



Changes in the Civic Sector and Consulting Needs in Slovakia

Trends in Consulting in V4 Countries Conference

November 25-26, 2004
Bratislava

Eduard Marček

CONTENT OF THE PRESENTATION

1. Contemporary situation in Slovakia

2. Changes influencing the civic sector

3. Needs > Consulting opportunities

4. Changes influencing relationships > Philanthropy > Needs

CONTEMPORARY SITUATION

- Shift of foreign private and public funding to new territories, **desperate lack of new funds**
- **No public policy for civic sector development**, no strategy for financing, no priority of government
- **Not sufficient public funding** (despite the increase through 2 % income tax allocation)
- **EU accession** – new potential sources of funding for some
- **The public purpose more important than legal form** >>> NGOs set up by public authorities (community organisations incl. foundations), public institutions (university foundations, hospital funds), corporate NGOs
- **Weak domestic foundations, strict foundation law** >>> No capitalization (CZ), no National Civic Fund (H)
- **Lack of authority / Prejudices** – low confidence > NGOs from public authorities, companies, individuals – trust in what they do, but not in providing finances
- **Philanthropy:**
 - ⚙ Weak philanthropic traditions >>> corporate and individual donations growing slowly
 - ⚙ Mainly for interesting topics (children, health - cancer, charity / deprived, sports)
 - ⚙ Corporate philanthropy for recognition, PR
 - ⚙ Individuals mainly for churches (regular)

CHANGES INFLUENCING THE CIVIC SECTOR

Tax reform

- Tax incentives for donations abolished
- 300.000 SKK tax-free income for NGOs remained
- Increase of tax income allocations from 1% to 2% + companies entitled

Public administration reform

- Decentralization of power: Less state – more self-governance of local municipalities
- New competencies / obligations (public services) of local public authorities
- Fiscal decentralization - more resources for own policies from 2005
- Partnerships with local partners (state institutions, NGOs, businesses, etc.) in EU projects

On-going „non-profit law” reform in discussion – Code of Non-profit Law

- New legal forms of NGOs (societies, public beneficial organisations, foundations and trusts /foundation funds/, chambers)
- New institutes (public collection, sponsorship, volunteering)
- New governmental regulatory institution for NGOs (and particularly sports)
- Expected pillars of NGOs financing according to the proposal:
 - > Grants, donations, subsidies
 - > Social entrepreneurship – self-financing
 - > 2 % income tax allocation
 - > Sponsorship
 - > Public collections
 - > Volunteering

Labor / Social affairs, Health and other reforms in practise

CONSEQUENCES

- External pressures on restructuring
- Existing NGOs turning voluntary, ceasing activities or merging
- Cross-sector cooperation & Self-financing important
- Volunteering vs. Commercialisation
- Particular fields specially threatened – environmental, watchdogs
- Expected decrease in number of NGOs, survival of the strong

NEEDS > CONSULTING OPPORTUNITIES

 **(Re)definition of the role & position of NGOs in the SK society – public policy towards them**

 **Lobbing for civic sector priorities, especially in legislation and public policy**

 **Lack of information / Consulting services – Service centre for the civic sector**

 **General information / Awareness raising / Consulting for:** **(SAIA-SCTS dead)**

→ NGOs (how to set up an organisation, where to ask for funds, project management, EU projects/funds)

→ Government and public administration, companies and individuals (2%, activities, projects, regions, areas of work,...)

→ Media and journalists

 **Specific information / Specialized consulting / Trainings for NGOs:** **(1.SNSC)**

→ Economic and legal problems – advising, book-keeping, overhead costs

→ Financing and fundraising strategies – funding sources, financial management, self-financing methods

→ Fields of work – umbrellas and networks/forums – environmental, social, etc.

