4.	SPP foundation	Bratislava	39,560,000	6,595,000	46,155,000	6.49
5.	Civil Society Development Foundation	Bratislava	24,614,000	5,920,000	30,534,000	4.04
6.	Carpathian Foundation	Košice	22,647,000	14,484,000	37,131,000	3.71
7.	SOCIA – Foundation to Support Social Changes	Bratislava	17,527,000	3,861,000	21,388,000	2.87
8.	Pontis foundation	Bratislava	14,698,000	10,874,000	25,572,000	2.41
9.	Ekopolis foundation	Banská Bystrica	14,516,967	2,428,855	16,945,822	2.38
10.	Children of Slovakia foundation	Bratislava	14,261,000	12,621,000	26,882,000	2.34
TOTAL			436,081,967	171,316,855	607,398,822	71.54

Source: *Report on the Condition of Slovak Foundations, 2005*; annual reports, n = 253.

Another specific role of foundations is that as private sector institutions, they may add value to financing *public benefit* through strategic focus of their support, mobilization of various resources, flexibility and innovativeness. In doing so, they increase the chances for providing targeted support to these purposes without limitations inherent in other types of financial resources; foundations are able to perform their role thanks to their institutional form, motivation and capacity that distinguishes them from spontaneous donors and public resources administered with a greater degree of bureaucracy. The problem is that Slovakia continues to lack a detailed assessment of this role. Also, a question remains whether foundations are still able to perform this role once they begin to participate more in administering public funds that imply more complicated administration procedures.

Foundations are corporate entities based on the property substratum that is earmarked for *public benefit* purposes. One may say that Slovakia's foundation sector was still very young in 2005, seeking its place within the system, defining roles it could perform and gradually accumulating its property. Like in the previous period, most Slovak foundations in 2005 implemented their own projects or acted as 'flow-through' intermediaries. In other words, they focused primarily on redistributing funds provided by domestic or foreign donors. This trend lingers on, although some foundations gradually build their endowments, mostly on the heels of one-time subsidies (e.g. the Intenda foundation, formerly the Slovak Youth Foundation, the Slovenská sporiteľňa foundation), Children of Slovakia Foundation Ekopolis Foundation or community foundations.

According to a survey carried out by the Donors' Forum, the combined registered endowment of Slovak foundations is at the level of 307 million Sk, 70% of which belongs to corporate foundations established by private companies; however, the combined registered endowment does not reflect the total amount of foundations' long-term reserves and property, as many foundations do not keep their long-term reserves and property as registered endowment but among their other assets, which gives them greater flexibility in investing and managing their assets.

Therefore, in order to describe the general financial condition of Slovak foundations, it is more appropriate to use data supplied by the Centre for Philanthropy – ETP and Donors' Forum for the *Trend Top 2005* magazine. According to these data, total assets of Slovakia's foundation sector (i.e. registered endowment plus other assets) reached 2.02 billion Sk in 2004, a 19% increase compared to 2003. Combined revenues of the foundation sector in 2004 reached 1.08 billion Sk, which indicates that combined long-term assets of Slovak foundations equal approximately 1 billion Sk (*Najväčšie nadácie...*, 2005). For the sake of comparison, combined long-term assets of Czech foundations and foundation funds was over 8 billion Czech crowns (10.4 billion Sk) as of the end of 2003; 2.3 billion of this amount are subsidies from the Foundation Investment Fund through which the Czech government strengthened the capital of Czech foundations between 1998 and 2004 (Vajdová, 2005).

In 2004, Slovak foundations' combined expenditures reached 1.04 billion Sk; 609.9 million Sk of that amount were grants disbursed by grant-providing foundations to third persons. As we have said, the largest foundation in terms of the volume of provided grants is the Pázmány Péter Alapítvány based in Galanta, which disbursed over 192 million Sk, followed by the János Selye University foundation in Komárno (49 million Sk) and the Open Society Foundation (46.7 million Sk). Most provided grants were channelled to education, culture, social and health care services (*Správa o stave...*, 2005).

Some foundations (e.g. the Pontis foundation or the Integra foundation) have also developed loan programs for NGOs. For instance, the Pontis foundation launched its Loan Program in 2003 and in 2005 it extended 20 loans totalling 4.8 million Sk. Most of the extended loans were bridging loans designed to cover temporary discrepancies between non-governmental organizations' revenues and expenditures (<http://www.pontisfoundation.sk>).

RELATIONS BETWEEN THE GOVERNMENT AND NGOs

Generally speaking, relations between the government and the non-governmental sector were quite diverse and ambiguous in 2005. Another important hallmark was lingering distrust on both sides, which further deepened in some areas (e.g. the issue of restoring the High Tatras) while fading away in others (e.g. the issue of supporting families in foster care).

In previous years, the government created favourable legislative conditions for emergence and existence of NGOs and eliminated strong legislative deformations from the period of 1994 – 1998, encouraging further growth in the total number of NGOs. It also introduced new support mechanisms, most importantly the tax assignation mechanism; however, including legal entities in the mechanism is still considered a non-systemic decision by many players in the non-governmental sector. The government gradually improved its performance in the field of redistributing public resources.

On the other hand, the government in 2005 repeatedly failed to create an adequate economic environment and incentives that would encourage activity, development and institutional strengthening of NGOs. Developments in 2005 fully exposed deficiencies in set redistribution schemes of EU structural funds with respect to NGOs. The system of motivating private subjects to donate to organizations pursuing *public benefit* activities was effectively eliminated after the

tax reform abolished tax incentives for private giving and substituted them by increasing the tax assignation percentage from 1% to 2%. During the process of programming EU funds for the period of 2007 – 2013, Slovak NGOs repeatedly criticized the government for violating partnership principles.

Formal structures, for instance the Government Council for NGOs, failed to live up to their potential. On the one hand, the government did not show much interest in tackling the problems of NGOs; on the other hand, factors limiting efforts to use the Council as a proactive tool included low institutional capacity of NGOs and quarrels between various NGO platforms. Other formal mechanisms, such as committees monitoring allocation of structural funds or the Government Committee for Restoration and Development of the High Tatras, failed to create space for meaningful dialogue and marginalized the voice of NGOs, who were quite vocal in a public discourse and in the media.

On the other hand, there were examples of cooperation between the government and NGOs that were mutually considered particularly progressive. A good example is a decision by the Ministry of Foreign Affairs to invite the Platform of Non-Governmental Development Organizations to sit on the interdepartmental Coordination Committee and take part in programming, outlining and drafting National Plans of Official Development Assistance (ODA). The ongoing dialogue between the Ministry of Education and the Slovak Youth Council as a platform of youth organizations over ways of supporting policies aimed at young people may also be evaluated rather positively. While this dialogue has been going on for seven years, it has been sustained largely due to indirect influence of EU institutions, and youth NGOs have repeatedly complained about their inadequate representation.

