



Carpathian Foundation  
SLOVAKIA

*TRENDS AND  
PERSPECTIVES  
for Future  
Development Support  
Programming in  
Eastern Slovakia*

Final report from a survey

Košice, October 2010





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*“Alone we can do so little;  
together we can do so much.”*

*Helen Keller*

Dear Readers,

The Carpathian Foundation has been serving the region of eastern Slovakia for fifteen years. Since its creation in 1994, the Foundation has been providing financial support, education and advisory for active people and non-profit organizations operating in this region, fairly considered handicapped from more points of view.

We are talking about a region considerably handicapped in regard to availability and insufficient development of its infrastructure. We are talking about a region lacking job opportunities, which economics has not been developing, for long years, with the speed compared to other regions and where the administrative borders with other countries presented an insurmountable barrier to meaningful cross-border collaboration. From the long term perspective, such collaboration represented a hope for development in a different, international context. We are talking about a region populated by a number of different nationalities and ethnic groups which has, to a great deal, contributed to a cultural variety and has added to its potential. However, it also presents an issue of tolerance and co-existence.

Luckily, this region is a home of energetic people. Perhaps due to more difficult circumstances, they have learned to manage in every situation, and therefore have become very important for our region.

Foundations from abroad who provided support to eastern Slovakia in early 90s and those who are still operating here have invested large funding resources into the development of this region with the purpose to help build a functional civic society. This support was supposed to initiate regional development processes and self – help community activities – seeds of development based on the use of our own internal resources. Each of these organizations and financial mechanisms uses their own support impact evaluation. However, there is no one complex evaluation which would calculate monies granted for so called non-investment projects, evaluate individual approaches, their effectiveness, point out at some incorrect strategies or, on the contrary, highlight success stories.

This publication presents outcomes of a study which ambition was to look at the region from the perspective of the last 15 years, and to evaluate progresses achieved in its economy, social field, development of the civic society and human resources. At the same time, we strived to summarize the information on the support, in all its forms, provided to the region in this period from international and domestic private founders.

The research team have formulated a series of recommendations to be communicated towards key stakeholders in the region. The purpose is to provide information and stimuli for prospective future support programming. We believe that the results of our unique research will inspire all who care about a better life in eastern Slovakia. Also, the publication is here to encourage communication between representatives of the non-profit sector and new corporate donors in the region, and, in its way, to contribute to a purposeful use of available resources.

*Laura Dittel*  
*Director*





# 1. Introduction

The basic objective of the present survey is to submit recommendations regarding effective programming of local corporate aid in Prešov and Košice self-governing regions from the viewpoint of targeting aid and its preferable forms as well as methods of evaluating the effectiveness of allocating the aid provided. One of two principal sources of background data was an analysis focusing on the character, thematic targeting and impact of financial aid extended to support projects implemented by non-governmental organizations and local self-governments in East Slovakia over the past 15 years, with a special emphasis on aid provided by private donors, both foreign and domestic.

The present analysis offers an overall perspective of the role non-governmental organizations have played in furthering development of the region of East Slovakia as well as areas immediately bordering with it and examines their impact on nourishing the region's social capital. The authors render an overview of positive examples and good practices that have significantly influenced the region's development, opened new horizons, introduced innovative approaches or set desirable trends and standards.

The authors of the analysis present basic characteristics of the non-governmental non-profit sector in the region of East Slovakia and activities of its leading players with a special focus on identifying and exposing potential areas of future cooperation between this sector and the private sector. The present study was based on 30 in-depth qualitative interviews with representatives of non-governmental organizations that operate in the region of East Slovakia; the respondents had been selected so that they represented non-governmental organizations as aid recipients as well as donor organizations as aid providers. In order to make the overall picture as plastic as possible, the authors also interviewed local leaders of the non-governmental non-profit sector; these interviews focused particularly on gaining a complex perspective of the third sector's overall condition in East Slovakia. During interviews, the respondents commented on four basic aspects of the issue of non-governmental organizations' success in nourishing social capital of the region of East Slovakia and their impact on furthering the region's development: relevancy of provided aid; its efficiency and effectiveness; sustainability of supported activities; and impact of provided aid.

Efficiency was examined by evaluating, among other indicators, the ability to achieve desired results for adequate costs, financial viability, producing quality results, adequate coordination and building institutional capacity of project implementators. Effectiveness was tested through probing the degree of satisfying clearly identified needs, achieving desired outputs and results, effective management, tackling negative side effects, etc. Sustainability was analyzed via assessing projects' viability to carry on beyond their pilot phase, ability to gain support from further sponsors or create own resources, ability and possibility to create monitoring and evaluation mechanisms and continuously develop managerial skills and involve concerned subjects and target groups. Last but not least, the impact and influence of non-governmental organizations was examined by reviewing the improvement in target groups' socio-economic status, changes in behaviour towards involved subjects and changes in subjects' organizational structure and their impact on their broader environment.

*team of Centre for research of ethnicity and culture*

## 2. Revitalization of the municipal community and good society in the region of East Slovakia

A well-functioning society can be pictured like a sturdy tripod whose first leg represents government, second the market and third civil society structures. Building on this simple concept introduced by Anthony Giddens, one may conclude that if any of the “legs” is too weak, the tripod becomes wobbly and society as a whole cannot develop well. Social cohesion and environment of mutual trust whose promotion is at the heart of civil society subjects’ activities are inevitable for proper functioning of economy; the market could not exist without mutual trust and respect for the law. The balance between all three elements – i.e. government, market and the third sector – is or at least should be advantageous for all those involved.

The so-called “good society” should therefore be built on balanced coexistence of the three aforementioned elements – namely government, market and civil society – however incompatible they may appear on the first sight. Government and market are here perceived as factors that work in synergy but simultaneously against each other; in simple terms, government fulfils the role of a correctional institution that has the power to adopt certain measures to influence the outcome of people’s activities in a capitalist free market. Government and market should work in mutual symbiosis, which guarantees arguably greater benefits than if the two competed against each other. Civil society, for its part, should “balance out” fundamental effects of market and government on lives of individuals and add another important quality. Government, market forces and civil society are therefore elements that should form partnership in an ideal model of society.

However, civil society structures operate almost exclusively on the local level, which is why quality of any society must be assessed precisely on this level. Truly successful institutions allow all those involved achieve their respective goals; in other words, they are the vehicles to fulfil purposes and achieve goals on top of reaching agreements. Some regions are more successful and effective than others in this respect; not only that, these disparities remain constant and often even tend to grow despite various efforts and measures taken by central governments and an increasingly high degree of redistribution. The fundamental question therefore is why there are such great disparities between regions in the first place?

One plausible explanation could be individual regions’ different level of economic development. There is a great number of analyses discussing the link between economic development of the country/region and effectiveness of its government. In most cases – and the case of East Slovakia serves a perfect example – the mutual conditionality of economic prosperity and government effectiveness leads to the desire to achieve affluence, which should in turn bring about well-functioning government.

This is obviously a false causality. East Slovakia is undoubtedly the region with the least developed infrastructure in the country, unfavourable demographic development in some sub-regions and economy that is backward in the long term. It is a region that is spatially marginalized within the national state. One could argue that the region’s back-

wardness in the past was primarily the result of underdeveloped and insufficiently influential civil society while many of its recent achievements may clearly be attributed to increasingly strong civil society structures. Future chances of the region of East Slovakia may not at all be as gloomy as many portray them; however, in order to fulfil all of its potential, it is essential to make further investments not only to completing highway connection with East Slovakia but especially to developing the region's social capital and strengthening civil society structures within the region.

In line with this logic, Robert Putnam offers more plausible explanations for regional disparities – namely the degree of community's civic character. Development of civil society is directly related to its economic prosperity, wealth and prevailing type of industry; in the past, though, regions with more developed civil society may not have been necessarily wealthier than those with less developed civil society. Therefore, Putnam concludes, economic development does not predetermine society's civic character but, quite the contrary, society's civic character predetermines its economic development.

The term "civic character" stands especially for solidarity, mutual trust, tolerance and involvement, i.e. everything that falls within the scope of the so-called public spirit. Citizen's participation through civic organizations intensifies cooperation and promotes sharing responsibility for collective efforts, which is why local associations are indispensable to rural development. In a non-civic community, citizens are unable to cooperate in the name of collective welfare or pursue activities that would go beyond their family interests.

In this context, the region of East Slovakia has been negatively affected by its historical heritage; regional disparities in the degree of local communities' civic character reach far into the past and have been influenced by many factors such as prevalence of agriculture in the region, structure of land ownership and so on. In the past, the region did not have sufficient opportunities to develop its social capital. Like other forms of capital, social capital is productive as it allows for accomplishing certain goals that could not be achieved without it. The most important quality distinguishing social capital from ordinary economic capital is that trust, standards and social networks are public goods as opposed to private ones. The prevalence of mutual trust within the community thus becomes the key factor – the higher it is, the higher the probability that people will work together. Mutual cooperation in turn strengthens mutual trust. Accumulation of social capital thus forms an indispensable and key feature of civil society.

The multitude of activities pursued by a great number of non-governmental organizations in the region of East Slovakia proves that civil society structures have become the key catalyst in the process of developing the region's social capital, overcoming its financial and infrastructural underdevelopment and thus directing it towards future economic prosperity.

