

SLOVAKIA



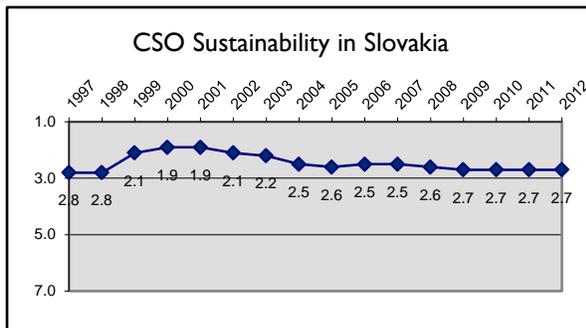
Capital: Bratislava

Population: 5,488,339

GDP per capita (PPP): \$24,300

Human Development Index: 35

CSO SUSTAINABILITY: 2.7



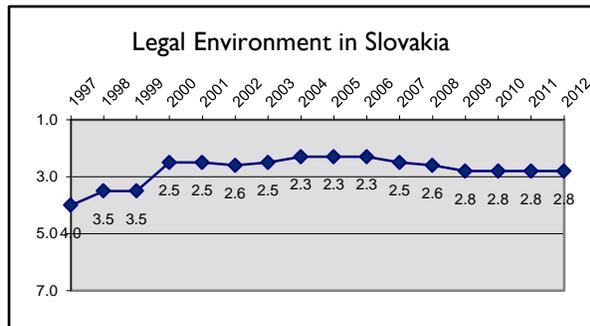
Parliamentary elections were held in Slovakia in March 2012, through which the left-wing party SMER (Direction) won a majority of seats in the parliament. The CSO community, particularly watchdog and human rights organizations, feared renewed backlash against civil society based on SMER’s actions during their tenure in office from 2006 to 2010. However, the new government’s relationship with CSOs has been non-confrontational to date.

CSOs were pleased that the new government maintained the Government’s Plenipotentiary for the Development of the Civil Society, an advisory body responsible for coordinating civil society development, and created an advisory body within the government composed of CSO representatives. CSO infrastructure, however, continues to deteriorate.

The number of CSOs in Slovakia increased in 2012. According to the Slovak Interior Ministry’s Register of CSOs, there are almost 38,500 CSOs in Slovakia, an increase of 1,500 from 2011. This number includes 34,920 civic associations, 2,340 nonprofit organizations providing public benefit services, 640 foundations, and 600 non-investment funds.



LEGAL ENVIRONMENT: 2.8



The legal environment for CSOs experienced both positive and negative developments during the year.

Civic associations and foundations register by mailing their documents to the Interior Ministry, which maintains the Register of CSOs; online submission of documents and registration are not yet available. Non-investment funds and nonprofit organizations register at the District Office.

Civic associations do not have to present annual reports to the state. However, big nonprofit organizations providing public benefit services in fields such as health care, social services, education, and culture, and all foundations must submit annual reports to the state and undergo external financial audits. If a nonprofit organization receives funds from the state budget or a civic association or foundation benefits from the 2 percent tax assignment, its finances can be audited by the Finance Ministry. CSOs can freely address matters of public debate and express criticism.

CSOs are only exempt from paying income tax on the grants that they receive. Amendments to the Income Tax Act in December 2011 revised the rules governing the tax liability that a legal entity can assign to an eligible organization. Legal entities can now assign 2 percent of their taxes only if they donate 0.5 percent of their own funds to any CSO. The tax assignment will then gradually decrease to 0.5 percent by 2020. Individuals can continue to assign 2 percent of their tax liability to an eligible organization without any restrictions.