The public administration often showed lack of understanding for what NGOs may contribute to mutual cooperation and tended to control them. A direct result of this lack of trust was adoption of laws and programs that did not adequately reflect the non-governmental sector's needs and its potential benefits for society. It seems this is yet another display of the 'catching-up' phenomenon. The period of 1992 – 1998 was marked by a fierce conflict over the character of the regime, providing particular social players with different experiences and different impetuses for social learning. As the conflict was coming to a head, it gave birth to opposition mentalities of 'us' vs. 'them'. In fact, the government and NGOs did not get a real chance to learn to communicate and cooperate with each other until after 1998. Unfortunately, the pressure of catching up in other areas was too intense, leaving no time or space to thinking about codifying relations between the government and the non-governmental sector; as a result, legislative changes affecting the non-governmental sector were partial and scrappy. On the other hand, the non-governmental sector continues to lack the internal capacity and willingness to define its common agenda.

GOVERNMENT COUNCIL FOR NGOs

The Government Council for NGOs continues to be a motley cluster of state secretaries from particular ministries, representatives of organizations selected according to an unknown key and eight regional G3S. The advisory body to the Council, by definition an advisory body to the cabinet, is the legislative-economic task force. When the need arises (which must not happen

more than twice a year), the Council convenes Government's Office. The outputs of the Council's meetings are practically useless as they are unbinding and reflect contradictoriness of its make-up, different opinions and lobby interests of its individual members and interests (or rather indifference) of the cabinet. The Council did not convene in 2005.

EU STRUCTURAL FUNDS

In 2005, the government drafted the *National Strategic Referential Framework for the Programming Period of 2007 – 2013*. The document was supposed to define priorities for allocating over €10 billion from EU structural funds and the Cohesion Fund in Slovakia, amounts of funds allocated to particular priorities and decision-making mechanisms. Following several fruitless attempts to put through at least one of over 20 remarks, representatives of 17 NGO platforms decided in December 2005 to suspend their participation in programming EU structural funds for the period of 2007 – 2013.

This display of non-governmental organizations' dissatisfaction with distribution of EU resources was by no means isolated. At the end of November 2005, the Education Centre of Non-Governmental Organizations (CVNO) launched a petition drive in protest against difficulties of drawing funds from structural funds, particularly the European Social Fund (the EQUAL Initiative) and the Social Development Fund. The main problem was that many Slovak NGOs were already implementing projects for which they did not receive funds that had been approved long before. The CVNO decided to launch the petition after it was approached by representatives of NGOs and other subjects that had found themselves between the rock and a hard place because of the system. Slovak NGOs complained that the complicated system of financial management was rendering the 'supported' projects unviable and that many of them had become insolvent and pushed on the verge of folding due to jammed cash-flows and ignorance of contractual terms. The petition demanded a change in the *Concept of the System of Structural Funds' Financial Management*, calling it inefficient and dysfunctional.¹³

Here, the principal question is the general efficiency of allocating EU funds. In Slovakia, the basic philosophy of these funds' financial management focuses on preventing their abuse rather than helping to achieve their principal objectives. Unless essential structural changes are made to the method of their drawing, the current problems with their allocation will linger on. Besides, the existing method of drawing EU funds discriminates against smaller NGOs whose access to them is hindered or completely barred by high administrative demands of processing. As a result, EU funds are becoming the domain of the private business sector and a handful of large NGOs with sufficient administrative and financial capacities that allow them to bridge temporary dropouts of the cash-flow or comply with stipulated bureaucratic requirements.

ACCOUNTABILITY OF NGOs FOR THEIR MISSION

¹³ Compare to <http://www.finance.gov.sk> – *Concept of the System of Structural Funds' Financial Management* – version 5.0 valid since October 1, 2005.

In the course of 2005, some discussion forums (e.g. Conference of Foundations, Changenet or debates during the process of drafting the *Code of Non-Profit Law*) sporadically addressed various aspects of the issue of non-governmental organizations' accountability, which has broader connotations than responsibility as it relates to the principal mission of NGOs rather than their formal responsibility for proper allocation of available funds.

Recently, calls for 'purging' the non-governmental sector came from various sides – from NGOs themselves but also from outside the sector. One method of such 'purging' is distinguishing legal forms of NGOs more clearly in order to separate from the broadly-defined category of NGOs a group of NGOs that apart from being non-governmental and non-profit pursue activities that strictly comply with the public interest and therefore are of *public benefit* nature. One result of this refinement could be these organizations' improved access to public funds.

Another method of 'purging' the non-governmental sector is exposing the non-governmental sector to criticism from outside and openly identifying all negative phenomena that surfaced in the past and did not adhere to principles of openness, integrity, selflessness, non-profitability, etc. These issues include conflict of interests in foundations, personnel interconnection between particular organizations, expediency of establishing NGOs, furthering commercial interests through non-profit activities, but also critical evaluation of the performance of NGOs, be it in terms of increasing bureaucracy or sequestering from the public. This type of 'purging' places the main emphasis on the non-governmental sector's values that are equally important to society, as well as the inevitability of critical perception of failures and mistakes made within the non-governmental sector.

These efforts are closely related to the drive toward defining the minimum ethical standards or principles of NGOs. A good example is standards of community foundations defined by the Association of Slovak Community Foundations or policies regarding the conflict of interests defined some time ago by the Ekopolis foundation or more recently by the Intenda foundation (<http://www.intenda.sk/?prevencia-konfliktu-zaujmov>).

Despite various formal requirements NGOs must comply with, ensuing from the fact that they handle public funds or directly form their legal status (e.g. compulsory auditing of foundations or publishing the purpose of 2% income tax assignments in the Commercial Newsletter), their communication with the public continues to be insufficient. Besides, only very few NGOs publish their ambitions and subsequently evaluate their past accomplishments. Communication with members, sympathizers or the general public is the key to encouraging, developing and nurturing accountability; in this sense, Slovak NGOs are still at the beginning of a long road. Once they begin to treat the issue of accountability with due seriousness, they are very likely to realize the necessity to evaluate their performance and their activities' impact on problems they embark on tackling.

A valuable contribution to improving NGO employees' skills in the field of evaluating projects' impact is *Evaluation – a Guide for Non-Governmental Organizations' Employees* that was published in 2005 by the Children of Slovakia Foundation. The main goal of the book is to portray the evaluation process as something that is not intended exclusively for insiders but should become an integral part of managing programs and projects implemented by NGOs.

