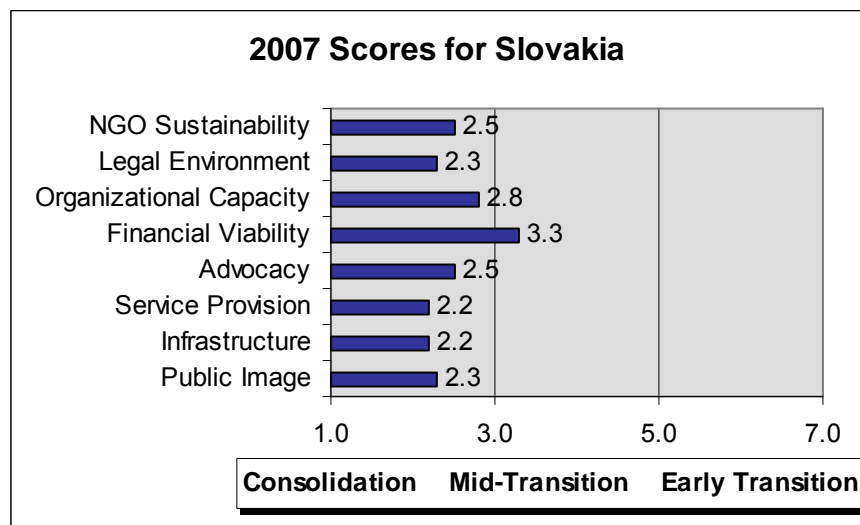


SLOVAKIA



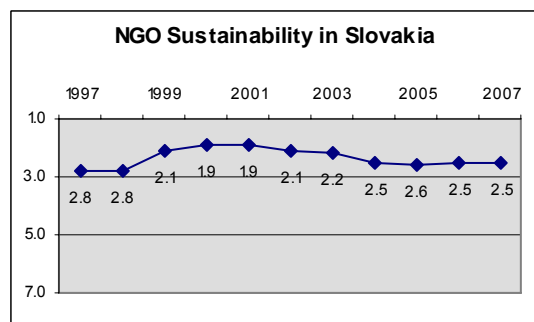
Capital: Bratislava

Polity:
Parliamentary Democracy

Population:
5,455,407 (July 2008 est.)

GDP per capita (PPP): \$19,800
(2007 est.)

NGO SUSTAINABILITY: 2.5



The 2006 NGO Sustainability Index for Slovakia raised concerns that a change from a center-right to a leftist government after the September 2006 parliamentary elections would have a negative impact on the NGO sector in 2007. As predicted, NGOs, particularly those working in the human rights, environment, and education sectors, had to keep fighting to remain eligible for the two

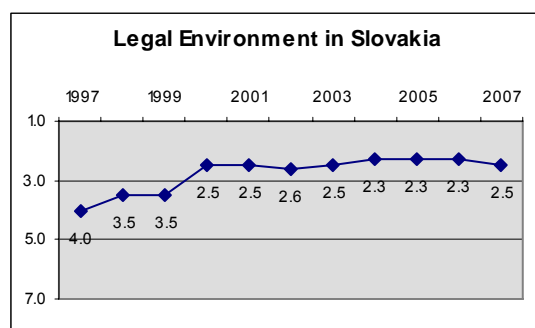
percent tax donations from individuals and corporations. Additionally, towards the end of the year, the entire NGO community had to mobilize against a government proposal for a law that would liquidate many civic associations. Thankfully, a mass civil society petition prevented the law from being included in the legislative process. Financial viability is another issue challenging the sector. The year was characterized by a limitation in the availability of EU funds, as 2007 began the new programming period (2007-2013) for Structural Funds, and fewer calls for proposals were open. The financial situation should improve, however, as the Norwegian financial mechanism will soon be issuing a call for proposals. Currently, there are more than 30,000 civil associations in Slovakia.