# 3. Socio-economic characteristics of the region

## 3.1 Indicators of economic and socio-demographic development of Prešov and Košice self-governing regions

The purpose of this section is not to go to great lengths in describing economic and socio-demographic characteristics of the region of East Slovakia; they have been comprehensively described in various documents, for instance an analysis by Martin Valentovič<sup>1</sup> or respective Programs of Economic and Social Development elaborated by Prešov and Košice regional self-governments. Instead, we intend to focus on basic data and those features that seem to be responsible for the region's most pressing problems as well as the most promising areas of its development potential.

The key problems of the region identified by Valentovič in his analysis that later became essential to drafting a development strategy for the region of East Slovakia include the following:

### 1. Underdeveloped local economy

- Even when taking into account the purchasing power parity, per capita GDP in the region is below 40% of the average in current European Union (EU) member states;
- Even at the recent pace of GDP growth, economy of East Slovakia is not expected to reach the EU average before 2111; in the case of Prešov region it would not be before 2259.

### 2. Unused development potential

The territory of East Slovakia shows a great development potential that is able to boost competitiveness of local economy. The greatest advantages of the region include:

- Abundance of natural resources as well as cultural and historical specifics that create favourable conditions for high standard of living and development of tourism;
- Strategic location on the border with three countries in the vicinity of the Union's external border;
- Young workforce; traditional industry sectors along with a relatively well developed school network create favourable conditions for its high qualification; the education standard of the local population is particularly high in the field of secondary vocational education;

1 Valentovič, Martin: Profil regiónu Slovensko – Východ [Profile of the Region of East Slovakia], (Košice – Prešov, Prešovský samosprávny kraj a Košický samosprávny kraj, 2006)

- Climate conditions and quality of soil are favourable for development of agriculture and forestry;
- Abundance of mineral resources as well as curative and geothermal springs.

### 3. **Brain drain**

One of the most serious problems that plagues the region of East Slovakia in the long term is economic emigration of the local population, which is a direct result of low attractiveness of available jobs. The greatest challenge is preventing departure of the most qualified workforce.

### 4. **Social tensions**

Backward economy creates social tensions that involve particularly marginalized population groups. Another problem is the regional structure and availability of social assistance establishments, especially when it comes to old people's homes and pensions whose clients view the feeling of "home environment" as very important.

### 5. **Environmental pollution**

The region of East Slovakia, particularly its southern part, ranks among the worst areas in the country in terms of environmental pollution. What is even worse, this pollution continues to aggravate and may in the long term jeopardize the region's overall ecological stability.<sup>2</sup> Many areas of the region are permanently threatened by sudden devastating floods.<sup>3</sup>

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2 Environmental pollution in the region occurred and continues to aggravate as a direct result of unsatisfactory industry structure, indifference toward renewable energy sources, negative effects of decades of mining, ore-dressing and deforestation but also due to negligence of processing the communal waste.

3 The issue of (non-)seeking systematic solutions to protection against floods that repeatedly devastate the region is the case in point of a failure to capitalize on expert potential and ideas generated by the third sector; unfortunately, this issue exceeds the region's boundaries and applies nationally. Preferring other interests (mostly those of economic lobby groups that seek immediate profit regardless of long-term negative effects) at the expense of sustainable solutions (for instance the water-retention system that has been designed and is practically operated by the Ludia a voda civil association in the area of Tichý potok) not only causes human tragedies but also increases economic costs that must eventually be paid by the entire society.

## 3.2 Key problems according to the public – comparison of dissimilarities in perceiving the most pressing problems on the regional and national level

Besides actual problems of the region that have been identified based on general economic and socio-demographic indicators, it should also be interesting to examine which social problems are considered the most urgent by region residents and compare them to the most pressing problems as perceived by all Slovaks.<sup>4</sup>

In February 2010, the Institute for Public Affairs carried out the most recent in the series of surveys mapping out the public opinion regarding the most urgent social problems. The ranking of the most pressing problems perceived by the Slovaks and their development over the past decade are summed up in Table 1.

**TABLE 1**

<b>Which problems do you consider the most pressing in Slovakia? (%)</b>								
	2002	2003	2004	2005	2006	2007	2008	2010
Unemployment	65	58	59	62	53	37	45	<b>66</b>
Standard of living, social security	59	66	80	76	79	79	75	<b>51</b>
Corruption, clientelism, nepotism and related moral issues	31	28	22	29	24	25	22	<b>35</b>
Health care	33	46	36	34	33	37	23	<b>24</b>
Economic policy	21	21	16	13	10	12	21	<b>24</b>
Criminality, organized crime	18	14	17	18	22	15	16	<b>20</b>
State of politics, quality of democracy	19	23	10	13	10	9	9	<b>19</b>
Ethnic tensions, problems of coexistence	5	3	3	2	5	6	16	<b>12</b>
Education system	8	5	16	9	10	12	7	<b>8</b>
Judiciary, legislation, rule of law	-	-	3	3	6	6	4	<b>5</b>
Housing	9	5	5	5	6	7	6	<b>4</b>
Transportation								<b>4</b>
Drugs and alcohol abuse	3	3	4	3	2	4	2	<b>3</b>

<sup>4</sup> This section is based on surveys conducted by the Institute for Public Affairs in February 2010 and Bútorová, Zora – Gyárfášová, Olga: "Verejná mienka" ["Public Opinion"] in Kollár, Miroslav – Mesežnikov, Grigorij – Bútorová, Martin. (eds.): Slovensko 2009. Súhrnná správa o stave spoločnosti a trendoch na rok 2010 [Slovakia 2009: A Global Report on the State of Society and Trends for 2010], (Bratislava: Inštitút pre verejné otázky, 2010).

Xenophobia, racism, extremism	-	-	-	5	4	7	3	2
Bureaucracy, public administration	-	-	4	3	4	1	1	2
Regional and local problems	-	-	-	1	3	3	2	1
Environment	1	1	2	2	3	2	2	1
Economic emigration	-	-	-	1	3	2	2	0
Foreign policy, relations with neighbouring countries	1	1	0	0	1	3	1	0

**Note:** Respondents were asked to give spontaneous answers identifying a maximum of three problems.

**Source:** Institute for Public Affairs, 2002–2007; COPART-KVSBK/IVO, November 2008, Institute for Public Affairs, February 2010.

Let us now take a look at regional disparities in public perception of the most pressing social problems. The established differences may appear indistinct due to the methodology of data collection (i.e. asking questions with a multitude of possible answers) as well as the fact that certain problems act like communicating vessels (for instance, one respondent points out unemployment while another singles out living standard and social security but both in fact identify two sides of the same issue); nevertheless, it is possible to define **basic differences in perception of the most pressing social problems not only between residents of Prešov and Košice regions and those inhabiting the rest of the country** but also between residents of these two particular regions:

- The main specific of both regions' residents' perception compared to that of average Slovaks is **increased sensitivity to problems of unemployment, standard of living and social security**. Residents of the Prešov region seem to perceive this problem particularly through the prism of unemployment (81%, which was the highest share of all regions in Slovakia), obviously because of the actual unemployment rate; on the other hand, residents of the Košice region seemed more sensitive to problems such as standard of living and social security.
- Given the ethnic make-up of the population in East Slovakia, it is understandable that **residents of both examined regions are particularly sensitive to the issue of ethnic tensions and coexistence with the Roma**. Due to the high share of the Roma particularly in the Prešov region, many local respondents also identified **problems of education system**; on the other hand, residents of the Košice region attributed lesser importance to these problems compared to residents of any other region in Slovakia.
- Obviously due to their preoccupation with aforementioned existential problems, **residents of Prešov and Košice regions place lesser emphasis on more general social problems** such as corruption and clientelism or economic policy and world economic crisis. Their sensitivity to these problems is lower compared to average Slovaks, probably because they do not believe these issues directly affect their individual existence while in fact they do so in a fundamental way.
- **A rather essential difference between both regions' residents was established in their perception of the state of politics and quality of democracy**. While these is-

issues do not seem to bother residents of the Prešov region (only 15% of respondents perceived it as a problem, which was below the national average), they apparently irk residents of the Košice region enough to place them fourth overall, although they ranked seventh on the national list. The rate of sensitivity to these issues (30%) among respondents from the Košice region was higher by far than in any other region in Slovakia (including the Bratislava region), which renders it unrealistic to attribute this figure simply to factors such as education status and the share of urban population in the region.

A detailed comparison of public perception of the most pressing problems in particular regions is summed up in Table 2.