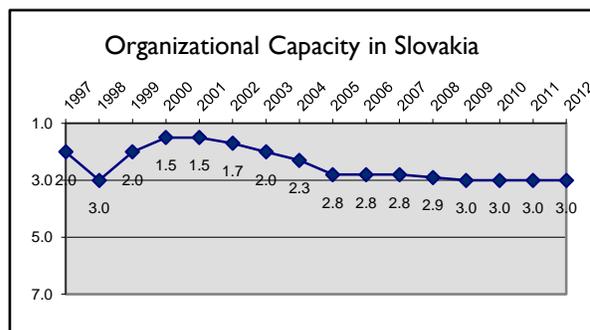
At the end of 2012, the Slovak Parliament adopted amendments to the Labor Code which require employers to pay social contributions and health insurance costs for employees who are hired on a contractual basis. Since many CSOs employ people in this manner, this is expected to increase the percentage of their budgets that CSOs must dedicate to salaries.

Nonprofit organizations providing public benefit services, foundations, and civic associations can charge fees for their services, but must reinvest any profits into the organization's operations.

CSOs continue to have access to legal services. The 1st Slovak Non-Profit Service Center (1.SNSC) provides legal advice to members for a fee. Via Iuris provides CSOs with a free online legal manual. The Pro Bono Advocates initiative also continues to provide pro bono legal services to nonprofits. These services are coordinated from Bratislava, but are also available outside of the capital.

ORGANIZATIONAL CAPACITY: 3.0

CSO organizational capacity changed little in 2012. Organizational capacity varies significantly between large and small CSOs. Small organizations are generally dependent on one or two grants, which fosters uncertainty and instability. On the other hand, large professional organizations are becoming more creative in seeking local constituencies and forming partnerships and are employing new people to staff their growing programs. During the year, this difference was especially noticeable among



environmental and social organizations.

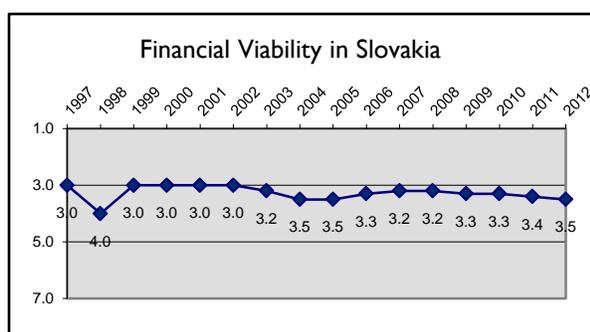
CSOs generally structure their missions around donor and grant requirements. Rather than develop strategic plans, most CSOs plan their projects according to the availability of resources, which are generally only committed for a year at a time. Large organizations strategically plan their activities on an annual basis.

In 2012, managers, directors, and financial managers assumed greater responsibilities within CSOs due to a lack of funds to hire support staff. CSOs prefer to employ staff on a contractual basis or through the use of self-employed consultants. Smaller CSOs fear that increasing employer contributions will have a detrimental impact on their sustainability.

Several large volunteer events took place in 2012. C.A.R.D.O. once again organized Volunteer Days in which 5,747 volunteers took part, and the Pontis Foundation organized a volunteer event in eleven cities for more than 5,000 volunteers from seventy-five companies. The Slovak Youth Council organized 72 Hours, another large-scale volunteer event, in which almost 5,000 young people volunteered in 2012.

Due to a shortage of foreign funding this year, CSOs were generally unable to modernize their technical equipment. The corporate sector occasionally donates used office equipment to CSOs.

FINANCIAL VIABILITY: 3.5



CSO financial viability continued to deteriorate in 2012. CSOs aim to diversify their financing, but still do not have access to stable and long-term funding mechanisms.

The government transition in April resulted in the cancellation or delay of several calls for grants from public funds, particularly in the area of human rights. The Office of the Plenipotentiary for Roma Communities, for example, terminated several initiatives this year.

Environmental CSOs have access to two significant sources of funding. The state-financed Envirofond provides approximately €30 million annually, while the corporate-funded Ekofond distributes €1.6 million per year.

The total amount of taxes assigned in 2012 was €42.9 million, almost €1 million more than in 2011. The amount assigned by individuals to CSOs increased by €1.9 million, while the level of taxes assigned by legal entities decreased by €944,000.