LEGAL ENVIRONMENT: 2.5

In 2007, the legal environment for NGOs underwent several changes. As the 2006 NGO Sustainability Index indicated, the new government proposed to cancel existing legislation that: 1) allows legal entities (corporations) to donate two percent of their taxes to NGOs; 2) allows NGOs to claim tax-

exemption on the first SK 300,000 of income earned through commercial activities; and 3) increases the minimum amount that private entities may donate from their taxes from SKK 20 to SKK 250. These proposed legislative changes could have been a disaster for the majority of NGOs in Slovakia, but thanks to a

coordinated campaign of the whole NGO sector – “People to People” – the two percent mechanism was secured. Furthermore, NGOs working in areas that were originally excluded from the two percent mechanism – education, environmental issues, and human rights – were, over the course of the year, put back into the law as potential recipients of the tax donations.



No changes were made to the NGO registration process in 2007; however, the Slovak Ministry of Interior attempted to push forward a new legislative initiative suggesting that all civic associations would have to re-register according to the Law on Societies (as opposed to the Law on Association of Citizens). This requirement would have liquidated many NGOs, as all of them, whether large or small, would be subject to expensive audits. Thanks to the mobilization of NGOs towards the end of the year, when more than 400 signed a “collective protest,” the Ministry decided not to move forward.

Over the course of the year, the debate on future legal changes driven by the 1st SNSC, a legal and accounting service center for NGOs, continued within the sector, even though the preparation of the Code of Nonprofit Law had halted. However, the 1st SNSC identified the need to improve the legislation governing NGOs in the following ways: a) define the term “public benefit”; b) define the legal form for organizations eligible for public collection, raffle and other similar purpose-made private collections; d) secure multi-source funding for NGOs (from the state, revenue-generating activities, and other sources); e) prepare a concept of a united register of legal entities not established with business purposes; and f) define

the term “volunteerism” and clarify the status of volunteers.

After 18 months of inactivity, the Governmental Council for NGOs became active again. The role of this body is to serve as a point of contact for the sector in negotiations with the Slovak government. A meeting was held in September 2007, and the Council succeeded in initiating a few proposals. The Council recommended NGO representatives to oversee the EU Structural Funds. Also, the Council negotiated changes to the usage of the EU funds. Until this time, NGOs could only receive EU funds as reimbursement for expenditures; however, in the future, the EU funds will provide them with advance payments. This is a very significant change as delays in the reimbursement system have caused many NGOs severe financial problems.

The Slovak Donors’ Forum (SDF) participated in a comparative study of the foundation sector within the European Union. Compared to other EU countries, Slovakia has one of the most restrictive legal environments and the most restrictive regulations in the area of for-profit activities by foundations. NGOs are able to undertake for-profit activities; however, the tax exemption for income generated from NGO commercial activities was eliminated, which increases expenses for NGOs.

Legal services for NGOs are still deficient. There is significant need for legal consulting, and available capacities are limited to 1st SNSC, which has two offices in Bratislava and Košice. While 1st SNSC is the only NGO providing free legal services specifically to NGOs, another organization called Charta 77 provides legal services to citizens. Furthermore, as an alternative to NGO consulting, corporate attorneys began offering legal consulting services as a form of corporate philanthropy or corporate volunteerism. For example, the young legal firm Linklaters cooperated on legal issues with an NGO called *Nová nádej*. Another legal firm, DLA Piper, represented the rights of *Pohoda*, an orphanage in Bratislava. Both firms are providing these services pro bono. The Pontis Foundation has played a role in

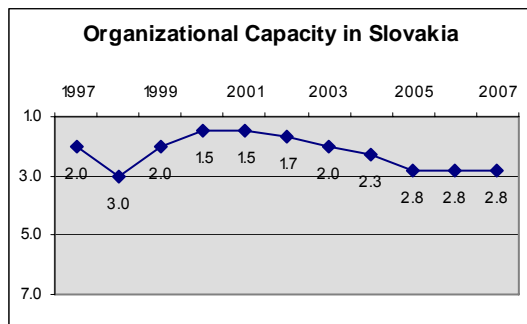
encouraging this type of volunteerism, in part by organizing an event called “Our Bratislava” in September 2007. The event was intended to strengthen corporate volunteerism generally in Bratislava, but as part of the event, the Pontis Foundation also facilitated connections between corporate legal consultants and NGOs interested in their assistance.