**TABLE 2**

<b>Which problems do you consider the most pressing in Slovakia? (February 2010,%)</b>									
	<b>BA</b>	<b>TT</b>	<b>TR</b>	<b>NR</b>	<b>ZA</b>	<b>BB</b>	<b>PO</b>	<b>KE</b>	<b>SR</b>
Unemployment	42	72	63	60	67	71	81	72	<b>66</b>
Standard of living, social security	42	39	63	59	50	59	38	56	<b>51</b>
Corruption, clientelism, nepotism and related moral issues	39	32	33	34	38	38	30	35	<b>35</b>
Health care	21	22	28	28	27	20	23	20	<b>24</b>
Economic policy	35	42	19	25	23	23	15	18	<b>24</b>
Criminality, organized crime	25	19	22	19	16	17	24	19	<b>20</b>
State of politics, quality of democracy	24	12	13	11	26	20	15	30	<b>19</b>
Ethnic tensions, problems of coexistence	4	15	5	4	9	18	12	13	<b>9</b>
Education system	9	11	9	7	9	6	9	4	<b>8</b>
Judiciary, legislation, rule of law	4	3	5	5	5	5	6	5	<b>5</b>
Housing	4	1	6	2	3	3	5	3	<b>4</b>
Transportation	4	5	5	6	1	5	1	7	<b>4</b>
Drugs and alcohol abuse									<b>3</b>
Xenophobia, racism, extremism									<b>2</b>
Bureaucracy, public administration									<b>2</b>
Regional and local problems									<b>1</b>
Environment									<b>1</b>
Economic emigration									<b>0</b>
Foreign policy, relations with neighbouring countries									<b>0</b>

**Note:** Respondents were asked to give spontaneous answers identifying a maximum of three problems.

**Source:** Institute for Public Affairs, February 2010.



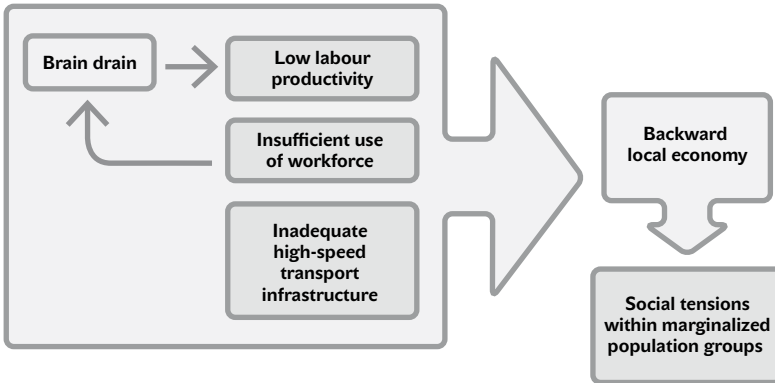
### 3.3 Identifying principal tensions and main areas of development potential in the region

The key problems in the region of East Slovakia as they were described in previous two sections are graphically outlined in Scheme 1.

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**SCHEME 1****Key problems of the region of East Slovakia**

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For obvious reasons, recommendations regarding elaboration of a development strategy for the region of East Slovakia focused on the following areas:

- Increasing productivity and competitiveness of local industry and services;
- Developing dormant potential for tourism;
- Developing agriculture and countryside;
- Increasing employment and employability of marginalized population groups;
- Enhancing effectiveness of the system of social services on the regional level;
- Enhancing effectiveness of the education system on the regional level;
- Stepping up environmental protection and maintaining ecological stability (Valentovič, 2006).

The principal goal of the present study is not to evaluate correctness and quality of goals and measures defined by regional development strategies that were based partly on these recommendations. When addressing the most pressing social problems as identified by residents of the region (please see section 3.2), it is plain to see that regional self-governments focus primarily on tackling those causes of regional disparities or those problems they can realistically tackle from their level of administering public affairs; in other words, said strategic documents focus primarily on infrastructure, environment and human resources while rather neglecting priorities related to building social capital

or non-material aspects of quality of life. This does not always correspond to expectations of ordinary people many of whom may not clearly understand what type of problems can be effectively tackled on this or that level of public administration or self-government. It may cause tensions between regional self-governments and the general public and/or continuation of people's lukewarm attitude to organs of regional self-governance which shows through extremely poor voter participation in regional elections.

We are interested in the development strategies primarily from the viewpoint of opening potential space for the non-governmental sector. We have already mentioned the importance of the degree of society's civic character for its future development. **While official strategic documents speak of furthering cooperation between all key players in particular areas, they do not explicitly address the non-governmental sector's role in fulfilling regional development strategies.** In the following section we will therefore examine the condition and structure of the non-governmental sector in the region, assess the degree to which expertise and activities of local non-governmental organizations respond to the region's principal problems and development needs and finally discuss optimum ways of structuring and targeting aid for the third sector on the part of donors.

## 4. Characteristics of the non-profit sector in the region and overview of its key players

### 4.1 Basic features of non-governmental organizations operating in the region

In the opening section, while discussing problems and marginalization of the region of East Slovakia, we argued that its backwardness in the past was partly caused by weak and insufficiently influential civil society while many of its recent achievements may clearly be attributed to increasingly strong civil society structures. This very fact is the source of potential as far as future development goes.

Bearing in mind this potential, we intend to examine in detail the scope and structure of non-governmental organizations that operate in the region of East Slovakia. Table 3 provides a structural overview of all non-governmental organizations registered in Slovakia in terms of their legal form and regional distribution of their headquarters. When we disregard the Bratislava region that naturally attracts not only non-governmental organizations, we see that Prešov and Košice regions (along with the Banská Bystrica region) are home to most non-governmental organizations in the country.

Overall, there are 3,953 non-governmental organizations of all legal forms registered in the Prešov region and 3,992 registered in the Košice region, which represents 24.4% of all non-governmental organizations registered in the Slovak Republic (32,480).<sup>5</sup>

Non-governmental organizations take one of the following five legal forms: foundation, non-investment fund, non-profit organization, civic association or interest association of legal persons. In all those categories, the total number of non-governmental organizations registered in the Košice and Prešov region is higher than in any other region except Bratislava; in the category of non-profit organizations it is even higher than in the Bratislava region.

Distribution of civic associations – the most common legal form and also the most effective one in terms of ability to address the region's problems and capacity to execute concrete practical measures – throughout the region is essentially even with natural exceptions on both poles; most of these organizations may be found in urban agglomerations (i.e. Košice, Prešov or Poprad) while fewest of them operate in the most problematic districts (e.g. Medzilaborce, Stropkov, Gelnica or Sobrance), which is primarily the result of these districts' lower total population but in some cases it can be also attributed to certain disillusionment on the part of civil society structures from waging an uphill battle in concrete localities (please see Table 4).

<sup>5</sup> The data are from May 2010.

**TABLE 3****Legal form and number of non-governmental organizations in Slovakia – a breakdown by region**

Region	Foundations	Non-investment funds	Non-profit organizations	Civic associations (unions, societies, clubs)	Interest associations of legal persons	Total number
Bratislava	220	157	346	7 036	236	7 995
Trnava	36	38	182	2 435	98	2 789
Trenčín	23	30	227	2 371	88	2 739
Nitra	32	81	285	2 894	109	3 401
Žilina	25	51	186	2 999	103	3 364
Banská Bystrica	27	32	350	3 669	169	4 247
Prešov	32	50	392	3 323	156	3 953
Košice	43	58	357	3 365	169	3 992
TOTAL	438	497	2 325	28 092	1 128	32 480

**Source:** RES SR 05/2010.

If we take a closer look at the structure of non-governmental organizations in Prešov and Košice regions from the viewpoint of their main field of activity (categorization according to the so-called SKNACE code), we can make the following observations:

- Most organizations are membership and/or interest associations;
- In terms of specialization, most organizations focus on sports;
- When analyzing the remaining non-governmental organizations, it is fair to draw a conclusion that their main field of activity basically corresponds to actual problems that are most sensitively perceived by the general public (i.e. welfare work, education, working with children and young people); on the other hand, there is an obvious absence of organizations that would officially specialize in working with the Romany minority (due to the SKNACE categorization, these organizations are divided into those working with children and youth and those focusing on education and welfare work).

From the viewpoint of strengthening the role of civil society structures on the local and regional level as well as on the national or international one, we perceive the low overall share of non-governmental organizations of advocacy, watchdog and/or think-tank type as a serious deficiency with respect to the priority of maximizing the region's educational potential and simultaneously one of principal reasons for brain drain from the region.

**TABLE 4****Number of non-governmental organizations in Prešov and Košice regions - a breakdown by legal form**

Region	District	Foundations	Non-investment funds	Non-profit organizations	Civic associations (unions, societies, clubs)	Interest associations of legal persons	Total
Prešov	Bardejov	3	3	40	254	8	<b>308</b>
	Humenné	2	4	25	243	9	<b>283</b>
	Kežmarok	1	3	17	240	15	<b>276</b>
	Levoča	1	4	17	132	7	<b>161</b>
	Medzilaborce	1		10	58	3	<b>72</b>
	Poprad	4	5	50	575	16	<b>650</b>
	Prešov	14	24	137	847	42	<b>1 064</b>
	Sabinov	1	1	18	187	7	<b>214</b>
	Snina	4	1	16	135	10	<b>166</b>
	Stará Ľubovňa		1	13	152	12	<b>178</b>
	Stropkov		1	7	83	3	<b>94</b>
	Svidník	1	2	19	126	12	<b>160</b>
	Vranov nad Topľou		1	23	291	12	<b>327</b>
Košice	Gelnica		2	9	89	4	<b>104</b>
	Košice 1	21	17	72	662	27	<b>799</b>
	Košice 2	4	12	48	391	13	<b>468</b>
	Košice 3		3	16	76		<b>95</b>
	Košice 4	4	11	50	347	15	<b>427</b>
	Košice-okolie			24	323	20	<b>367</b>
	Michalovce	3	1	38	405	22	<b>469</b>
	Rožňava	2	5	17	311	18	<b>353</b>
	Sobrance			6	76	8	<b>90</b>
	Spišská Nová Ves	4	5	33	355	18	<b>415</b>
Trebišov	5	2	44	330	24	<b>405</b>	
<b>TOTAL</b>		<b>75</b>	<b>108</b>	<b>749</b>	<b>6 688</b>	<b>325</b>	<b>7 945</b>