DEVELOPMENTS WITHIN THE SECTOR DIVISION LINES

Internal dynamism and structure of the non-profit sector is a resultant of mutual influences between active and passive segments of the society. Public opinion polls examining volunteerism and donorship repeatedly confirm a statistically relevant correlation between both phenomena and membership in NGOs, as well as one of the findings of an international comparative survey on volunteerism that spoke of social networks' importance to activation of individuals. Both conclusions would most probably be corroborated by profile data on those taxpayers who assign 2% of their paid income tax to some NGO. A hypothesis may be formulated that most taxpayers that in previous years actively decided to assign 2% of their paid income tax are either members of NGOs, use their services or maintain relatively strong personal relations with such people. While there are not too many surveys in this area, such a conclusion may be indirectly corroborated by the fact that despite relatively strong campaigning by NGOs, the share of taxpayers who annually assign 2% of their paid income tax to some NGO grows very slowly.

Since 1990, *public benefit* organizations and mutually beneficial organizations have been divided by a relatively strong division line that has never been defined *expresis verbis*. It was not until 2005 when the public debate over the *Code of Non-Profit Law* opened the issue of public interest and serving that interest that particular players within the non-governmental sector began to seek a formal (i.e. legislative) division line between organizations whose mission is to serve certain *public benefit* purpose and organizations that bring benefits only to their members (mutual benefit NGOs). Leaders of the non-governmental sector will have to make peace with the fact that *public benefit* is not a definition feature of a non-governmental organization and that a significant proportion of NGOs pursue goals that, though legitimate, are primarily mutually beneficial, i.e. more 'private' in nature. During the intense struggle over the character of the regime, supporting development of democratic institutions and increasing citizens' participation in administration of public affairs over the past decade, NGOs that worked legitimately for the benefit of their members were almost elbowed out of the third sector.

The division line between organizations serving *public benefit* purposes and those serving private interests is becoming even more visible due to increasing professionalism of the former. If they were to succeed in competition (or partnership) with government agencies and private business organizations, they had to build their institutional structures and invest into human resources. Inevitably, professionalization of *public benefit* activities brought specialization that caused further differentiation within the non-governmental sector. Currently, the non-profit sector is going through the phase of deepening the structure of its activities. Naturally, this development is accompanied by weakening the integrity and blurring the originally common goals of the part of society that during the struggle over democracy in Slovakia in the 1990s began to be referred to – perhaps somewhat simplistically – as 'the third sector'.

CRISIS OF FINANCING ACTIVITIES AIMED AT CIVIC ADVOCACY, WATCHDOG ACTIVITIES AND INFLUENCING PUBLIC POLICIES

During the examined period, most NGOs operating in the field of civic advocacy, watchdogging or influencing public policies saw their available funding drop. In the past, these NGOs accomplished countless systemic changes that affected the entire society – ranging from the area of social policy through furthering transparency in public life to highlighting the domestic violence issue. Despite these activities' indisputable benefits to the entire society, these NGOs are yet to find domestic supporters among their members, sympathizers or local philanthropists. For many of them, the access to public funds has been barred, either due to their unwillingness to accept conditions of allocating public funds or due to their desire to keep distance from the public sector that is inevitable to critical perception.

During a series of events (e.g. three group interviews in Košice, Banská Bystrica and Bratislava conducted by the Institute for Public Affairs and three discussions jointly organized by the Ekopolis foundation and the Fair Play Alliance in Bratislava) that took place in September and October 2005, representatives of several NGOs operating in the field of civic advocacy, watchdog, , combating corruption and influencing public policies said their financial condition became critical after foreign donors had left the region.

In 2005, the Ekopolis Foundation in cooperation with the Institute for Public Affairs and the Slovak Governance Institute organized a project called *Civic Voice in Public Policy (Unfinished Business)* whose main purpose is to highlight the situation within this segment of the non-governmental sector, map out available public resources and make recommendations for public policy in this area. The following types of resources were defined as particularly scarce:

- Resources covering direct costs of civic advocacy initiatives, i.e. costs incurred by volunteers and activists (i.e. leaflets, printing costs, travelling costs, etc.). These resources are only useful if they are flexible, i.e. are available at the point when the initiative is launched and the need arises. Previously, they were financed by flexible grant programs by private foundations that were subsidized from foreign private sources;
- Resources covering infrastructure and background of professional organizations (i.e. office space, accounting, audit, annual reports, wages, etc.). These resources should be long-term, i.e. they should not be allocated with a single-year but at least a two-year perspective and should focus on organizations as opposed to their particular projects. Also, these resources should respect organizations' independence and allow them to monitor the public space continuously and professionally.

In the field of civic advocacy, it seems that NGOs should improve their communication with partners from the private sector, although many NGOs are sceptical about the corporate sector's willingness to support these activities, often due to negative past experience. In December 2005, the Pontis Foundation came up with an inspiring initiative called *Development Partnerships*. The program's basic goal is to strengthen financial independence of organizations that operate in the field of defending and protecting the public interest or analyzing and tackling broader public policy issues.

The process of drawing financial assistance from EU funds is jointly determined by the Slovak Government and the European Commission. Therefore, allocation of these funds is tied to program objectives and target groups that reflect public policy priorities in particular government

sectors; however, the problems related to sustainability of NGOs, their institutional development or deficient civic involvement were not formulated as relevant public policy issues in 2005 and, consequently, they were not financially supported.

Another viable method of fundraising is commercial activities. So far, though, the experience of several NGOs shows that provision of services as an alternative way of raising funds for operation sometimes negatively affects the organization's functioning, the capacity it can afford to invest into its principal mission, relations within the organization, etc. The shortage of funds has forced many NGOs operating in the field of civic advocacy and watchdog activities to shift to volunteerism, which inevitably implies giving up certain activities.

Saying that NGOs focusing on shaping public policies or watchdogging do not receive any public funds would be an exaggeration (Kubánová – Orth – Molnárová – Čajková, 2005). For instance, the success rate of think-tanks or civic advocacy NGOs in competing for 2% tax assignments is comparable to other NGOs and in fact is even slightly above the average; while the average NGO received 220,915 Sk in 2004, the average civic advocacy NGO (sample n = 68) obtained 254,377 Sk. At the same time, though, less than half of 140 most relevant civic advocacy NGOs participate in the tax assignment mechanism. In other words, the tax assignment mechanism provided only partial help to this type of activities, as most of the assigned funds are channelled to traditional areas such as sports, health care or children and youth. Direct forms of allocating public funds (e.g. subsidies for civic associations) are short-term in nature and tied to project financing, which does not provide NGOs with much needed flexibility.

ACTIVITIES OF NGOs¹⁴

An important part of activities of Slovak NGOs in 2005 focused on the process of restoring the High Tatra that were in November 2004 struck by a devastating windstorm that ravaged over 13,000 hectares of forest. On the wave of solidarity that was joined by individuals as well as corporate entities (even from the Czech Republic) that took on various forms ranging from charity collections (as of November 16, 2005, the total collected amount reached 142.3 million Sk¹⁵) to practical help in eliminating the calamity's effects, a broad public debate was launched that discussed possible methods of restoring the stricken territory. The debate was participated by environmental NGOs as well as the expert community and the general public.