The general feeling among NGO representatives is that, during 2007, many legal issues became uncertain. While certain benefits, such as the two percent tax donation, remained in place, NGOs are not sure how long they will last. Bills drafted by state bodies are often of very poor quality, and sometimes it seems that the state is

just testing public opinion rather than genuinely proposing legislative changes. Generally, public access to prepared documents is very limited. Laws relating to the NGO sector are usually submitted in summary proceedings that take seven days, which does not allow NGOs sufficient time to react. Many issues are still in the preparation stage, and the sector does not know how they will be resolved. Cooperation with government bodies and representatives deteriorated, and the sector does not feel the support of the state.

ORGANIZATIONAL CAPACITY: 2.8

There is a large discrepancy in organizational capacity between large and advanced NGOs – mostly located in the capital and working on a professional level – and the broad majority of organizations, which operate in other parts of Slovakia. A significant number of NGOs are focused on their everyday survival and do not consider further education a priority, even though there is a clear connection between these two issues.



In the area of NGO training and institutional development, Partners for Democratic Change (PDCS) and Education Center for Nonprofit Organizations (CVNO) are providing training and institutional capacity building services to NGOs on regular basis. This year, the Open Society Foundation (OSF), in cooperation with PDCS, implemented a series of trainings for Roma NGOs on financial sustainability, financial diversification, and strategic planning. The Pontis Foundation implemented training for

NGOs on financial management and cash flow planning, cooperation with corporate volunteers, and information technologies (MS Word, Excel, Power Point and Adobe Photoshop). 2007 marked the first year of a joint program between OSF and CVNO, the “Project School of the European Union.” This program created a three-semester study program focused on preparing NGO projects for EU funding. SDF also implemented several trainings for NGOs covering annual report writing, fundraising, public relations, branding, and investment possibilities for Slovak foundations.

NGOs noticed some development in the area of volunteerism in 2007. Some NGOs, particularly those like Slovak Scouting, observed some withdrawal of volunteers, especially young ones, from NGO activities. At the same time, a number of NGOs used corporate volunteers who have been working with the newly created ENGAGE group (a joint effort of the Pontis Foundation and the Business Leaders Forum, partnered with the ENGAGE Network of Business in the Community in the UK). Moreover, in the summer of 2007, a new virtual volunteer center was established by civic organization C.A.R.D.O. in the form of a web page www.dobrovolnictvo.sk. In addition to serving as a source of information, events, and contacts related to volunteerism, it matches NGOs with potential volunteers.

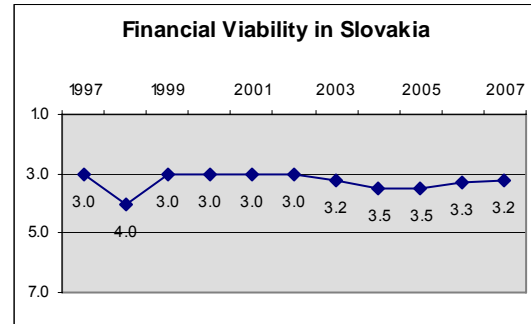
FINANCIAL VIABILITY: 3.2

In 2007, the main sources of support for NGOs were the two percent tax mechanism, EU funds, and corporate donations outside of the two percent framework. However, the new programmatic period for EU Structural Funds, which began in 2007, meant that there were few calls for proposals. In addition, NGOs still perceive EU funds to lack transparency, and find following the administrative demands associated with EU funding to be difficult.

Individual philanthropy also forms part of NGOs' budgets, especially for community foundations, local NGOs, and NGOs that use public fundraising drives to raise funds from the general population. However, these collections are usually used for specific goals, such as the purchase of health-care equipment (for example, "Daffodil Day" organized by the League against Cancer), grantmaking for children ("One Hour for Children" organized by the Children of Slovakia Foundation), or support of Cuban dissidents (the public collection of the Pontis Foundation).