**Source:** RES SR 05/2010.

**TABLE 5****Number of non-governmental organizations in Prešov and Košice regions - a breakdown by main field of activity and by region**

Main field of activity SKNACE/name	Region		TOTAL
	Prešov	Košice	
Other catering services	2		2
Administration of real estate property	1		1
Business counselling		1	1
Other natural science research	1		1
Other expert activities	4		4
Organization of congresses	3		3
Other auxiliary business activities		1	1
Pre-school education	16	11	27
Primary education	34	23	57
Secondary general education	19	14	33
Secondary vocational education	19	16	35
Operation of vocational establishments	1	2	3
Post-A-levels non-tertiary education	1		1
Tertiary education		1	1
Sports and recreation	8	8	16
Art education	16	11	27
Other education	41	57	98
Auxiliary educational activities		4	4
Hospital activities	9	9	18
General medical practice activities		2	2
Specialized medical practice activities	3	1	4
Other health care	7	19	26
Nursing services in medical establishments	2	6	8
Providing care of mentally ill	2	4	6
Providing care of elderly persons	15	20	35
Providing other care with accommodation	12	11	23
Welfare work without accommodation	21	20	41
Providing daily care for children	7	4	11
Other welfare work without accommodation	160	118	278
Scenic art	3	9	12
Artistic creation	1		1
Operation of cultural establishments	3	1	4
Operation of museums	8	3	11
Operation of historical monuments	10	3	13
Operation of sporting facilities	522	6	528

Sports club activities	666	1 181	<b>1 847</b>
Other sporting activities	97	29	<b>126</b>
Other entertainment and leisure activities	3	1	<b>4</b>
Activities of business and employers' organizations	8	5	<b>13</b>
Activities of professional and membership organizations	3	5	<b>8</b>
Activities of trade union organizations	179	68	<b>247</b>
Activities of church organizations	4		<b>4</b>
Activities of political organizations		2	<b>2</b>
Activities of youth organizations	1	94	<b>95</b>
Activities of amateur clubs	250	2 064	<b>2 314</b>
Activities of other membership organizations	1 790	158	<b>1 948</b>
Providing wellness services	1		<b>1</b>
<b>TOTAL</b>	<b>3 953</b>	<b>3 992</b>	<b>7 945</b>

**Source:** RES SR, 05/2010.

## 4.2 Development of the third sector in the region of East Slovakia in the context of Carpathian Euroregion

The Carpathian Euroregion spreads over parts of five countries – Hungary, Poland, Romania, Ukraine and Slovakia. This territory is inhabited by 16 million people who live in 19 administrative provinces of various size, including seven in Romania (Bihor, Botosani, Harghita, Maramures, Satu Mare, Salaj, Suceava), one in Poland (Województwo Podkarpackie), five in Hungary (Borsod-Abaúj-Zemplén, Heves, Hajdú-Bihar, Jász-Nagykunszolnok, Szabolcs-Szatmár-Bereg), four in Ukraine (Lvovskaya, Zakarpatskaya, Ivanofrankovskaya, Tchernovitskaya) and two in Slovakia (Prešov and Košice regions).

All these provinces have one thing in common: they are located on the periphery of national states they form part of. The principal mission of the initiative called Carpathian Euroregion is to help participating provinces reverse their peripheral position. The globalization process inevitably divides the world across national borders into centres, peripheries and marginalized territories; therefore, the common objective of concerned elites from all 19 provinces associated in the Carpathian Euroregion is to prevent entire provinces from becoming marginalized and create conditions for all involved provinces to cope well with their position on the periphery. Besides the joint desire to escape the fate of marginalization, all involved regions face very similar economic problems related to their lingering rural character and face similar challenges that ensue from cultural and ethnic diversity of the entire region. While no part of the combined territory is obviously predetermined to become the region's centre, East Slovakia seems best equipped to evolve into one, both due to its geographical location and relatively developed infrastructure.

In its endeavour to close the gap behind developed EU regions, the Carpathian Euroregion may rely on various strategic documents. The Strategic Development Program for the Carpathian Euroregion drafted in 2004 correctly pointed out the necessity to pursue common strategies in order to achieve higher standards of socio-economic prosperity. The document pointed out that despite intense efforts to promote economic ties across national states' borders, particular areas of the Carpathian Euroregion continue to develop in 'clusters' around regional centres (e.g. Debrecen, Košice, Prešov, Rzeszów, Lvov, Nyíregyháza, Baia Mare, Uzhgorod, etc.). Future development of the Carpathian Euroregion must therefore be planned and pursued while taking into account common interests of involved provinces as opposed to those of particular national states' capitals (i.e. Bratislava, Budapest, Bucharest, Warsaw or Kiev). Systematic efforts must be made to transcend psychological boundaries existing across the Carpathian Euroregion, knowingly ignore political borders of national states and promote competence, activities and projects of non-governmental organizations and donors alike.

Although the original mission of the Carpathian Euroregion<sup>6</sup> undoubtedly continues to apply, it was formulated in early 1990s when it was necessary to address many tragic wounds the region had suffered in the past and assure peaceful development of particular provinces. The mission gradually evolved and at the turn of the 21st century it was amended to include the vision of bridge, which portrayed the Carpathian Euroregion as a business and cultural bridge between the east and the west. After four out of five participating countries joined the EU and three of them subsequently became part of the Schengen Area, development in these countries gained a new momentum and efforts to close the gap behind more developed EU member states and regions gained new dimensions. Today the mission of the Carpathian Euroregion seems in dire need of yet another amendment that would encourage all those involved to invest into development of social capital.

A mere glimpse on cross-border cooperation projects that have been implemented in the region reveals that investments into infrastructure strongly prevail. Joint infrastructure was a crucial problem after long decades during which these countries were unnaturally separated; therefore, investments into renewing it were fully justified especially in the 1990s. A good example is cross-border cooperation between Poland and Slovakia. The first cross-border program financed from EU funds was called PHARE CBC and was launched in 1999; between 2000 and 2003, it brought to the region investments totalling €16 million. Soon after both countries together joined the EU in May 2004 they introduced INTERREG III, a program for the period of 2004–2006 with following priorities:

- Priority No. 1: Infrastructural development (i.e. technological, communication and environmental infrastructure) – 55% of available funds;
- Priority No. 2: Socio-economic development (i.e. developing human resources and business environment, protecting natural and cultural heritage and supporting local initiatives) – 38% of available funds.

6 " ... to improve living standard of its inhabitants, preserve peace, further good neighbourly relations between people living along the borders of national states, and eliminate the dividing effects of borders while guaranteeing stability of existing borders."



Joint cooperation on various projects has recently intensified. **It is very positive that individual provinces are beginning to cooperate and tackle problems that have accumulated for decades** (e.g. through joint projects in the field of tourism or flood prevention). **But that alone will hardly be enough to make the entire region an organic whole and solve the problems that face all provinces of the region separately – most importantly brain drain, problematic inclusion of marginalized minorities or development of quality education.**

A good example of ongoing joint efforts is Transnational Cooperation within the framework of INTERREG IIIB CADSES Neighbourhood Program. Part of the program is the so-called Carpathian Project that in 2000–2006 encompassed all activities within the Carpathian Euroregion. Its evaluation revealed that only 70 out of the total of 1,600 project partners (4.3%) participating in CADSES projects were based in the Carpathian Euroregion. **This is not to say that the projects would not benefit the region but it certainly speaks volumes of the region's inadequate preparedness to participate in decision-making processes that concern it as well as of its inadequate social capital. It is plain to see that future projects designed for the Carpathian Euroregion should focus primarily on strengthening, interconnecting and pooling its social capital.**

## 4.3 Extent, structure, targeting and effectiveness of aid provided by private donors in the region of East Slovakia

*Authored by Ing. Lenka Ilanovská*

In 1990s foreign financial resources played a fundamental role in the development of democratic society, construction of non-governmental sector's structures and shaping of the business sector, and also in the advancement of cultural projects, environment protection or reinforcement of inevitable social changes. Foreign resources helped building and shaping a setting that enables non-governmental organizations to execute their community projects even today.

### 4.3.1 FOREIGN PRIVATE FUNDS

Disregarding public funds administered and distributed by consulates or agencies managing pre-accession EU funds since the beginning of 1990s Central European region has managed its transition process with the assistance of foreign foundations in the first place. These, however, ceased their aid programs after Slovakia's accession to the European structures. Given that most foreign foundations came to Slovakia to help build democratic society after the fall of communism such strategy is natural. Fifteen years of their activities in Slovakia were focused on several priorities of their financial strategies:

- Civic society and fundamental democratic freedoms development;
- Support to minorities and human rights protection;
- Construction of non-profit sector's infrastructure;

- Building capacities of non-governmental non-profit organizations through education, trainings and various development programs for their employees;
- Building libraries;
- Exchange internships and scholarships for future leaders.

The largest foreign foundations that operated in Slovakia include:

- American foundations: Open Society Institute (grants administered by Open Society Foundation), Ford Foundation, Charles S. Mott Foundation, Rockefeller Brothers Fund, German Marshall Fund of the United States, Foundation for a Civil Society, National Endowment for Democracy, Freedom House;
- Central Europe Fund founded by Sasakawa Peace Foundation;
- Cooperating Dutch foundations that in collaboration with ING Bank founded SOCIA-foundation supporting social changes in 2002;
- British Charity Know-How, Charities Aid Foundation, Westminster Foundation;
- German foundations Konrad Adenauer Stiftung, Friedrich Ebert Stiftung, Hanns Seidel Stiftung, Friedrich Naumann Stiftung and Heinrich Böll Stiftung.