The way of establishing the Government Committee for Restoration and Development of the High Tatra as the cabinet's coordination and advisory body, its make-up (the only representative

¹⁴ Of the great abundance of activities pursued by NGOs on the local, regional and national level, we decided to give a rather brief sample of activities that according to authors of this chapter were important in terms of contributing to the public discourse in Slovakia and enriching the Slovak society with new perspectives and experiences that may become important to incorporating Slovakia into the global community. Unfortunately, it is not within the chapter's limits of the possible to mention all relevant activities pursued by Slovak NGOs in 2005; therefore, we would like to encourage readers yearning to get a more complex picture of the issue to follow links cited in the section *Information Sources on NGOs in Slovakia* of this chapter.

¹⁵ The update amount of funds collected by various foundations, municipalities and firms for restoration of the High Tatra can be found at the official website of the Government Committee for Restoration and Development of the High Tatra.

of environmental NGOs was qualified merely as a guest) and its initial measures that clearly preferred economic aspects of restoration and development to environmental ones provoked discontent on the part of the concerned public, which reacted by publishing *Lighting over the Tatra*, a declaration demanding the cabinet and its committee to open a broad public debate over ways of tackling the situation at hand.

In December 2004, this civic initiative spontaneously evolved into the **Our Tatra Non-Governmental Committee (MVNT)** that united the community of concerned environmentalists, experts, artists, academics and students. The subsequent public debate reflected conflicting views and priorities of particular involved groups, especially foresters on the one hand and environmentalists on the other, as well as a differing perspectives of individual NGO activists. Other groups of concerned citizens that took part in the debate were High Tatra residents, their elected representatives and private forest owners.

The general public sympathized particularly with those environmental NGOs – especially **VLK**, a forest protection association from Tulčák – that focused on preventing potential environmental damage caused by exploitation in environmentally sensitive localities of the High Tatras. The MVNT actions were endorsed by representatives of the expert community, mostly academics from universities and the Slovak Academy of Science.

After the Government Committee for Restoration and Development of the High Tatra had called a public tender for a study on sustainable development of the High Tatra region, the MVNT initiated an alternative study (<http://www.nasetatry.sk>). The study thoroughly criticized the way of calling the tender as well as its specifications and criteria. The leader of its team of authors, a respected environmental expert Mikuláš Huba, was invited to the Committee's deliberations, but neither his voice nor the voice of environmentalists was eventually heard in the decision-making process.

Nevertheless, activities by environmental NGOs enriched the public debate on restoration of the High Tatra by presenting alternative perspectives and solutions. Also, they managed to highlight the systemic conflict between two ministries responsible for administration of the High Tatra National Park – namely the Ministry of Environment and the Ministry of Agriculture – which will require a fundamental solution (for further details, please see the chapter *Environment and Sustainable Development* in this publication). Thanks to activists and experts from environmental NGOs, environmental protection gradually becomes an important public policy issue and an important aspect of Slovakia's future development.

Slovakia's civil society scored a resounding success in the case involving five employees of SCP, a paper mill in Ružomberok run by an international corporation Mondi Business Paper (MBP), whose labour contracts were immediately terminated after the employer had found out they were organizing trade unions. The case that on the first glimpse appeared as a regular dispute between employees and their employer turned out to have an important civil rights dimension that concerned the freedom of speech and the right to establish trade unions. Also, the case demonstrated that the weaker (a handful of trade unionists) may have a real chance to succeed against a strong partner (a supranational corporation). The Ružomberok District Court held that reasons for terminating the labour contracts could not be justified. Subsequently, Mondi Business Paper and its former employees agreed on extrajudicial settlement of all disputes. In this widely

publicized case, legal counsel to the aggrieved party was provided *pro bono* by the **Charter 77** foundation. It was just one of many examples of Slovak NGOs providing professional services in the field of civic advocacy in the form of legal counsel in concrete lawsuits and representing citizens in their disputes with other parties. In doing so, they create decision-making precedents whose importance transcends Slovakia's borders.

An important role is fulfilled also by **think-tanks**, for instance the Institute for Economic and Social Reforms (INEKO), the F. A. Hayek Foundation, M.E.S.A. 10, the M. R. Štefánik Conservative Institute, the Institute for Public Affairs, Research Centre of the Slovak Foreign Policy Association, Transparency International Slovakia (TIS), etc. They highlighted alternative aspects of current and strategic issues of society development as well as Slovakia's position in the broader international context. They took part in the public discourse regarding these issues, presenting their positions and bringing new findings in the form of applied research and analysis.

Of diverse activities pursued by Slovak think-tanks in 2005, we would like to mention TIS projects aimed at providing anti-corruption training to municipal self-governments in a number of large Slovak towns and networking of local activists monitoring public institutions on the local level. Several think-tanks continued to monitor and evaluate social and economic processes. One of them was a project called Evaluation of Economic and Social Measures (HESO), which created a forum where independent economists, analysts, journalists, entrepreneurs, representatives of the academic community, the third sector, self-governance organs and professional organizations quarterly discuss select measures proposed or implemented by the legislative or the executive, as well as decisions made by public institutions, and subsequently inform the general public about their opinions regarding the quality and importance of relevant economic and social measures. In 2005, the project launched its modification called HESO-Regions, which focuses on assessing measures adopted on the regional level.

During the examined period, the M. R. Štefánik Conservative Institute specialized in economic issues of Slovakia's incorporation into the EU and the Union's institutional development. In cooperation with its partners, it organized several lectures and conferences attended by prominent guests; for instance, in June 2005 it organized a lecture by Michael Novak, a world-known American philosopher, theologian and political scientist of Slovak origin. The Institute for Public Affairs (IVO) continued in its complex monitoring of Slovakia's political, economic and social developments, publishing the ninth edition of its *Global Report on the State of Society* that examined year 2004. Besides, the IVO focused on recent developments in transatlantic relations, inclusion of Slovakia into the Euro-Atlantic space and domestic political developments (e.g. monitoring the 2005 regional elections).