There is a new initiative called "Good Angel" which directs contributions to families with a member suffering from cancer. Individual donors make regular monthly contributions. The donor always knows to whom s/he is contributing, and the entire contribution goes to the chosen recipient. This unique system was created by private, successful business individuals, and its public relations campaign is supported by a number of Slovak corporations.

SDF introduced a new tool for individual philanthropy in 2007 – a DMS-Donors Messages Service project. This mechanism, established in July 2007, provides individuals with phone numbers through which they can donate funds to selected NGOs by sending an SMS. The first call for applications has already taken place, and the DMS Council selected the first seven NGOs with the greatest potential to attract public support, given their campaign message and strategy.



There are also some initiatives contributing to corporate giving in Slovakia. The Pontis Foundation organized the 7th annual corporate philanthropy award, the Via Bona, to recognize the philanthropic efforts of corporations. The Pontis Foundation is also continuing its work on corporate volunteering, measuring community investment impact, and corporate social responsibility awareness. Together with the Business Leaders Forum, which currently has 17 members, the Foundation organized a number of activities, including the annual corporate responsibility conference. The Club of Corporate Donors, established by SDF within the international program CEENERGI (Central and Eastern European Network for Responsible Giving), promotes effective and active involvement by corporations in community life by organizing seminars and presentations for both NGOs and corporations.

This year SDF undertook two analyses related to corporate giving. *The Opinion Poll on the State of Corporate Philanthropy in Slovakia* confirmed positive trends that were identified in the same analysis done in 2006, suggesting that the number of corporations creating individual strategies of support for publicly beneficial activities increased again this year. Most corporations with philanthropic activities have primarily foreign investors and are large organizations with more than 205 employees. Decision making is usually in the hands of top management. The most distinctive changes are in the areas of giving. While in 2006 giving was focused primarily on activities related to children and youth, education and research, culture, and health, this year it was focused on

culture and art (17 percent increase), sport and recreation (15 percent increase), and social services (10 percent increase). The most distinctive fall was recorded in the support of environmental activities (11 percent decrease). SDF also implemented the ranking project *Top Corporate Philanthropist 2007*, which rated corporate donors according to the amount of funds donated.

In the area of development aid, the Slovak Agency for International Cooperation (SAMRS) was established in January 2007, replacing two contracting units of the Bratislava-Belehrad

Fund and UNDP. The Norwegian Financial Mechanism is now functioning in Slovakia, and

ADVOCACY: 2.5

NGOs have been very eager to mobilize for a large number of petitions prepared and distributed, especially through the Internet server for NGOs, Changenet. However, apathy still persists amongst Slovak citizens. People are very often not interested in public policy and react only when a proposed policy or law has a direct impact on their personal lives.

In 2007, there were several civic activities organized by different NGOs, such as Conservative Institute, People to People, and others. Environmental NGOs organized the “Kremnica over Gold” campaign against a Canadian corporation in the town of Kremnica.

These advocacy activities successfully resulted in the creation of a new regulation, which requires that investors obtain the blessing of the municipality if an activity or development will directly impact the inhabitants of the municipality, regardless of whether or not the inhabitants are owners of the land. Another example of a highly visible environmental

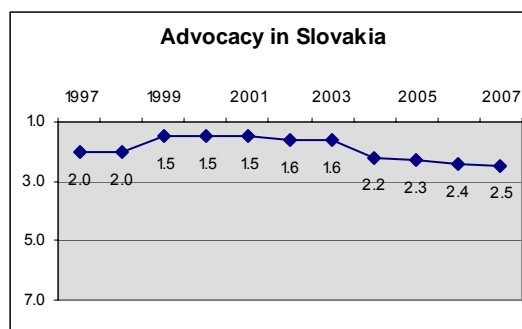
SERVICE PROVISION: 2.2

Slovak NGOs are providing services in a number of different fields. The ability to require fees for services depends upon the client group. The majority of services are provided within the social sphere where many NGOs are former

grants are distributed by three Slovak grantmaking foundations (Socia Foundation, Open Society Foundation Bratislava, and Ekopolis Foundation). Each of these donors will be responsible for distributing €1.7 million. Switzerland should be opening another funding mechanism in Slovakia.