As the following table indicates foreign foundations supported Slovakia's transition with considerable financial resources.

**TABLE 6**

<b>Amounts of grants awarded by selected foreign foundations</b>					
<b>Rok</b>	<b>Ford Foundation</b>	<b>German Marshall Fund of the United States</b>	<b>Mott Foundation</b>	<b>Nadácia otvorenej spoločnosti – Open society Fund (NO – OSF)</b>	<b>Sasakawa Central Europe Fund (SCEF)</b>
1991					187 377 €
1992					263 007 €
1993		57 758 €	48 777 €		383 025 €
1994	96 779 €	48 819 €	50 325 €		184 862 €
1995		42 472 €	131 620 €		118 424 €
1996	226 850 €	25 840 €	119 224 €		112 913 €
1997	116 135 €	7 742 €	169 944 €	3 864 024 €	96 288 €
1998	454 707 €	65 810 €	316 390 €	5 277 975 €	85 609 €
1999	201 300 €	23 227 €	967 792 €	5 353 238 €	89 951 €
2000	356 147 €	92 868 €	1 051 780 €	4 975 310 €	36 068 €
2001	538 092 €	81 225 €	1 324 182 €	4 192 551 €	76 674 €
2002	348 405 €	202 656 €	2 512 202 €	4 554 764 €	71 649 €
2003	526 478 €	135 036 €	674 500 €	2 692 708 €	128 493 €
2004			148 708 €		93 185 €
<b>TOTAL</b>	<b>2 864 893 €</b>	<b>783 453 €</b>	<b>7 515 444 €</b>	<b>30 910 570 €</b>	<b>1 927 525 €</b>

**Source:** www.spf.org, www.mott.org, Donors' Forum

An estimate based on the aforementioned data indicates a sum exceeding 1.5 billion Slovak crowns (more than 50 million EUR). As mentioned earlier aid from foreign foundations was reduced and mostly ended once Slovakia's integration processes has completed. Withdrawal of foreign foundations did not happen overnight- this process was rather gradual and planned so that it would not ruin what foreign foundations had been building here. In order to ease this procedure six private American foundations (Atlantic Philanthropies, Mott Foundation, Ford Foundation, German Marshall Fund, Open Society Institute a Rockefeller Brothers Fund) established CEE Trust with 75 million USD allocated to be distributed to non-governmental organizations in Central European countries by 2012.

#### **4.3.2 FOREIGN FOUNDATIONS' CONTRIBUTION TO THE DEVELOPMENT OF PREŠOV AND KOŠICE SELF-GOVERNING REGIONS**

It should be emphasized that in the past 15 years infrastructure and organizations of non-governmental sector in Prešov and Košice self-governing regions (as well as in other regions of Slovakia) could have been built also thanks to activities of foreign foundations. Impact of their activities on respective regions cannot be quantitatively assessed given that majority of paid grants was nationwide (with no particular focus on the region of East Slovakia). Nevertheless we will try to draw fundamental conclusions stemming from the evaluations made by the representatives of respective foundations and grant recipients. Finally, we will base our evaluation of foreign foundations' contribution on a thorough analysis of grants paid by selected foreign foundations in the period of 2002-2004 and their comparison with the years following the cessation of their operation in Slovakia. Foreign foundations created programs aiming part of their aid at Slovakia that was going through a transition process and was looking for its ways. After 40 years of fundamental human rights violation citizens were free to associate and speak publicly; public control of power became the subject of democratic elections. Civic society and its structures could be built. However, it was not only financial aid that the foreign foundations provided. Many foundations also brought know-how and experiences, enabled eminent figures from abroad to do lecturing in Slovakia or provided scholarships and organized foreign exchange programs for students from Slovakia.

It was clear that in order to achieve their desired results their aid could not be focused on local organizations, but had to be global (nationwide). However, detailed study of such grants shows that even though a grant was paid to an organization in Bratislava other regions of Slovakia benefited from its activities, too. Following examples of such strategies' impacts should help make the picture more plastic:

- SCEF grants for Slovak Foreign Policy Association (SFPA) that is based in Bratislava but executed its programs in its branches in Prešov and later in Banská Bystrica, too. *Slovak Foreign Policy Association (SFPA) was founded in August 1993 as an open discussion forum on international affairs and the Slovak foreign policy without links to any party or movement. Central activities of the association until 1995 consisted of organizing the public discussion events focused mainly on the Slovak foreign policy issues. In 1995, the Research Center SFPA (RC SFPA) was founded and has become the first independent, non-governmental think tank in the Slovak Republic. In 1995 a first regional office of the Research Centre SFPA was established in Prešov*

and three years later, in 1998, another office arose in Banská Bystrica. In the period of 1994-1999 SCEF supported SFPA in finding and developing potentials of leaders who could guide the country in its transition process. Grants were also aimed at bringing information from abroad and helping shape Slovak foreign policy. It can be declared that many public officials representing the country abroad or members of Parliament cooperated with SFPA on some level. From the donor's perspective this certainly was a program of a long-lasting impact and community-wide significance.

- Mott Foundation's or SCEF's grants for Slovak Academic Information Agency (SAIA) SAIA, since its establishment in 1990, has been implementing programs and providing services aimed at enhancement of civic society, and assisting in internationalization of education and research in Slovakia. It was also foreign foundations that, using their funds, helped build independent information agency and its regional branches (in Košice and Prešov). Until today SAIA provides services and executes activities helping the public in a certain way.
- Evaluation of foreign foundations' contribution to the region of East Slovakia can also be based on the Slovak foundations' approaches.  
*G. Soros established his foundation also in Slovakia- Open Society Foundation; since its creation it has been ranked among the largest foundations. Its affiliation to the region of East Slovakia is also represented by the fact that its branch in Prešov has been operating for years. Even though this branch has no special programs designed for East Slovakia it has a crucial meaning- people from the region don't have to travel to the head office in Bratislava. OSF provides considerable financial support to both self-governing regions (Košice and Prešov) in East Slovakia, particularly focused on the issues of Romany communities. According to the foundation, the impact of such programs is obvious, even though their sustainability is very difficult. In case the foundation withdraws from the region organizations that received financial support are immediately engulfed by their environment. OSF therefore considers their constant presence in the region a necessity. The foundation noticed that the region and organizations in the region are typically unwilling to cooperate, associate and establish alliances that would improve solutions to many of their problems; this aspect, however, has no impact on the foundation's operation. Nevertheless, it is a serious limitation to advocacy activities inevitable for solving some of the society's problems.*

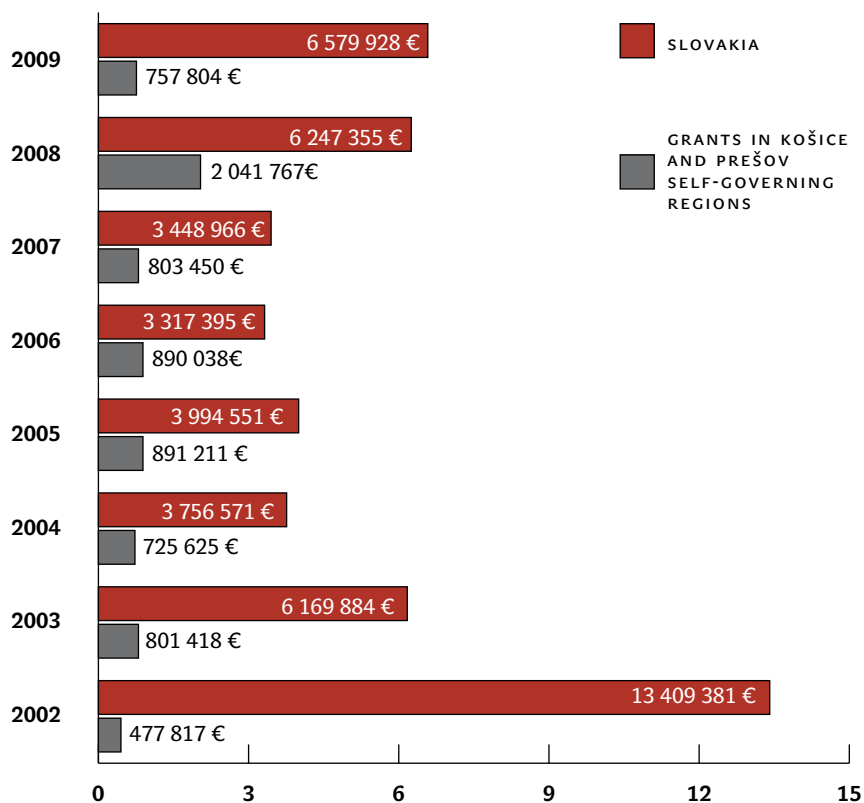
In 1990s SCEF approved a grant for International Youth Foundation that launched (first in the V4 region and later in Slovakia) a project concerned with children's rights and aimed at building organizations dealing with this subject. Such initiatives eventuated in the establishment of Children of Slovakia Foundation that annually allocates significant funds to the region of East Slovakia (funds are raised through a public fundraising program Hodina deťom-Children's Hour).