In 2005, the general public and the media grew sensitive about issues of environmental protection in large towns, mostly in terms of protecting greenery and undeveloped public areas from intense urban development. The pressures stemming from economic development clashed with citizens' interest in preserving the landscape and quality of life in a number of large towns (e.g. building a 22-floor commercial object in the middle of a residential area surrounding Šancová or liquidating a park on the Danube riverbank in order to build River Park in Bratislava; building the Aupark mall in Žilina, widening roads in Prešov, highway construction in Žiar nad Hronom, etc.) but also in nature protection areas (e.g. efforts to liquidate bird habitats – biotopes that are important for migration of birds – or to downgrade environmental protection standards for the sake of tourism

development). NGOs and civic initiatives that became involved in these disputes usually provided a counterbalance to organized interests groups and represented the voice of citizens in the decision-making process. This voice was not always integrated, as in some isolated cases there were two authentic civic initiatives opposing each other and advocating completely different views of the issue (e.g. building the River Park in Bratislava). However, the most important aspect of these disputes was cultivating participatory democracy – i.e. the fact that citizens' opinions were formulated into initiatives that subsequently shaped public policies.

In 2005, Slovak NGOs recorded a number of achievements in the field of implementing the Law on Free Access to Information, which is a crucial tool of civic involvement. Various NGOs (e.g. Citizen and Democracy, Friends of Earth) continued to wrangle with the government or self-governance organs over declassifying privatization contracts (e.g. sale of Slovak Telecom to Deutsche Telekom), documents on investment incentives for foreign investors (e.g. PSA-Peugeot Citroën, Whirlpool, Hundayi-Kia) or contracts on lease and operation of public utility between the owner (Trenčín Waterworks and Sewerage) and a private operator (Trenčín Water Management Company). In all these cases, applicable courts eventually ruled in favour of NGOs.

In 2002, the government launched the process of transferring its powers onto self-governance organs Slovak NGOs always viewed as their natural partners; however, it turned out that not all municipal and regional self-governments were adequately prepared to take over performance of tasks delegated by the government. Slovak NGOs will most probably have to go through a gradual process of building partnership with self-governments, just like they did in the 1990s with respect to the central government. This process seems more demanding, though, because every NGO that provides services on the local level will have to go through it.

Recently, the innovation potential of NGOs providing social services was significantly boosted by the Human Resources sectional operating program and particularly the EQUAL initiative; almost 100 Slovak NGOs benefited from these mechanisms in 2005. An important element of this initiative is international cooperation that helps shape the European network of NGOs cooperating in the social area.

'Europeanization' of Slovak NGOs takes on other forms as well. For instance, NGOs operating in the field of defending and furthering interests of handicapped citizens established the **National Council of Handicapped Citizens**, which subsequently became a member of the European Council for the Rehabilitation of Handicapped in order to be able to affect EU policies in this area. Other NGO platforms are going through a similar process of clarifying their position in European structures.

Slovak NGOs operating in the area of social services are getting used to a completely new role, which is mediating aid for Eastern European countries. The Council for Social Work Counselling together with its Norwegian partner recently launched activities in Albania and Ukraine; the **SOCIA** foundation together with its Dutch partners established contacts in Montenegro, etc.

NGOs operating in the field of development aid (e.g. Kenya, Sudan, Mozambique, Central Asia, Serbia and Montenegro), humanitarian aid (e.g. Sri Lanka, Indonesia, Pakistan (Kashmir), Afghanistan) and supporting democratic processes abroad (e.g. Ukraine, Belarus, Central Asia, Western Balkans, Cuba, Iraq and Afghanistan) represented perhaps the most rapidly developing

segment of Slovak NGOs in 2005. Of countless organizations operating in this area, we would like to mention especially the People in Peril association, the Civic Diplomacy Institute with the Pontis Foundation, the Slovak Foreign Policy Association, the Civic Eye association, the Institute for Public Affairs, E-rko – Movement of Christian Children’s Communities, the Slovak Catholic Charity, the Slovak UNICEF Committee, etc. An important role in the field of strengthening transatlantic relations is played by the Regional Office of U.S. – German Marshall Fund (GMF-US) in Bratislava, which coordinates education projects and provision of grants for the entire region of Central and Eastern Europe. These activities are often coordinated within the framework of Slovakia’s Official Development Aid, Slovak diplomacy and foreign partners (for further details, please see the chapter *Foreign Economic Policy* in this publication).

As far as supporting democratization activities abroad goes, Slovak NGOs have a relatively good reputation and play an important role in the context of Central and Eastern Europe. Many Slovak civic activists have become respected experts in international institutions focusing on media monitoring (e.g. Rastislav Kužel with the MEMO 98 association for the OSCE), election monitoring (e.g. Peter Novotný with the Civic Eye association as ENEMO Secretary General), supporting democratic activists (e.g. Balázs Jarábik with the Pontis Foundation in Belarus) or international training of NGOs and conflict prevention (e.g. Dušan Ondrušek with the PDCS). Some of them have won international recognition; for instance, the American magazine *Foreign Policy* placed Pavol Demeš with the GMF-US in Top 100 of most influential intellectuals in the world.

Perhaps the most active Slovak NGO in the field of monitoring elections was the **Civic Eye** association. Besides managing training programs in Montenegro, Uzbekistan and Ukraine, it also dispatched 160 Slovak observers to three rounds of presidential elections in Ukraine between October and December 2004. For the second consecutive term, the Civic Eye became the secretariat of the European Network of Election Monitoring Organizations (ENEMO) that associates 17 monitoring organizations. ENEMO Secretary General Peter Novotný led ENEMO monitoring missions during presidential elections in Ukraine in 2004, as well as parliamentary elections (February – March 2005) and early presidential elections (July 2005) in Kyrgyzstan. Civic Eye representatives passed on the experience gathered during monitoring missions at OSCE expert forums (OSCE-ODIHR) focusing on methodology of election monitoring (<http://www.obcianskeoko.sk>).

In 2005, the **Pontis Foundation** organized a ten-month project during which 30 young Iraqis from political parties, state administration, diplomatic services and non-governmental sector went through a series of study trips and short stays in Slovakia. The main goal of the project was to acquaint young Iraqi leaders with functioning of various institutions (including certain types of NGOs) during the period of democratic and economic transformation after 1989 (<http://www.pontisfoundation.sk>)

Humanitarian activities aimed at helping Southeast Asia continued also in 2005. An important role in this area was played by the **People in Peril** association (<http://www.cvo.sk>), which between the beginning of January and March 10, 2005, collected 16 million Sk to help tsunami-stricken regions in Southeast Asia. Most of the funds were allocated to building family homes in Sri Lanka and Indonesia and building fishing boats in Sri Lanka.

Also, the People in Peril association became actively involved in the field of human rights protection in Cuba, supporting local forces allowing for independent thinking. At the beginning of 2005, in cooperation with the Pontis foundation, it launched a program aimed at adopting Cuban political prisoners and their families by Slovak politicians but also firms, organizations and other individuals. For the time being, these two organizations are taking care of seven political prisoners and their families. It also organized a charity collection to support Cuban families, collecting 200,000 Sk as of August 2005; the money is used to cover travel costs of family members visiting prisons that are often located hundreds of kilometres away from the place of prisoners' residence, buy food for prisoners or help raising children. In fall 2005, the People in Peril association launched a petition drive that was supported by several Slovak women active in public life who thus showed their solidarity with wives of Cuban political prisoners as part of the Women in White movement.