Foreign funding mechanisms provide significant support to CSOs. However, such funding is generally distributed all at once, and is therefore not a systematic source of support to the sector. The levels of support from these programs have actually declined each year. The Swiss Financial Mechanism allocated €2.5 million for CSOs and €3.5 million for joint Swiss-Slovak projects, but has not distributed any funding yet. The Norwegian Financial Mechanism, which has not started up yet either, will distribute €2.9 million to CSOs between 2013 and 2015. Another foreign resource, the Trust for Civil Society in Central and Eastern Europe, stopped funding new projects in 2012. Because of bureaucracy, funding from the EU has not been made available to all CSOs.

Corporate grant programs support useful local projects, but generally only provide support for one year, and therefore, do little to foster financial sustainability. Organizations such as the Donors Forum, the Pontis Foundation, and the Center for Philanthropy continue to work with companies to cultivate philanthropy and

corporate social responsibility. However, due to the financial crisis, most companies have decreased their philanthropy budgets. Research by 1.SNSC concludes that bank foundations have limited their programs for 2013 due to a new tax on withdrawals.

CSOs attempt to diversify their funding, seeking financial resources from individual donors, corporations, public funds, foreign funds, and the 2 percent tax assignment. In addition, CSOs increasingly provide services for payment by introducing at least symbolic fees for services that were previously available pro bono and developing supplementary activities for self-financing, such as e-shops.

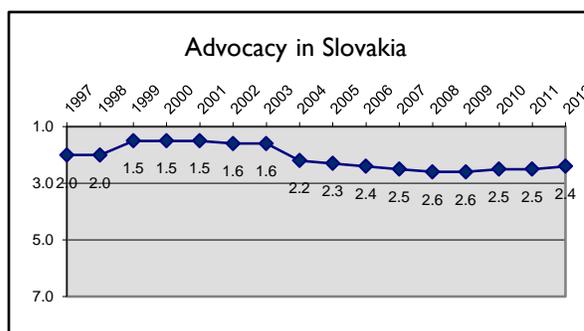
Individual giving through the portals dobrakrajina.sk (great country), ludialudom.sk (people to people), and dakujeme.sk (thank you) continues to develop. The portal darujme.sk (donate), a new CSO fundraising tool, enables CSOs to place payment icons directly on their websites and therefore to directly communicate with donors. Individuals donated more than €350,000 to CSOs through these mechanisms in 2012.

Big nonprofit organizations providing public benefit services and foundations are required to submit annual reports and to undergo financial audits. CSOs that receive funds from the state budget or the 2 percent tax assignment are subject to potential audits by the Finance Ministry.

ADVOCACY: 2.4

CSO advocacy improved slightly this year.

The new Slovak Government maintained the Government's Plenipotentiary for the Development of Civil Society. The Plenipotentiary continued to work with the new government to strengthen the development of civil society and adopt the Action Plan of the Initiative for Open Governance. The Plenipotentiary also organized a conference at which CSOs adopted the Call of the Third Sector. In the Call, CSOs present their demands to the government relating to legislation, open governance, CSO financing, and support to volunteerism and public services. The government has not addressed any of these demands yet.



CSO communication with the government will be facilitated by the Council of the Government for Non-Governmental Organizations, which replaced the Committee for NGOs in August 2012. The Council operates as an advisory body to the Slovak government on civil society issues and has a direct connection to the Deputy Prime Minister. In addition, CSOs can pursue their own interests more effectively by inviting their representatives to participate in meetings of the Solidarity Council, which serves as a platform to discuss issues that concern society as a whole.

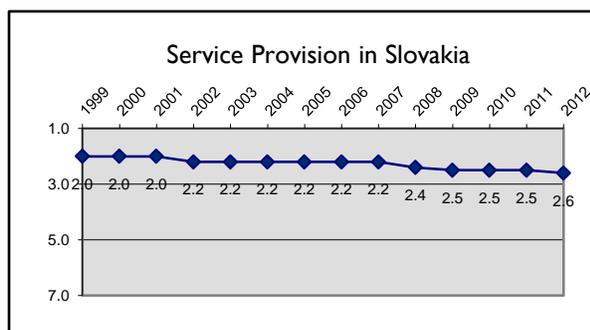
In 2012, the government accepted CSOs' input to the Public Procurement Act, thereby increasing the efficiency and transparency of the procurement process. For example, an electronic marketplace was adopted, through which public organizations will purchase goods, services, and construction works.