Positive evaluation of impact of aid provided by foreign foundations to the region of East Slovakia is confirmed by SCEF who has been awarding Sasakawa Environment Award for several years in Slovakia with non-profit organizations being among the most successful.

With regards to quantitative evaluation it is possible to draw certain conclusions based on the analysis of paid grants. Data collection carried out by prominent foundations associated in the Donors' Forum was used for this purpose (data collection included both foreign private and public resources)<sup>7</sup>. Grants awarded will be evaluated using two quantitative indicators- number of grants awarded and volume of funds distributed.

**GRAPH 1**

**Volume of funds distributed to Prešov and Košice self-governing region through grants of the Donors' Forum members in 2002–2009**



**Source:** Donors' Forum, 2010.

Presence of foreign foundations manifests itself mainly in the volume of funds distributed in 2002 when the total volume of funds was at its peak. Foreign foundations purposely aimed these funds at institutional development of organizations that would later

<sup>7</sup> For the purposes of the present analysis data was reviewed and grants administered by consulates or public foundations were left out.

be able to assume the responsibility for further advancement of the society. It is clear nowadays that foreign funds played an important role in starting up some organizations and thanks to them several Slovak foundations have the capacities to manage private funds of big multinational corporations or EU funds. Nevertheless, it was not simple to build such strong institutions; their transformation into foundations funded by private (domestic) funds was critical. However, volume of funds distributed by members of the Donors' Forum indicates that this transformation was successful. Amount of awarded grants after a substantial drop following foreign foundations' withdrawal in 2003 and 2004 was stabilized by 2007 and was increasing until it reached its peak in 2009.

With regards to the volume of funds channeled to Košice and Prešov self-governing regions year 2008 is associated with a great success. In 2009 volumes of funds for the regions of East Slovakia declined; nevertheless it was still double the amount gained in 2002.

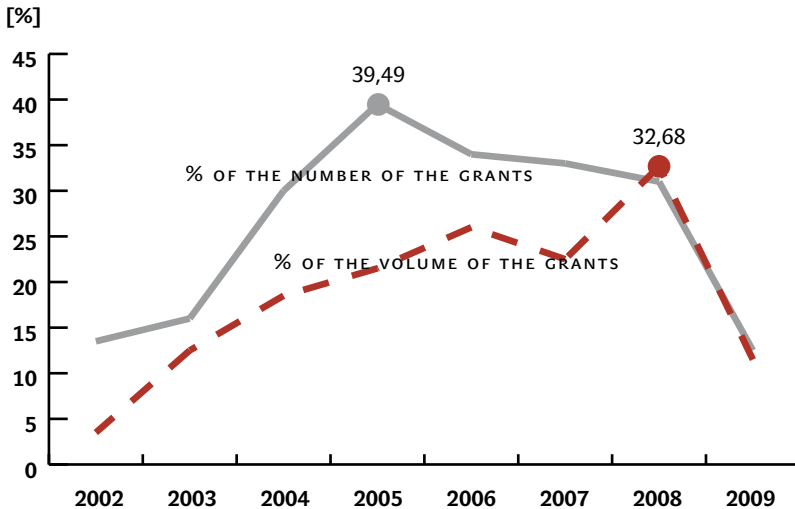
In 2008 not only did East Slovakia receive the maximum funds but this year also brought the highest number of grants awarded to this region by the Donors' Forum (536 grants).

The aforementioned absolute numbers should, however, be looked at contextually and in relative terms. When comparing regional data with the total data representing Slovakia as a whole it becomes clear that East Slovakia received the largest volume of funds in 2005- the Donors' Forum distributed 39.5% of funds to this respective region. In 2006 and 2007 this percentage decreased mildly and slumped to the 2002/2003 level in 2009. Low share of grants flowing in the region of East Slovakia in those years can be explained by foreign foundations' nationwide distribution of their funds.

Volume of funds remains stable- amounts of grants for Prešov and Košice self-governing regions in both absolute and relative terms were peaking in 2008.

**GRAPH 2**

**Share of Prešov and Košice self-governing regions on the total number of awarded grants and on the total volume of funds distributed by the Donors' Forum in 2002–2003**



**Source:** Donors' Forum, 2010.

Generally it can be argued that foreign foundations' withdrawal negatively affected the total number of awarded grants (decline in 2004); an opposite tendency was recorded with regards to grants channeled to Prešov and Košice self-governing regions though.

### 3.4.3 NON-PROFIT SECTOR IN THE REGION OF EAST SLOVAKIA

Almost one-quarter (25%) of all formally registered non-governmental non-profit organizations are based in Prešov and Košice self-governing regions. Looking at the regional distribution of 2% of income tax recipients it is clear that the share of the aforementioned regions on the overall number of recipients is around 22–23% (which thus corresponds with the number of registered organizations). However, situation is different with respect to the amounts collected from taxpayers (both individuals and legal entities) – non-profit organizations based in East Slovakia receive only 14–15%. This might suggest ineffectuality of organizations from this region; however, taking into account the most significant recipients of 2% of paid income tax that are based in Bratislava (e.g. five most successful recipients of such support in 2009 are based in Bratislava and received 15% of the overall amount assigned) organizations from East Slovakia may be ranked among the most successful.

With respect to the regional distribution of foundations number of foundations registered in Prešov and Košice self-governing regions averages out other regions of Slovakia. According to the Register of foundations (as of December 31, 2009) there were 62 foun-

dations registered in the two aforementioned regions. Up to 61% of these foundations were active in grant-making in 2009 which also corresponds with the overall Slovak average. Interestingly, however, up to 31% of all foundations registered in the region of East Slovakia are represented by corporate foundations<sup>8</sup>.

A hallmark of non-profit organizations registered in the region of East Slovakia is that they are locally oriented. Most organizations focus their activities exclusively on the region of East Slovakia and do not create or implement countrywide programs. Neither do they execute activities in towns outside the region's borders.

### 3.4.4 DOMESTIC PRIVATE FUNDS

Conducting a thorough analysis of domestic private funds directed to the non-governmental sector is a challenge for every analyst. Domestic private funds comprise various financial and material contributions of individuals and legal entities that cannot be captured in their entire complexity. However, it is feasible to put together a relatively comprehensive picture of domestic private funds using different sources of information.

#### **Foundations**

Foundations provide financial resources for the non-governmental sector by redistributing the funds to non-profit organizations, individuals or informal associations. Slovak foundations do not have enough funds at their disposal to be independent and their operation is thus closely linked to the region's economic prosperity, employment, business environment and other factors. Foundations need to address both individual and corporate donors in order to gain sufficient funds that are further redistributed or used for foundation's own public benefit programs.

Combined expenditures (grant programs and operational projects) of foundations reach annually app. 40 million EUR. In the period of 2004–2008 Slovak foundations' expenses exceeded 205.6 million EUR.

Following table summarizes volumes of grants provided by foundations:

**TABLE 7**

<b>Volume of grants redistributed by Slovak foundations</b>		
<b>Year</b>	<b>Volume of grants provided by Slovak foundations</b>	
2004	908 352 126 Sk	30 151 767 €
2005	703 271 216 Sk	23 344 328 €
2006	883 752 695 Sk	29 335 215 €
2007	737 293 928 Sk	24 473 675 €
2008	868 599 564 Sk	28 832 223 €
<b>TOTAL</b>	<b>4 101 269 529 Sk</b>	<b>136 137 208 €</b>

**Source:** Donors' Forum

<sup>8</sup> Corporate foundation is defined as being established by a legal entity established for a business purpose.



In the end of 2008 Slovak foundations were affected by the global phenomenon- economic recession that also fully impacted grants channeled to the region of East Slovakia. Based on the analysis of the Donors' Forum it is known that number of grants awarded to East Slovakia's organizations in 2008 (536 grants) dropped by more than 50% in 2009 (245 grants). While in 2008 the region received aid in the amount of 2 million EUR, it was only 758,000 EUR in 2009. Given that nowadays Slovak foundations mostly redistribute domestic funds (both public and private) these conclusions are not surprising.

### **Donations from individuals and legal entities**

Data on donations from individuals and legal entities are available from the Tax Directorate of the Slovak Republic and provide a plastic picture of the donations' extent and development up to 2002.

Changes to tax legislation in 2002 replaced the mechanism of deducting donations from the tax base with the mechanism of assigning a share of paid income tax. This changed the nature of such mechanisms entirely<sup>9</sup> as on the one hand it is the taxpayers who decide about the use of their paid income tax; on the other hand the mechanism of tax assignation involves public funds collected and distributed by tax offices.

Originally, in 2002 only individuals were allowed to write-off 1% of their paid income tax. However, there was an effort to prevent the tax reform from decreasing the aid provided for public benefit activities which is why the tax assignation mechanism was opened to legal entities and the percentage of paid income tax increased to 2% as of 2004. Given that public benefit activities are in great demand and culture of philanthropic donations is rather poor it is required that part of such activities is funded by public funds. Compared to alternative forms of financing via public expenditures mechanism of direct assignation of a share of paid income tax has a great advantage- it is specifically addressed to a particular recipient. In other words, taxpayers themselves (rather than the Government) deliberately decide which activities should be supported.

Donations that could be deducted from taxpayers' tax bases were channeled to science, education, culture (including renovation of cultural landmarks), educational system, fire prevention, youth activities, public security, animal protection, social and health affairs, ecological, humanitarian, charitable and religious purposes of recognized churches and religious communities, physical education and sport, and the State Housing Development Fund for the construction of municipal rental apartments.

