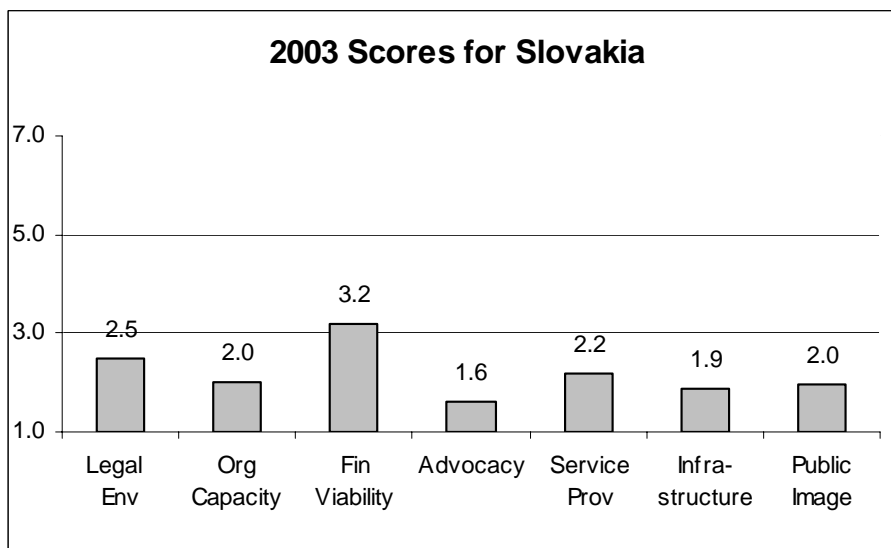


SLOVAKIA



Capital:
Bratislava

Polity:
Parliamentary
democracy

Population:
5,400,000

**GDP per capita
(PPP):** \$11,243

NGO SUSTAINABILITY: 2.2

The year 2003 was in many ways an adverse time for NGOs in Slovakia. One year after national parliamentary elections, the NGO sector is certainly not a strategic partner to the Government. Many of the Govern-

NGO SUSTAINABILITY

| | |
|------|-----|
| 2003 | 2.2 |
| 2002 | 2.1 |
| 2001 | 1.9 |
| 2000 | 1.9 |
| 1999 | 2.1 |
| 1998 | 2.8 |

ment's reforms were undertaken without NGO input, and NGOs themselves were unable to agree on a united approach toward crucial issues such as tax reform. Also a number of large, international donors withdrew from Slovakia in 2003. Major, long-term supporters such as USAID and British DFID closed their operations, causing a substantial reduction in the annual amount of support available to the Slovak NGO sector.

Legislation enabling citizens and companies) to assign 1 percent of their tax liability to a specific NGO facilitated the flow of funds from individuals to the activities of the NGO sector. After its second year of implementation, both donors and NGOs see a number of mechanisms that could improve the process of giving and suggestions for amending this legislation were proposed as part of the NGO tax reform.

The Trust for Civil Society in Central and Eastern Europe distributed \$4 million from 2002–2004 for NGO sustainability, thus providing important support for projects in its designated area this year.

The year 2003 also witnessed a step forward for Slovakia into the international donor field. After years of receiving assistance from Western countries, Slovakia began the creation of its own development aid program, and the Slovak Government

has actively involved organizations of the Third Sector in the preparation process.

The activities of this aid program will start next year.

LEGAL ENVIRONMENT: 2.5

This year was another very important year with regard to legislation affecting the operations of Slovak NGOs. Although the

| LEGAL ENVIRONMENT | |
|--------------------------|-----|
| 2003 | 2.5 |
| 2002 | 2.6 |
| 2001 | 2.5 |
| 2000 | 2.5 |
| 1999 | 3.5 |
| 1998 | 3.5 |

numerical score in this field indicates a slight improvement in comparison with last year, the perception coming from NGO representatives is rather the contrary.

More than 80 percent of Slovak NGOs are registered as civic associations, because the registration of this form of organization is fairly easy. As there is different legislation applied for different legal forms (foundations, civic associations, non-investment funds, etc.), the regulations ruling NGOs are quite unclear. In general, organizations are allowed to operate freely, and government has no tools to close down an NGO without reason. With regard to finance, the One Percent law was used by many individuals again this year to support non-profit organizations, and there are efforts to make the giving process even easier. What remains to be improved is clearer legislation regulating income-generating activities by NGOs.

New tax legislation coming into effect on January 1, 2004 (which is yet to be signed by the president) works in favor of NGOs. It makes them eligible to receive 2 percent of the tax liability of individuals and also companies. This should already show in the income for the sector next year, as tax returns are filed next spring.

The last ten years of the Slovak NGO sector developed irregularly, as legislation was passed in different time periods. This caused a situation in which the legal framework for the sector is quite diversified and split into many independent legal norms. To make the system more clear, effective, and unified, Slovak NGOs are initiating new draft legislation for all NGOs. Preparation of comprehensive legal reform means that Slovakia is near the front in the process of NGO legislative reform when compared to other transitional countries.