Amendments to the Tax Act passed in December 2011 called for a gradual reduction to the percentage of its tax liability that a legal entity could assign to an eligible organization, beginning in 2014. Threatened with the loss of this powerful incentive to donate, some CSOs advocated for change. The Pontis Foundation and the Center for Philanthropy, for example, initiated meetings with the Government's Plenipotentiary for the Development of Civil Society, which then arranged a meeting with the State Secretary of the Finance Ministry. Thanks to CSOs' lobbying efforts, the government postponed the decrease of the tax assignment. The 2 percent tax assignment will now begin to decline only in 2015, gradually decreasing to 0.5 percent by 2020.

CSOs involved in social issues have faced obstacles in communicating with the Ministry of Labor, Social Affairs and Family due to the government transition, which resulted in new personnel in the ministry. Human rights organizations also find it more difficult to pursue their interests, in part because of the elimination of the office of Deputy Prime Minister for Human Rights and National Minorities. The responsibilities for the human rights agenda have now been divided among several government departments. A new advisory body was established under the Ministry of Foreign Affairs called the Council of the Government for Human Rights, Minorities, and Gender Equality.

Teachers and nurses went on strike to protest their low wages, and demanded raises through the Slovak chamber of nurses and labor unions.

SERVICE PROVISION: 2.6



CSOs continued to provide a variety of services that reflect community needs in 2012. The most prominent services are social services for seniors, socially disadvantaged people, the disabled, and children. The second largest area is environmental services, followed by cultural and sports services.

The situation for CSOs providing social services deteriorated this year as CSOs faced difficulties communicating and creating relationships with new staff in the Ministry of Labor, Social Affairs and

Family.

CSOs continue to have an advantage over firms in the marketing and provision of certain services, such as energy consulting. However, CSOs face problems promoting these and other services in the media due to a lack of public relations skills and lack of interest on behalf of the media.

The Small Amendment to the Act on Social Services of December 2011 should have equalized public and private social service providers and required local governments to provide equal funding to both. In reality, however, local governments continue to provide more funding to public providers and claim that they lack the funds to finance private social service providers.

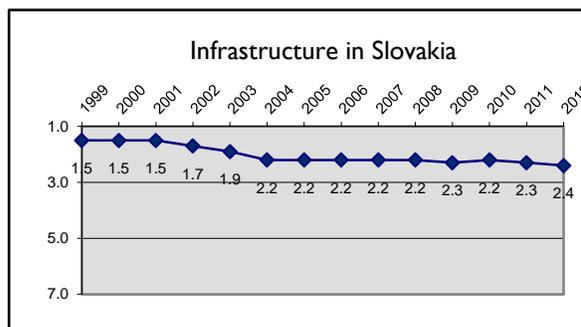
During the year, CSOs' ability to provide home-based social services to the elderly, disabled, and other at-risk populations in smaller villages continued to worsen. Village governments argue that they do not have sufficient funding for such social services, therefore people are increasingly placed in residential services, such as pensioners' homes, which are financed by regional governments. As a result, the number of private organizations providing such services was reduced in 2012.

Financing for centers offering recreational activities is threatened as well. Under the amendment to the Act on Financing Primary Schools, Secondary Schools, and School Facilities, municipalities should be granted funds for recreational activities according to the number of children with permanent residence therein. Currently, funding for recreational education is allocated to the towns and municipalities in which a child participates in such activities. On the basis of the amendment to the Act, a municipality will receive money for recreational activity centers even if they do not offer any activities.