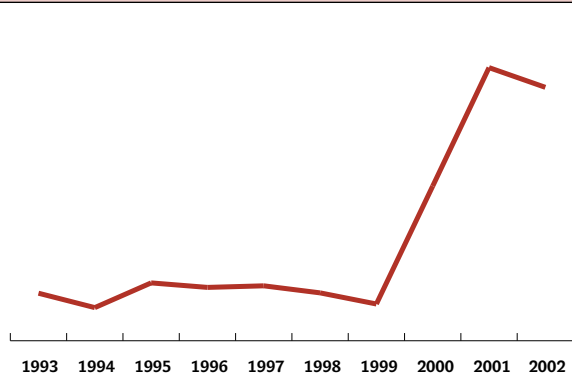
Volumes of donations from individuals and legal entities have had an ascending tendency since 1993. Data of the Slovak Tax Directorate provides exact figures and development as indicated in the table and graph below:

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<sup>9</sup> In 2002 the tax reform introduced a mechanism of tax assignation (in 2002 and 2003 individuals were allowed to write-off 1% of their paid income tax, since 2004 it has been 2% that could be written-off by both individuals and legal entities)

**TABLE 8****Volumes of donations from legal entities in the period of 1993–2002**

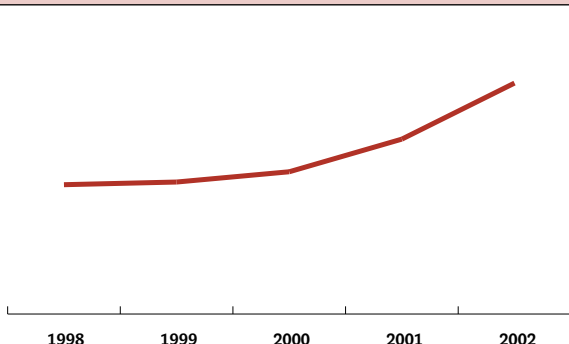
Year	Volumes of donations from legal entities
1993	12 355 689 €
1994	8 613 747 €
1995	15 038 287 €
1996	13 859 181 €
1997	14 270 830 €
1998	12 442 317 €
1999	9 555 301 €
2000	40 183 326 €
2001	70 963 785 €
2002	65 844 413 €
<b>TOTAL</b>	<b>263 126 878 €</b>



**Source:** Tax Directorate of the Slovak Republic

**TABLE 9****Volumes of donations from individuals in the period of 1998–2002**

Year	Volumes of donations from individuals
1998	6 301 129 €
1999	6 427 212 €
2000	6 926 261 €
2001	8 519 303 €
2002	11 248 361 €
<b>TOTAL</b>	<b>39 422 266 €</b>

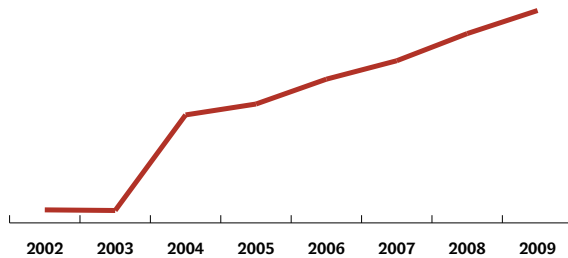


**Source:** Tax Directorate of the Slovak Republic

Donations summarized in Tables 3 and 4 should not be mechanically compared with the amounts of assigned percentages of paid income tax (indicated in Table 5) as donations and tax assignments are distinct in their nature. While tax assignment can only take form of financial contribution donations include also material (non-financial) gifts in kind. Moreover, with respect to donations total amount indicated above was not addressed solely to non-profit organizations since the amount of financial and non-financial contributions to municipalities and other legal persons based in Slovakia is also tax deductible (if the donation reaches the value of at least 66.39 €/2000 SKK whereas if assigned as a whole only 2% of paid income tax could be written-off).

**TABLE 10****Volumes of assigned paid income tax in 2002-2009**

Year	Amount assigned
2002	3 381 863 €
2003	3 222 134 €
2004	28 054 604 €
2005	30 897 002 €
2006	37 342 163 €
2007	42 125 868 €
2008	49 179 740 €
2009	55 178 264 €
<b>TOTAL</b>	<b>249 381 637 €</b>



**Zdroj:** 1<sup>st</sup> Slovak Nonprofit Service Centre and [www.rozhodni.sk](http://www.rozhodni.sk)

Based on the data indicated above it can be concluded that **with regards to the extent of support to the non-profit sector mechanism of tax assignment appears to be an adequate alternative to the previous model**, even though contributions within the tax assignment mechanism have not reached the volumes of donations from 2002. Nevertheless, **from the perspective of nourishing the culture of philanthropic donations in the Slovak context tax assignment is more an obstacle than an assistance.**

### **Corporate funds**

Business entities may use different methods to support non-profit sector and their respective community. Besides direct financial support (subsidies and sponsoring) they can also provide contribution in kind, such as provision of services and products of the respective company, office space leasing, personnel leasing, consulting etc. Many business companies took the opportunity to assign 2% of their paid income taxes to a public benefit purpose and established non-profit organizations that utilize the funds from tax assignment.

Large and multinational corporations that provide significant financial support for charitable purposes often use other institutions (such as foundations or service organizations) for their funds' administration. Advantages of such cooperation lie in the companies' preserved capacity to pursue their goals (business) while partner non-profit organizations guarantee effective redistribution of their funds as they thoroughly know the community and its needs.

Košice and Prešov self-governing regions are home to 9.5% of companies ranked among the TOP 200 non-financial companies in Slovakia and the TOP 100 financial institutions which suggests that business environment here comprises predominantly of small and mid-size enterprises. However, given the experiences small and mid-size enterprises find establishing any structures for redistribution of their financial aid unacceptable.

In 2009-2010 Carpathian Foundation implemented a project "Together with Responsibility" and organized three discussion tables (in Bardejov, Kapušany and Michalovce)

at which representatives of the business sector formulated some specifics of the business philanthropy in Košice and Prešov self-governing regions:

- corporate donations are not only a matter of finances but other aspects as well, such as moral satisfaction evoked by providing support, personal involvement of the company's employees, repeated provision of support, activities accompanying organization of a joint event etc;
- company's direct economic benefit stemming from the aid provided to the community is not tangible. Providing support to the community is mainly a matter of a businessman's personal attitude- indirect effects of caring for one's community can be demonstrated by the company's improved reputation;
- support from business companies is also a matter of counter values and expectations (e.g. from local self-governments or non-profit organization);
- companies are not able to take the opportunities to replace mere donations with long-term and structured partnerships which can be attributed to their inadequate understanding of social responsibility and cooperation with the involved community actors;
- not having defined a strategy of support companies may be liable to momentary motivations and preferences, not to mention emotional "manipulation" by non-profit organizations. In micro-regions and smaller towns (where everybody knows each other) company's refusal to support a project may be less usual than it is with larger companies in a more impersonal environment.

In order to further analyze the extent, structure and areas of support in the region of East Slovakia following aspects will be considered:

1. awards and rankings;
2. examples of corporate donors in the region;
3. polls concerned with corporate social responsibility in Slovakia.

When looking for business companies based in East Slovakia among various awards, competitions and rankings both publicly known and unknown examples can be found. It is interesting to see that first Via Bona Slovakia<sup>10</sup> prize (in 1998) was awarded to **KAPA, s. r. o. from Košice** for its long-lasting and unworldly support to the project of construction of a multifunctional facility for severely physically disabled children in Košice and its surrounding vicinity. In 1999 again it was a company from East Slovakia to score- out of 32 nominations the main prize was awarded to **Chemosvit, a. s. from Svit** for its repeated, systematic and broad support to public benefit activities. Honorable mention was awarded to **KELCOM International Poprad, s. r. o. from Poprad** for their willingness and initiative to search for new approaches to donations in the region of Poprad, and to **Transozeta-transportations from Tornaľa** for their long-lasting personal support and involvement in the community. In 2003 **U. S. Steel Košice, s. r. o.** linked their activities to the achievements of the abovementioned companies and won the main prize for their support to public benefit activities in the Košice region. The award was to show the com-

<sup>10</sup> Via Bona Slovakia is an award of Pontis Foundation. In the period of 1998–2000 it was a prize for philanthropy, nowadays it is an award for corporate social responsibility and business philanthropy.

munity's appreciation of the company's regular and long-lasting support of wide range of activities in health care, science and education aimed mainly at children and youth. Honorable mention Via Bona Slovakia 2003 was given to **Novitech, a. s. from Košice** for enabling the elderly to acquire and improve their computer skills which is often an inevitable prerequisite of retaining an employment. In their TeleDom Centre in Košice the company provided space for IT courses organized in cooperation with a non-profit organization Senior Dom (Senior House). Honorable mention Via Bona Slovakia 2003 for an individual businessman was awarded to **Ján Drobný** whose company closely cooperated with and financially supported the activities of the Club of handicapped youth in Košice. Since 2004 U. S. Steel Košice, s. r. o. has been the most successful company in terms of winning the Via Bona Slovakia Award. There may be several reasons for their success- since 2004 the award has been conceptualized as a prize for corporate social responsibility as a whole, rather than just for business philanthropy. At the same time, prominence of large companies and multinational corporations with professional strategies (including sophisticated means of self-presentation and media publicity) increased.