In 2005, the **Association for the Poor in Africa** and the **Slovak Catholic Charity** pursued health care and humanitarian activities in Sudan. Similarly, the **Integra** Foundation pursued activities aimed at increasing involvement of corporations in Kenyan communities.

STATUS, CONDITION, ROLE AND ACTIVITIES OF NGOs AS PERCEIVED BY THE PUBLIC OPINION

A representative public opinion poll carried out by the Institute for Public Affairs in November 2005 on a sample of 1,044 adult respondents established several interesting findings about recent changes in public perception of NGOs (<http://www.ivo.sk>).

Generally speaking, public perception of NGOs is gradually improving. The share of respondents who cited positive or neutral associations in connection with "NGO" (e.g. they help people in need, they are independent from the government, they organize charity collections, etc.) grew from 57% in 2003 to 65% in 2005. Compared to the past, respondents seem to have grown more aware about charity collections organized by NGOs as well as the fact that they need support from non-state subjects, including citizens, private entrepreneurs and foreign entities (growth from 3% to 8%). This favourable shift came on the heels of a substantial decline in the share of uninformed responses (from 31% to 23%). The share of negative associations remained unchanged at 12%. They are most frequently related to fears of inadequate supervision and suspicions of non-transparent handling and embezzlement of available funds, although their share declined from 10% to 8%.

A slight increase in people's awareness about NGOs and an improvement of their positive image is also corroborated by findings about their public credibility. Unlike municipal self-governments or political parties, public credibility of NGOs saw a slight improvement over the past two years, mostly at the expense of ambivalent opinions.

Table 6
"To what extent do you trust or distrust the following institutions?" (%)

	Definitely trust	Rather trust	Rather distrust	Definitely distrust	Don't know
Local council in your municipality or city district					
2003	9	47	25	13	6

2005	9	46	28	13	5
Non-governmental organizations					
2003	3	39	26	14	18
2005	6	43	26	13	12
Political parties					
2003	0	11	50	33	6
2005	0	11	45	39	5

Source: Institute for Public Affairs, November 2005.

Which NGOs have the highest public profile in Slovakia? As Table 7 shows, almost three in four respondents (71%) named one or more NGOs while over one in four (29%) were unable to name a single one. The list of the most visible NGOs is dominated by organizations that have managed to gain robust media attention and focus on **traditional charity**, especially in the field of health care or helping children. The Slovak Red Cross, the League against Cancer and the Markíza Foundation are clearly more popular than other NGOs. After a significant gap, they are followed by NGOs specializing in children, e.g. Hour for Children, UNICEF and Smile as a Gift. Recently, NGOs with an **untraditional focus** led by environmental NGOs (e.g. Greenpeace or the VLK forestry protection association) soared on the list, probably as a result of the public debate over recovering the High Tatra.

Table 7

“Could you think of any concrete non-governmental organizations (e.g. civic associations, societies, clubs or foundations) that operate in Slovakia?” (% of spontaneous responses)

	2003	2005
Slovak Red Cross	16.2	25.9
League against Cancer (+ Daffodil Day)	17.7	25.0
Markíza Foundation	19.5	22.1
Greenpeace	4.8	10.4
Hour for Children	6.4	10.0
UNICEF	2.1	6.6
VLK association	2.8	6.3
Smile as a Gift	2.4	5.3
Harmony Foundation	2.9	3.2
High Tatra: Save Tatra, Our Tatra, etc.	N	3.1
Freedom of Animals	4.5	2.8
League for Mental Health (+ Forget-me-not hotline)	–	2.8
Children of Slovakia Foundation	–	2.4
Union of the Blind and Weak-Sighted (+ White pencil)	–	1.9
Slovak Catholic Charity	1.1	1.6
Hope Account	6.8	1.5
Pensioners' clubs, Slovak Union of Pensioners	2.8	1.5
Hunters' clubs	–	1.5
Fair Play Alliance	–	1.3
People in Peril	–	1.0
People against Racism	–	1.0
Amnesty International	–	0.9
Slovak Association of the Handicapped, Association of Slovak Organizations of the Handicapped	–	0.8
Slniečko Centre	–	0.8
Civic Eye	–	0.8
Csemadok	1.7	0.7

Tree of Life	0.6	0.7
Islands of Life – Slovak Children’s Fund	–	0.7
Sports clubs	–	0.6
Friends of Earth	–	0.6
Charter 77	–	0.6
Other*	55.4	25.9
Don’t know	35.9	28.8

Note: Respondents were free to cite several subjects, which is why their sum exceeds 100%.

N – Did not exist at the time

* This category comprises concrete NGOs cited by less than 0.6% of respondents, but also responses specifying a concrete area of their activity (e.g. environment, ill children, etc.) without names of concrete NGOs.

Source: Institute for Public Affairs, November 2003 and November 2005.

A comparison of data from 2003 and 2005 shows that **non-governmental organizations became generally more accepted by the Slovak public over the past two years**. This conclusion may be corroborated by a number of findings:

1. The share of respondents that could not name a single concrete NGO declined;
2. Almost all NGOs that were included on the list in 2003 have become more visible since;
3. The public is becoming increasingly aware of some NGOs that did not manage to attract much attention before;
4. The public positively registered activities pursued by new NGOs aimed at restoring the High Tatra; however, respondents were usually unable to state exact names of these NGOs;
5. The greatest improvement in terms of the public profile recorded big players operating in the field of health care, namely the Slovak Red Cross and the League against Cancer. Also, people have become more aware of charity collections for children, e.g. Hour for Children or Smile as a Gift. Among NGOs that improved their public profile is also the League for Mental Health that strives for de-tabooing mental diseases in Slovakia, and the Union of the Blind and Weak-Sighted, thanks in part to the White Pencil collection;
6. Environmental NGOs, particularly Greenpeace and the VLK forestry protection association, have become much more popular;
7. Improving their public profile have been also ‘watchdog’ NGOs operating in the field of democracy, transparency and human rights – for instance the Fair Play Alliance, Amnesty International, the Civic Eye association or the Charter 77 Foundation. The People in Peril civic association that focuses on providing humanitarian aid abroad also became more visible.

In terms of usefulness, people in Slovakia perceive NGOs rather positively. The greatest rate of usefulness is traditionally attributed to NGOs providing social services and health care to people in need, followed by NGOs operating in the field of environmental protection, NGOs focusing on municipal development, NGOs exposing corruption within the public sector, NGOs tackling problems of women and defending their rights and NGOs defending citizens’ rights against the government and private owners.