 **Communication - Awareness raising, promotion > all stakeholders**

“30 days for the non-profit sector” campaign (CZ)

 **General awareness about the civic sector, its mission, functioning, contribution to society**

 **Detailed presentation (specific areas, services provided, problems)**

NON-GOVERNMENTAL ORGANISATIONS

Changes

- ⌚ **Organisational changes / Existential threats**
- ⌚ **Shift > domestic public/corporate/individual/own funds**
 - ⌚ Opportunity for those with popular topics – disabled, children, social services, health, education (in business particularly sport)
- ⌚ **2 % tax allocation pressure > Marketing; Transparency**
- ⌚ **Code of Non-Profit Law and its future (?)**

Foundations

- ⌚ **Growth of community foundations**
- ⌚ **Unable to cooperate & Develop common strategies**
 - ⌚ Donors Forum weak

Needs > Consulting opportunities

- 📖 **Organisational stabilization > sustainability**
- 📖 **Building organisational capacities, increasing professionalism, developing competent approach**
- 📖 **Marketing, communication, PR strategies**
- 📖 **Brand building**
- 📖 **Fundraising strategies, campaigning**
- 📖 **Building transparency, trustworthiness**

PUBLIC ADMINISTRATION

Changes

- ⌚ **Public administration reform > Decentralisation**
- ⌚ **Importance of public funds on rise**
- ⌚ **Potential of local self-governments' support grows**
- ⌚ **Real decrease of direct support (subsidies) from state – (nominal support the same)**
- ⌚ **Tax reform - increase (2%) and decrease of indirect support (tax incentives cancelled)**
- ⌚ **EU funds not available for NGOs – administrative configuration of programmes; NGOs capacity limited**
- ⌚ **Official Aid and Official Development Aid emerging**

Needs > Consulting opportunities

- 📖 **Developing of local grant-making schemes**
- 📖 **Provision of public beneficial services**
- 📖 **Engaging NGOs in public procurements & social contracting with self-governments**
- 📖 **NGOs in community planning / Participation**
- 📖 **Configuring EU funds / Involvement of NGOs**
- 📖 **Building partnerships with other stakeholders in community / regional development & EU funds**
- 📖 **Developing of OA & ODA schemes**

BUSINESS

Changes

- ⌚ **Tax reform > Tax incentives cancelled**
- ⌚ **2 % of income tax allocation for corporate entities**
 - ⌚ Networking NGOs-businesses deepens
 - ⌚ Funds of companies within existing foundations, new corporate foundations emerging
 - ⌚ Shift > Donations from own profits to 2 % allocation of public money
- ⌚ **Commercialization of NGOs > “PR agencies”**
- ⌚ **Development of philanthropic giving slow > more dependent on moral aspects & welfare situation**
- ⌚ **Multinational companies’ experiences transfer > domestic best practices emerging**
- ⌚ **Business Leaders Forum Slovakia founded**

Needs > Consulting opportunities

- 📖 **Developing of own / Outsourcing of services**
 - 📖 Community involvement strategies
 - 📖 Philanthropic grant-making & 2 % allocation schemes
 - 📖 Funds/trusts
 - 📖 Corporate foundations
- 📖 **Corporate Social Responsibility concept**
 - 📖 Fields of CSR & Community involvement
 - 📖 Benefits, Risks
 - 📖 CSR perception within customers; Best practices, Case studies, Benchmarking
 - 📖 Resource centre for membership organisation - BLF
- 📖 **Structured & analytical information on potential partners / recipients in business-NGO cooperation**
- 📖 **Expertise transfer / consulting / counselling**

INDIVIDUALS

Changes

- ⌚ Donations grow slowly > More dependent on moral aspects & welfare situation
- ⌚ 2 % income tax > Deepens networking / Involvement
- ⌚ Local support for communities on rise

SELF-FINANCING

Changes

- ⌚ Importance increases - more funds to be generated by NGOs themselves
- ⌚ Non-Profit mission vs. For-Profit revenues dilemma

Needs > Consulting opportunities

- 📖 Awareness > Cultivation of the environment
- 📖 Community philanthropy development
- 📖 Engaging donors and volunteers

Needs > Consulting opportunities

- 📖 Concept awareness / Opportunities
- 📖 Developing of revenue generating methods
- 📖 Expertise transfer / consulting / counselling
- 📖 Investment funds / capacities for NGOs

THANK YOU!

Eduard Marček

PANET
Dlhá ul. 24
851 10 Bratislava

mobile: +421-905-477468
e-mail: eduard@panet.sk
web: www.panet.sk
www.partnerstva.sk