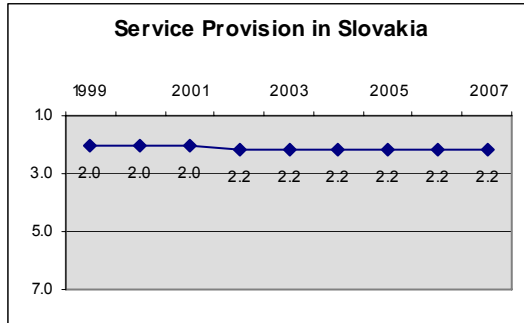
As a service in the area of financial sustainability, the Pontis Foundation is offering loans for NGOs. Since 2003, 59 loans have been awarded in the amount of SKK 21 million. In 2007, 11 loans for more than SKK 6.2 million were awarded.

advocacy activity, even though the court dismissed the case, was the petition and protest event “Save Tichá and Kôprová Valleys” implemented in Tatras.



In general, NGO advocacy activities tend to be focused more thematically. There is a lack of shared public will to join together to make public statements regarding serious issues, create coalitions, or comment on bills. Many NGOs focus on fundraising activities rather than advocacy, as continued funding is a more urgent issue for their survival.

state organizations that were transformed into nonprofit organizations. NGOs in this area are providing services which the state is unable to provide, and are compensated by the state for their work.



According to some NGO representatives, services provided by environmental and educational NGOs are marked by a decreasing number of activities, low reflection of actual needs and low professional standards. The needs in these areas are changing rapidly, and NGOs are not successfully reflecting these changes in their activities.

Training services are provided by, for example, PDCS and CVNO in Central Slovakia. Other

organizations are also providing training activities for NGOs as described above.

NGOs working in the area of human rights are also providing services. For example, the organization People Against Racism provides consulting services for individuals, in addition to prosecutors and members of police. Even though the services for state bodies are almost free, the state's interest decreased rapidly after the September 2006 change of government.

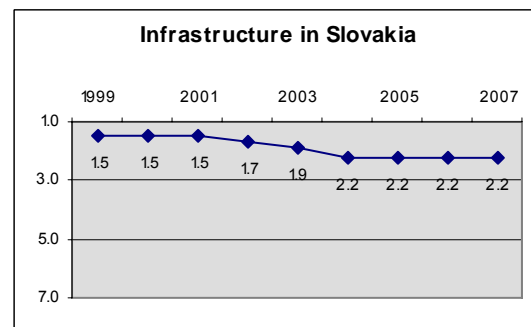
NGOs are also active in grantmaking for both the state and the private sector. For example, the Center for Philanthropy administers funds for the SPP Foundation (Slovak Gas Industry) and Orange. The Pontis Foundation administers funds from various corporations (Tesco, Accenture, e-on, etc.) and Intenda Foundation is administering funds for Slovak Telekom. The number of these activities increased in 2007, confirming that the business sector regards the NGO sector as a credible partner.

INFRASTRUCTURE: 2.2

2007 witnessed a dramatic increase in web portals. The Pontis Foundation is administering a new Internet server called www.ideaxchange.sk that focuses on NGO activities, events and current grants for the sector. C.A.R.D.O. began a new server on volunteerism called www.dobrovolnictvo.sk, and a new server called www.obnova.sk focuses on cultural heritage. These servers were probably established because the old ones (changenet, sefin) are no longer actively sharing information within the sector.

A bi-monthly magazine called *Efekt*, published by 1st SNSC, is another source of information that focuses on the NGO sector as a whole. Other magazines are focused thematically. For example, *Humanita*, published by Slovak Humanitarian Council, focuses on social issues, and *ZOOM-M*, published by Slovak Youth Council, focuses on youth issues.