In the second category (a two-third to three-fourth share of positive evaluations) are NGOs combating racial, ethnic, religious and other intolerance, NGOs supervising the performance of state administration, self-governance and judiciary organs, NGOs monitoring political parties’ financing, NGOs actively participating in political decision-making and advocating citizens’

interests and NGOs providing humanitarian aid and furthering democracy in foreign countries (their evaluation improved substantially compared to 2003).

Finally, the third category (about half share of positive evaluations) comprises NGOs specializing in expert analysis of public policy issues and seeking new and untraditional solutions as well as NGOs striving for social and moral revival of Slovakia's Romany population.

NGOs focusing on alternative policies, social innovations and civic advocacy deserve special attention. As Table 8 shows, most citizens are not aware about positive results of their efforts; however, once respondents learned about their accomplishments, they evaluated them highly positively. This suggests that if NGOs had greater capacities, means and skills to publicize their useful community work, not only would they become more popular but their general social status would improve.

Table 8

“In recent months, non-governmental organizations achieved several positive changes. I will read them to you and you will tell me whether you have heard of them already.” (%)

	Yes	No
Have you heard that several non-governmental organizations helped put through legislative changes aimed at improving protection of home violence victims?	43	57
Have you heard that the Fair Play Alliance detected and published discrepancies in financing several political parties?	43	57
Have you heard that the Charter 77 Foundation provided free-of-charge legal counsel to five employees of the Ružomberok paper mill, preventing them from losing their jobs?	17	83

Source: Institute for Public Affairs, November 2005.

CONCLUSION

When evaluating developments in the non-governmental sector between 2002 and 2005, one must take into account not only positive or negative changes but also phenomena and trends whose effect is ambivalent. Various aspects often fade into one another and the impact of adopted measures is not always unambiguous.

On the upside are those government's measures some Slovak analysts generally describe as imposing order, clarifying rules or increasing transparency of public administration. This applies especially to the legislative area where the government gradually eliminated strong legislative deformations from the period of 1994 – 1998 and created favourable legislative conditions for emergence and existence of NGOs. The legal framework for organizational forms of NGOs gradually became standard and legislative changes concerning the legal forms of non-governmental sector were drafted and adopted in cooperation with NGOs.

The processes of redistributing public funds saw a marked improvement as well. The conditions for allocating subsidies have become more transparent, as the criteria and rules of the entire process have become public. The rate of competitiveness in the process of allocating subsidies

also increased, as the government gradually abandoned the previous practice of subsidizing 'traditional' organizations selected in advance and began to subsidize NGOs based on viability of submitted projects. Unfortunately, the government's support for the non-governmental sector remained within the boundaries of traditional issues and failed to reflect the sector's recent needs, particularly its institutional development and strengthening.

Between 2002 and 2005, the share of public funds on non-governmental organizations' income increased. While an international comparison with other Visegrad Four countries shows that the growth pace as well as the overall share of public funds in financing NGOs remain lower in Slovakia, both indicators show a generally favourable trend. The share of public funds in financing NGOs grew mostly on the back of the recently introduced mechanism of tax assignation, which became even more effective after legal entities were allowed to participate as donors and the percentage of paid income tax was increased from 1% to 2% in 2004. Citizens' awareness about the assignation mechanism has increased and some administration procedures have been simplified. Popularity of tax assignation in Slovakia constantly increases, which may be corroborated by the growth in the number of individual donors and registered recipients; the total volume of transferred funds increased as well – from 100 million Sk in 2002 to almost one billion Sk in 2005 – mostly due to allowing legal entities to participate in the assignation mechanism. On the other hand, the taxation reform that introduced tax assignation simultaneously 'buried' tax incentives for private subjects' donations to NGOs.

Another factor boosting the share of public funds in financing NGOs in 2005 was financial assistance from EU structural funds. Besides traditional EU programs, Slovak NGOs also became eligible to receive financial assistance from the Norwegian Financial Mechanism, the EEA Financial Mechanism and the Swiss Financial Mechanism that will be co-funded from the state budget. This has objectively improved financial condition of NGOs operating in the field of providing useful services that range from increasing employability of the handicapped, marginalized and socially excluded groups through furthering equal opportunities on the labour market.

On the other hand, though, many Slovak NGOs in 2005 experienced ambivalent implications of this assistance as they had to cope with increased bureaucracy and administrative chores. Also, NGOs drawing funds from these resources had to agree with co-financing or even advance financing of implemented programs, which increased pressure on their own resources. Toward the end of 2005, several Slovak NGOs complained that jammed cash-flows and ignorance of contractual terms were rendering the 'supported' projects unviable and publicly threatened to abandon a number of social assistance projects unless the complicated system of financial management is changed. After their remarks had been ignored, representatives of 17 NGO platforms decided in December 2005 to suspend their participation in programming EU structural funds for the period of 2007 – 2013.

Another problem brought by the shift toward EU funds is that the new model of drawing financial assistance suits rather larger and stronger NGOs with sufficient administrative capacities that allow them to bridge temporary dropouts of the cash-flow or comply with stipulated bureaucratic requirements. On the contrary, the model directly threatens grass-root initiatives, i.e. hundreds of small islands of civic involvement that often emerge *ad hoc*. In the

past, they could rely especially on small grant programs covered from foreign private sources; nowadays, they see these resources vanish.

In the long-term, they could be helped by domestic foundations that as private sector institutions may add value to financing *public benefit* purposes. Foundation sector in democratic Slovakia is very young and rather slow in creating and accumulating available resources. Like in the previous period, most Slovak foundations in 2005 acted as ‘flow-through dispensers’ as they focused primarily on redistributing funds provided by domestic but mostly foreign donors. A question remains whether foundations are still able to perform their irreplaceable and socially extremely useful mission once they begin to participate in administering grant programs subsidized from public funds that imply more complicated administration procedures.

Small civic initiatives are not the only ones to suffer from financial problems. During the examined period, most NGOs operating in the field of civic advocacy, watchdog or influencing public policies saw their available funding drop. In the past, these NGOs accomplished countless systemic changes that affected the entire society – ranging from social policy through furthering transparency in public life to highlighting the home violence issue. Despite these activities’ indisputable benefits that lent a specific face to Slovakia’s struggle for democracy and quality of life over the past 15 years, these NGOs are yet to find enough domestic supporters among their members, sympathizers or local philanthropists.

Furthermore, many of these NGOs saw the access to public funds barred, either due to their unwillingness to accept conditions of their allocation or their desire to keep distance from the public sector that is inevitable to critical perception. The following types of resources were defined as particularly scarce: first, resources covering direct costs of civic advocacy initiatives, i.e. costs incurred by volunteers and activists. These resources are only useful if they are flexible, i.e. are available at the point when the initiative is launched and the need arises; second, resources covering infrastructure and background of professional organizations that should be allocated in the long-term perspective, guaranteeing organizations’ independence and allowing them to monitor the public space continuously and professionally.