A positive trend developed in 2003 as the number of young lawyers focusing on NGO issues increased. The growth is so far seen mostly in the capital, and much less in the other regions of the country. Questions about the capacity of NGOs to pay for legal services come next. Therefore the sector is challenged to keep lawyers motivated and working in this sphere.

ORGANIZATIONAL CAPACITY: 2.0

Slovak NGOs do not actively seek to build their constituency and membership base, and do not have mechanisms to involve these groups in their activities. Such prac-

tices are not yet developed. Even though some organizations have made efforts to build regional offices, they do not work with their constituency. Such a trend is

ORGANIZATIONAL CAPACITY

| | |
|------|-----|
| 2003 | 2.0 |
| 2002 | 1.7 |
| 2001 | 1.5 |
| 2000 | 1.5 |
| 1999 | 2.0 |
| 1998 | 3.0 |

also seen in the work of NGOs that are not basing activities on constituency needs but rather on projects and/or are donor driven. This naturally creates a gap between NGOs and society as a whole.

There are a number of very sophisticated NGOs that do have their goals clearly stated, do strategic planning annually, and are governed by unpaid boards of directors. However, many Slovak NGOs still do not do strategic planning and do not have their missions well defined. This consequently creates duplication in many activities and more unhealthy NGO competition. Almost all NGOs struggle to pay their employees.

There are major differences among NGOs with regard to technical equipment. Many NGOs still operate with old and technically obsolete equipment. But there is also a number of organizations that have modern and advanced equipment thanks to grants received from international donors. In general, NGOs still have problems to be technically up to speed with their partners in the Western world and operate within limited possibilities. More expensive items such as software are often obtained illegally.

Work with volunteers is improving. However, this is worse than in neighboring countries. The challenge to involve volunteers in NGO activities remains.

FINANCIAL VIABILITY: 3.2

FINANCIAL VIABILITY

| | |
|------|-----|
| 2003 | 3.2 |
| 2002 | 3.0 |
| 2001 | 3.0 |
| 2000 | 3.0 |
| 1999 | 3.0 |
| 1998 | 4.0 |

The general perception is that financial sustainability of Slovak NGOs did not improve at all, but worsened quite significantly. Local donors cannot yet substitute for funds that were coming to the sector

from foreign sources. Most of the foreign governmental assistance programs closed their offices this year, since Slovakia, on its way to European Union membership, no longer represents a transitional country. Due to this change, NGOs have difficulties in carrying out their programs, but even more difficulties in covering their operational costs. There is a large gap in NGO knowledge and capacity to fundraise for

these expenses, as many organizations do not have a process for budgeting for operations.

Despite efforts to diversify the NGO funding base, the available sources are not sufficient for many of them to be successful. Many organizations are therefore becoming more professional at approaching businesses. These efforts prove to be paying off, and corporate philanthropy is slowly becoming an understood concept. The only frustration is the highly competitive environment that excludes the smaller NGOs from the game. Financial support from the state is even less significant. The number of organizations contracted and/or financed by the state is trivial.

Only a small number of NGOs raise money for their services. First, they do not have the custom of doing so, second, the legislation is unclear, and lastly the donors do not support profit-making programs. This creates confusion on the side of

NGOs. On one side they are pushed to be creative in raising funds, and on the other hand the same donors discourage them when trying to behave in a "market-wise" manner.

ADVOCACY: 1.6

ADVOCACY

2003 1.6
2002 1.6
2001 1.5
2000 1.5
1999 1.5
1998 2.0

Advocacy is about working with public opinion, and in this area some of the campaigns initiated this year were successful. However, the important thing is the ability of NGOs to gather around issues

and advocate. What remains to be achieved is the presentation of the results of advocacy campaigns towards the public. The development needs to be less ad hoc and more strategic, as well as mature and able to take responsibility for the outcomes of advocacy.

Some issues this year, such as the discussion on the ban on abortions, were controversial in society and also within the NGO community. Two NGO coalitions -- one for and one against -- were formed around this issue. It shows a certain level of NGO sophistication because it proves that different NGO groups can work and advocate for their own constituency. Another issue that NGOs tried to influence was tax reform. However there is no conceptual strategy in approaching this reform

and it is quite unfortunate that the NGO community could not unite on this.

Advocacy does exist and is quite successful on the local and regional levels. It is fair to say that such campaigns are generally more successful than national ones. Local activists have better chances of connecting with citizens and thereafter receive more support. This is especially true about advocacy regarding environmental issues. It is also fair to say that many NGOs do not know about the influence they have and the impact they could make.

The concept and mechanisms of lobbying exist within the sector. However, work with MPs is not systematic. NGOs should not think about political affiliation of MPs, but about the issue they are lobbying and advocating for. In an environment where decision-makers change every four years, it is short-sighted to only work with a selected group. NGOs have to have a long-term strategy in order to be able to perform successful lobbying for their constituency.