In addition to these activities, the Pontis Foundation initiated IDEAXCHANGE, an NGO Fair aimed at increasing public awareness and



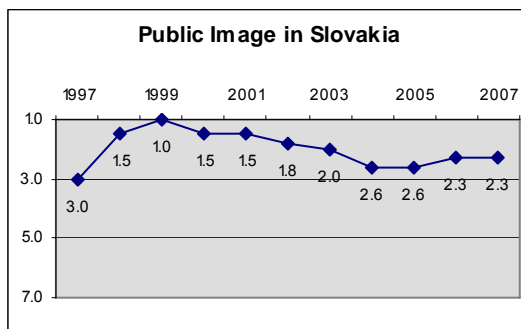
visibility of NGOs and their goals, programs, services and activities. IDEAXCHANGE presented a total of 55 organizations in the following categories: democratization and human rights, environmental protection, equal opportunities and social programs, culture and sport, and health care. Organizations had the opportunity to familiarize the public with their activities and were awarded a grant worth SKK 10,000 for the production of communication materials. Over the course of one year, IDEAXCHANGE evolved from one central event in Bratislava to a series of Slovak NGO fairs in Nitra, Liptovský Mikuláš, and Košice.

There are many informal platforms and networks in Slovakia, usually formed around a common issue. For example, a network of NGOs called the Socio-Forum works in the social area, environmental organizations work within Ekoforum, and SDF works with Slovak foundations. In 2003, the Association of Community Foundations was established by 10 community foundations, and in 2007, this platform became a member of SDF. These platforms usually have their own Internet portals focused topically, such as socio-forum (social issues), mladež.sk (youth issues), a mail server

for environmental NGOs, and also a web page focused on partnerships within the NGO sector (www.partnerstva.sk). PDCS has also established a network of trainers and consultants.

In addition to the training activities mentioned previously, NGOs emphasize that the number of corporate experts lecturing at trainings prepared by NGOs has increased. This is another example of the increasing number of ways that NGOs are using corporate volunteers.

PUBLIC IMAGE: 2.3



The improvements achieved in NGO public image in 2006 were still visible in 2007, primarily due to the campaigns focused on the two percent tax donation. The general public and business sector increasingly see NGOs as credible partners worthy of support and financial contributions.

There is a visible positive shift in media coverage of NGOs, thanks to increased professionalism on the side of NGOs. Almost each significant NGO has a public relations manager. In addition to classical press releases, NGOs are using other public relations tools, for example, the previously mentioned IDEAXCHANGE NGO Fairs and video advertisements posted on YouTube. A large number of NGOs have their own web pages as well. These web pages no longer only contain basic information and contact information, but are actively and regularly updated. PR activities are also developing thanks to cooperation with the business sector, which often pushes NGO

partners to have PR tools ready for their cooperation.

As mentioned above, SDF conducted an opinion poll on corporate philanthropy which showed that the business sector is beginning to perceive NGOs as credible partners. In April 2007, SDF, in cooperation with the Focus Agency, conducted a separate public opinion poll focused on support of NGOs in Slovakia. This research was done through standardized interviews with 1,013 respondents and showed that almost half of the respondents (46 percent) had, at some point in the past, donated to an NGO. Fifty-four percent of respondents had not done so or were unaware of having done so. The most often stated criteria for deciding to support an NGO is “purpose for which the funds are collected” (59 percent), followed by “sufficient information on NGO activities” (36 percent), and “image of the NGO” (35 percent). Seventeen percent of respondents stated that they never give financial donations to any institution or organization, regardless of whether or not it is an NGO. A part of this poll focused on the topic “NGOs and Media.” More than half of respondents (55 percent) agree or rather agree with the statement that media (press, TV, and radio stations) devotes enough space to NGOs and their activities. Thirty-five percent of respondents disagree or rather disagree with this statement. An almost balanced ratio of respondents agree or rather agree (44 percent) and disagree or rather disagree (42 percent) with the statement that “information provided by media on NGOs and

their activities is often incoherent or confusing.” Information provided by media on NGOs and their activities is considered to be absolutely or rather important by 69 percent of respondents. Twenty-three percent of respondents do not consider this information to be important.

The level of cooperation and approach of the media towards NGOs varies from region to region and often depends on the activities of local NGOs. If local NGOs have good results and are able to have a real impact on the lives of inhabitants of their regions, the media usually responds positively.