The period of 2002 – 2005 clearly showed that building relations between NGOs and the private sector – be it individual entrepreneurs or corporations – is a long-term process; despite numerous and often successful efforts in this respect, Slovak NGOs certainly need to step up their activities in developing these relations.

While formal conditions for involved public’s participation in drafting and adopting executive documents, legislative proposals etc. have improved, saying that they have also improved the capacity of Slovak NGOs to participate in these processes would be an exaggeration.

Partnership between non-governmental, public and private (corporate) sectors still remains far from adequate and stable. This applies particularly to the partnership between NGOs and the government. Despite several examples of fruitful cooperation and dialogue (for instance, the Ministry of Foreign Affairs invited the Platform of Non-Governmental Development Organizations to take part in programming, outlining and drafting National Plans of Official Development Assistance; the ongoing dialogue between the Ministry of Education and the Slovak Youth Council as a platform of youth organizations over ways of supporting policies

aimed at young people; cooperation between NGOs and the Ministry of Labour, Social Affairs and Family over a broad range of issues, for instance the issue of substitution families), relations between the government and non-governmental sector were affected by lingering distrust on both sides. A direct result of this lack of trust was adoption of laws, programs and other systemic documents that did not adequately reflect the non-governmental sector's needs and its potential benefits for society.

Formal structures, for instance the Government Council for NGOs, failed once again to live up to their potential. On the one hand, the government did not show much interest in tackling the problems of NGOs and seemed to expect them to make the first move; on the other hand, NGOs lacked an agenda that could potentially unite them. The drive to enact the *Code of Non-Profit Law* could have provided the much needed unification impetus, but after several NGO platforms opposed it, the proposal was turned down and the non-governmental sector was left with tackling partial issues in 2005. Building a working partnership will require a lot of effort on the part of all participants.

For NGOs, this means seeking new institutional forms of communication and cooperation. Developments in 2005 confirmed the recent decline of umbrella representative organizations in the non-governmental sector (e.g. the Gremium of the Third Sector), which began in 2003. At the same time, there is a perceptible trend of strengthening thematic platforms and associations representing particular fields of activity. This trend provides greater space for preserving plurality, internal diversity and 'colourfulness' of this segment of civil society, which helps it distinguish itself from the government or the market.

The necessity to increase effectiveness of joint actions or discussions concerning certain universal issues (e.g. legal status of non-profit organizations, *public benefit* status, tax allowances, financing, etc.) may in the future lead to creating new, rather informal structures, 'association of associations' so to speak. In 2005, mutual operability of Slovak NGOs was put to test after the cabinet proposed to increase the minimum limit of assigned amount from 20 Sk to 250 Sk for individuals and introduce the maximum limit of assigned amount at 5 million Sk for legal entities. Parliament eventually rejected the proposed amendments thanks in part to joint lobbying efforts of NGOs.

As we have already said, a serious lingering problem of Slovak NGOs is raising long-term funds for institutional financing, i.e. money for wages and current expenditures. In the past, many of NGOs covered these needs from institutional grants provided by foreign assistance. In order to sustain their existence, many NGOs were in 2005 forced to react to offers 'from above' and 'from the outside' and apply for projects they would probably not have embarked on otherwise. While these 'made-to-order' projects helped many Slovak NGOs survive, they did not always reflect the true goal and purpose for which these NGOs had been established. This issue, which is currently being discussed within the non-governmental sector, is related to the issue of non-governmental organizations' accountability, which has broader connotations than responsibility as it refers to responsibility of NGOs for their principal mission rather than their formal responsibility for proper allocation of available funds.

It is important that the Slovaks positively view NGOs and their mission. According to public opinion polls, public perception of NGOs is gradually improving, which may be corroborated by

findings about their public credibility. Unlike municipal self-governments or political parties, public credibility of NGOs saw a slight improvement over the past two years. A comparison of data from 2003 and 2005 shows that non-governmental organizations became generally more accepted by the Slovak public over the past two years.

This may be corroborated by a number of findings. For instance, the share of respondents that could not name a single concrete NGO declined; almost all NGOs that were included on the visibility list in 2003 have become more visible since; the public is becoming increasingly aware of some NGOs that did not manage to attract much attention before; in more concrete terms, the public positively registered activities pursued by new NGOs aimed at restoring the High Tatra; among NGOs that improved their public profile is also the League for Mental Health that strives for de-tabooing mental diseases in Slovakia, as well as environmental NGOs, particularly Greenpeace and the VLK forestry protection association; improving their public profile have been also 'watchdog' NGOs operating in the field of democracy, transparency and human rights – for instance the Fair Play Alliance, Amnesty International, the Civic Eye association or the Charter 77 Foundation; last but not least, the People in Peril civic association that focuses on providing humanitarian aid abroad also became more visible.

We speak of these details also because they are related to a fundamental dilemma Slovak NGOs are already facing now and will have to cope with in the future. One of the most perceptible trends is their increasing Europeanization, which rests in the fact that besides nationwide activities, Slovak NGOs are beginning to focus on providing social, health care and educational services on local and regional level. In other words, their role and status in society is beginning to resemble those of their counterparts in developed European countries as they are less frequently expected to fulfil the advocacy role and increasingly often become the government's contractors as sort of quasi-public agencies providing professional services and strongly depending on funding from state budget and budgets of self-governance organs.

In Slovakia, the greatest usefulness is traditionally attributed to NGOs providing social services and health care to people in need, followed by NGOs operating in the field of environmental protection and NGOs focusing on municipal development; however, increasingly popular are also NGOs exposing corruption within the public sector, NGOs tackling problems of women and defending their rights and NGOs defending citizens' rights against the government and private owners. Public perception is rather favourable in the case of NGOs combating racial, ethnic, religious and other intolerance, NGOs supervising the performance of state administration, self-governance and judiciary organs, NGOs monitoring political parties' financing, NGOs actively participating in political decision-making and advocating citizens' interests and NGOs providing humanitarian aid and furthering democracy in foreign countries. In other words, people in Slovakia have become used to great diversity of domestic NGOs. Given the increasingly strong position of political parties and private corporations, it is extremely important that Slovakia's non-governmental sector retains its thematic plurality and besides providing services it also remains an influential player in terms of shaping public policies.

At the beginning of this chapter, we wrote that year 2005 did not bring any essential changes for Slovak NGOs in terms of conditions for their existence; however, it is only partial truth, as there are certain grass-root processes that will sooner or later lead to more fundamental changes. Before they take place, this segment of civil society will most probably go through another round

of struggle over its shape, a struggle whose outcome is again likely to leave its mark on the quality of democracy and quality of life in Slovakia.

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