SERVICE PROVISION: 2.2

The range of goods and services provided by NGOs is quite broad and diversified, although there are gaps to be filled. In order

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| SERVICE PROVISION |
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| 2003 2.2 |
| 2002 2.2 |
| 2001 2.0 |
| 2000 2.0 |
| 1999 2.0 |

to be successful, NGOs have to go outside the sector and provide their services to the wider community. The ability of NGOs to react to the needs of community and their constituency

is low. However in comparison with the state sector, NGOs are still more up-to-date, as they can better register the needs of the society in which they work.

There is a number of concerns for NGO service provision. NGOs often provide services that cannot be sold. They are not entrepreneurial enough; they have problems formulating a business strategy (as this field is quite new and not so common among the Sector); refuse to merge or even cooperate on a business idea with a partner organization, even if that means better chances for the idea being pursued; and their presentation mechanisms are not sufficient. NGOs do not have knowledge about market needs, do not promote their goods/services, and have a problem

charging for them. Of course there are organizations that do provide services and charge fees, though there are not many of them. The field is not equal for NGOs and the business sector to compete for the market. Fiscal decentralization and a clear legal framework are missing.

The government does recognize, to some extent (and most probably due to pressure from international organizations) the value added of services provided by NGOs, especially in the social sphere. However, NGOs have to push themselves into the attention of government and their negotiation position is thereafter no longer on a partner level.

On the other hand, NGOs do not do a good job publicizing their activities. There is definitely a communication deficit among NGOs, government, and service recipients. The situation is slightly different in the regions. On the local level, municipalities appreciate and often support service-providing NGOs with in-kind contributions.

INFRASTRUCTURE: 1.9

Intermediary support organizations and umbrella organizations are not really capable of servicing the Sector anymore. The situation is slightly different for service-providing and resource organizations. With the ever-changing legislative,

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| INFRASTRUCTURE |
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| 2003 1.9 |
| 2002 1.7 |
| 2001 1.5 |
| 2000 1.5 |
| 1999 1.5 |

financial, etc. rules that apply to NGO work, there is a market for these types of organizations. However, there seems to be a dilemma about charging fees for services. Service providers do not know where is the fine line between providing services for free for those that can not afford them and charging fees.

After 14 years of existence of the independent NGO sector in Slovakia, there is

still a need for grant-making organizations. It may seem quite ironic that many granting (re-granting) organizations have problems with their own financial sustainability, as well.

NGOs are able to create coalitions and where they are, these sometimes seem to be pointless as the exchange of information between them is very low. Many organizations are afraid to share their knowledge with their partners because of the unhealthy competitive environment within the sector. On the other hand, NGOs formed within interest platforms seem to be working. A good example is the NGDOs Platform that was established

this year to assist Slovakia in its new role as a donor country.

In general, there are basic NGO trainings available around the country. More specialized trainings might only be limited to the capital of Bratislava. The question today is not that of training being available, but about the quality of training. If an NGO wants to have a thorough strategic planning session, it needs to be able to pay a quality facilitator, and that is not always possible. So though the access to training is easy, to also obtain quality, an NGO has to be financially sound.

PUBLIC IMAGE: 2.0

Compared with last year, the NGOs' public image deteriorated.

| PUBLIC IMAGE | |
|---------------------|-----|
| 2003 | 2.0 |
| 2002 | 1.8 |
| 2001 | 1.5 |
| 2000 | 1.5 |
| 1999 | 1.0 |

This might be the result of a number of NGO pre-election campaigns that were perceived by the public as untransparent. Because some NGOs were willing to pay market prices in the past for their advertising, NGOs trying to work with the media on special NGO rates are in very tough position.

There was a lack of coverage about the day-to-day work of NGOs. Media tend to favor scandals and sensational topics. More space should be reserved for NGO activities and more news, not only those scandalizing the sector or those that can afford to purchase media reporting. With the amount and range of activities done by NGOs, the image among the public should be improving, not the reverse. However, NGOs are not skilled enough to sell their

success stories, or able to negotiate with the media.

This was the first year when NGOs received money thanks to the One Percent law. Most NGOs did not publicize the use of this money and such practice is unacceptable for the public. Strategies have to be developed for informing citizens systematically. NGOs should know whom and how to inform. There is a great amount of work remaining for the NGOs to work on their presentation skills and publicizing their results to the public. Again, local and community NGOs do not see this part of their work as an issue.

There are campaigns that people trust and believe and perceive very positively and NGOs that do good services are also capable of doing good presentation of their activities towards the public. There is the "Hour for Children" or the "Daffodil Day" campaigns that raise great support for their causes, also thanks to their work with the media.

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It is very positive that there are NGOs in the Sector today that can act as representatives towards the business sector and negotiate with businesses. Businesses are changing their perception about the NGO sector being unprofessional and hard to read thanks to the work being done on this

relationship. NGO campaigns like Manager Role Model of the Year, and Via Bona Slovakia helped the positive shift.

NGOs in general demonstrate transparency of their operations – they are regulated by government and monitored by donors.