INFRASTRUCTURE: 2.4

CSOs share experiences and network to carry out joint activities through several platforms and service organizations. However, insufficient funding and poor organizational capacity have caused an overall decline in infrastructure over the long-term.

There are no ISOs or CSO resource centers in Slovakia. 1.SNSC continues to operate as a central information source for CSOs in Slovakia. CSOs use 1.SNSC's portal as a resource on legal and economic information. 1.SNSC also continues to operate as a press agency for the nonprofit sector.



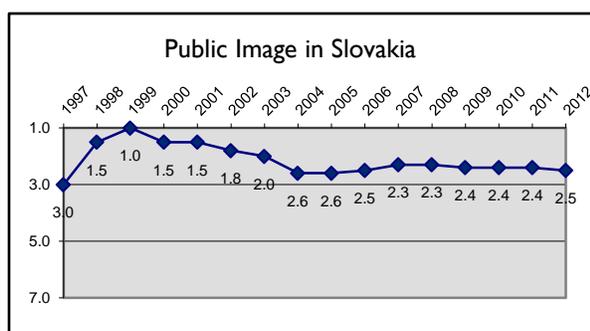
Coordination among environmental organizations has declined. The Socioforum, which used to be a strong platform in the social area, was managed by just two individuals in 2012. Insufficient organizational capacity and financial problems are the main reasons cited for the overall decline in the activity of platforms. As a result, the third sector no longer has a unified voice.

CSOs continue to have access to a variety of conferences, consulting, and training opportunities to expand their knowledge. Voices, Partners for Democratic Change Slovakia (PDCS), the Slovak Fundraising Center, and the Education Center for Non-Profit Organizations are some of the organizations that provide such services.

The Government's Plenipotentiary for the Development of Civil Society organized the second sector-wide conference in September 2012 at which CSOs formulated their demands to the government. The Plenipotentiary also organized a conference about the Open Government Initiative, which is aimed at increasing the transparency, efficiency, and accountability of government institutions and developing mechanisms that allow citizens to participate in governance. For example, an Open Data Portal was established to offer public access to data that was previously restricted by the state administration.

CSO relationships with the business sector were stable during the year. In addition, the Center for Philanthropy, the Pontis Foundation, WellGiving, the Carpathian Foundation, the Ekopolis Foundation, the Donors Forum and others all provide services in the areas of philanthropy and CSR. These CSOs also provide grantmaking services to private and corporate foundations.

PUBLIC IMAGE: 2.5



CSO public image deteriorated in 2012. Media attention during the year was focused on the elections. When the media did cover the sector, coverage was predominantly negative. For example, the media reported on fake public collections, which led CSOs to develop an amendment to the Law on Public Collections to prevent such abuses in the future, which they started discussing with the Ministry of Interior at the end of 2012. In addition, the economic crisis in the country increased negative attitudes toward the Roma, who are plagued by stereotypes of being dependent on

welfare benefits. Activist CSOs involved in Roma issues suffered as a result.

Research conducted by Greenpeace in cooperation with environmental organizations confirms that CSOs without public relations managers are unable to use the media to communicate their activities and needs effectively. As a result, decision makers and the general public do not know the majority of environmental CSO leaders.

On the positive side, the Press Agency of 1.SNSC reports that CSOs put out more press releases in 2012. In addition, the media continued to present in a positive light traditionally popular activities and organizations, such as Daffodil Day, which supports the fight against cancer; Smile as a Gift, which supports children's homes; Children's Hour, which supports children; and Good Angel, which supports children suffering from serious illnesses and their families.

The present government's attitude towards CSOs has been less hostile than that of the previous government. However the state remains distant and unapproachable to CSOs. The business sector's attitude towards CSOs remains positive.

The Institute for Public Affairs recently added an indicator to the Quality of Democracy Barometer that would monitor the development of the third sector, which CSOs consider a positive step. Only nonprofit organizations providing public benefit services and foundations are obligated to publish annual reports; some other CSOs choose to publish annual reports to demonstrate transparency or as a tool for fundraising.