Partial quantitative evaluation of the extent of corporate funds in Prešov and Košice self-governing regions can be found in the list ranking the donors – TOP business philanthrope.<sup>11</sup>

**TABLE 11**

**Donations provided by business companies in Košice and Prešov self-governing regions**

Company	2005	2006	2007	2008	2009	Total
Pivovar Šariš/Pivovary Topvar (Topvar Brewery)	26,555 €	23,236 €	26,588 €	36,513 €	56,429 €	169,321 €
Východoslovenská energetika (East Slovakia Energetic)	-	89 120 €	-	-	-	89 120 €
Kronospan	-	22 708 €	20 186 €	20 433 €	-	63 327 €
Chemkostav	-	81 989 €				81 989 €
Slovenské magnezitové závody/ Slovak Magnesite Industry	-	22 151 €	-	-	-	22 151 €
Toyota	-	-	-	26 555 €	-	26 555 €
<b>TOTAL</b>	<b>26 555 €</b>	<b>239 204 €</b>	<b>46 774 €</b>	<b>83 501 €</b>	<b>56 429 €</b>	<b>452 463 €</b>

**Source:** Donors' Forum

The table above indicates funds channeled to the region of East Slovakia even though some of the listed companies are not based there. Comparing the volumes of funds that companies redistributed to other regions with the amounts allocated to East Slovakia the figures are similar.

More detailed assessment of the greatest contributors in the region (or companies channeling part of their support to the region) provides a space for another perspective of looking at selected data of the extent and structure of provided support.

<sup>11</sup> List of TOP business philanthropes is annually released by the Donors' Forum. It is the only list ranking corporate donors by the volume of donated funds.

In 2002 **U. S. Steel Košice, s. r. o.**, established its own foundation aimed at supporting public benefit projects in health care, education, science, culture and charity. The aid is primarily addressed to those in need and completely reliant on such aid- children in foster homes, physically disabled persons and organizations and associations focused on providing social and charitable services. The foundation's mission is to give hope to vulnerable groups for improvement of their life conditions, or for easing their physical or mental pain. Not only does the company directly support public benefit activities, it also encourages their employees' philanthropy by organizing public fundraisings, e.g. fundraising to support health care facilities with the company and its foundation contributing the same amount of money as the employees donate.

The company, however, does not publish any information regarding the extent of their support to the community. Nevertheless, data published between 2001 and 2005 suggest that more than 1100 projects related to health care, charity, education, sports and culture were supported by the amount exceeding 15 million EUR (this support took a form of deeds of gift, promotion contracts and expenditures related to organizing public events).

**Východoslovenská energetika, a. s.**, (East Slovakia Energetic, further referred to as "VSE") is another important supporter of public benefit activities and non-profit organizations in the region of East Slovakia. The company's philanthropic activities take a form of volunteering and grant programs of its Foundation Fund that has been managed by Carpathian foundation since 2008 and accumulates all income from tax assignation mechanism. In 2006 VSE started implementing principles of corporate social responsibility in its operation. Their support is primarily addressed to Košice self-governing region and to a less extent to Prešov self-governing region as well.

Undoubtedly, the program of **Pivovary Topvar, a. s. (Topvar Brewery, former Pivovary Šariš)** could be considered one of the most interesting forms of cooperation and not only at the regional level. The program entitled "Civic Choice – Pivovar Šariš Fund" embodies a system of support to the region which takes into account the interests of the region's citizens. It reinforces cooperation with the region's representatives and active participation of the local community on the decision-making. People can give their vote to respective projects by sending a voting voucher published in the local daily paper Prešovský Korzár. The program is aimed at supporting projects with the potential to significantly contribute to the improvement of the community's quality of life in the region of Šariš and Prešov. The company and its charity program is highly transparent and exact financial statement regarding the support provided from their own resources (profit) to the community is released every year. Amounts of donations are annually published in the list of TOP business philanthropes (as mentioned above) as well.

Previous analysis suggests that tax assignation mechanism has played an important role in shaping the corporate aid in the past ten years. However it also caused certain misapprehension among the corporate donors as to what corporate philanthropy and charitable giving is which is demonstrated in relocating corporate funds originally allocated to philanthropy to the tax assignation mechanism. On the other hand, foreign shareholders introduced new organizational culture and more systematic and strategic planning and implementation of business philanthropy.

Regarding thematic orientation of corporate aid in the region of East Slovakia it was similar to the trends prevailing in the entire country- education, social services and charity, sport, culture and environment.

Donors' Forum in cooperation with the Trend weekly magazine carries out a survey among the most significant business entities on an annual basis. The survey seeks to analyze understanding and implementation of business philanthropy in the context of Slovak business environment.

**Main trends in business philanthropy** can be identified based on the abovementioned surveys:

- recently (past five years) there has been a shift in the motives of business philanthropy- from applying for grants with high quality application forms to a long-lasting cooperation of business companies and non-profit organization (grant applicants);
- decision-making regarding grant application approvals remains with the company's management. However, departments (or employees) responsible for respective public benefit activities become more influential in the decision-making process;
- when deciding whether a company should get involved in the community's welfare following factors are taken into account: company's financial boundaries, community's needs, strategies and models of multinational corporations;
- the number of companies with a complex strategy of business philanthropy is increasing;
- with respect to thematic orientation of aid the abovementioned trends have been confirmed: charity and public benefit activities, humanitarian aid (56% respondents indicated this areas as central to their interest in a 2009 survey); these areas of support got ahead of formerly dominant topics of culture and arts (56%), children and youth (48%), sports and recreation (48%), science and education (44%), and health care (44%).

**With regards to the strategies of corporate philanthropy** it has been demonstrated that:

- majority of managers (9 out of 10) thinks that in order to professionalize business philanthropy it is vital for it to become an integral part of general business strategies;
- more than half of the companies would use corporate volunteering (involvement of employees in public benefit activities) in case of lack of financial resources;
- 6 out of 10 companies consider modifying their business philanthropy strategies only in terms of reducing disposable funds as a result of the financial crisis.

Looking at the aforementioned conclusions from the viewpoint of companies based in the region of East Slovakia (extracting their responses from the survey and comparing them with the entire segment) some interesting phenomena can be observed:

- Companies based in the region of East Slovakia, consider business philanthropy a privilege of large corporations;
- are more optimistic and perceive improvement of conditions for implementing business philanthropy in Slovakia;
- have encouraging experiences with promoting this subject in the media;
- their decisions are motivated by momentary impulses to support "a good thing".

## 5. Characteristics of the third sector in the region (result of the qualitative research)

The present study was aimed to describe functioning of the third sector in East Slovakia with a special emphasis on potential future cooperation of the third and private sector. The survey was based on 30 in-depth qualitative interviews with representatives of non-governmental organizations that operate in the region of East Slovakia; the respondents had been selected so that they represented non-governmental organizations as aid recipients as well as donor organizations as aid providers. In order to make the overall picture as plastic as possible, the authors also interviewed local leaders of the non-governmental non-profit sector; these interviews focused particularly on gaining a complex perspective of the third sector's overall condition in East Slovakia.

When selecting participants it was vital that all areas of the non-governmental sector's activities were included. Therefore following organizations were selected:

- three environmental organizations;
- two organizations concerned with minority issues;
- two sports organizations;
- one think-tank;
- one cultural organization;
- one civil rights organization;
- two women's organizations;
- two charitable organizations;
- three organizations concerned with social affairs.

The sample further included nine foundations (two community foundations, five private and two corporate foundations) and two local leaders.

Interviews were semi-structured covering four main topics: relevancy of aid provided, its efficiency and effectiveness, sustainability of supported activities and impact of provided aid.



## 5.1 Role of non-governmental and non-profit organizations in the region – their contribution to the regional development and to the resolution of identified tensions and areas of developmental potentials in the region

### 5.1.1 NON-GOVERNMENTAL ORGANIZATIONS AND THEIR COOPERATION WITH OTHER ACTORS – IMPACT ON SOCIAL CAPITAL DEVELOPMENT

It is common that non-governmental organizations attempt to establish cooperation with other actors in their area of activity, mainly with institutions of state administration, local self-governments, business companies etc. Such partnerships can help improve efficiency of non-governmental organizations' functioning and achieve their desired results. Enforcing principles of cooperation and mutual trust leads to accumulation of social capital<sup>12</sup> in public sphere which in turn positively affects economic development of the vicinity and broader region.

It is far more effective to operate in an environment of trust between the donors and aid recipients which also brings about effective social control in the locality. Presumably, one cannot rely on such extent of social control at the national level as can be expected at the local or regional level (“we all know each other, we know who and how used the money and if one commits a fraud it only happens once.”)

The respondents indicated that cooperation contributing to the development of social capital cannot always be established:

*“...spirit of partnerships is very weak here in the east, and in Slovakia, too. And most of all everybody works alone; partnerships have not penetrated our thoughts yet...”*

(regional development non-governmental organization)

*“It is specific for a small town- everybody minds their own business. There is lack of cooperation, lack of joint pursuing of common goals.”*

(non-governmental organization concerned with social affairs)

With regards to organizations operating at the local level successful cooperation with other institutions is conditional upon existing personal contacts, which implies lower level of social capital than in cases of people able to show trust and cooperate without personal (often even friendly) relationships.

<sup>12</sup> Concept of social capital is elaborated in detail and can be found here [http://studie.soc.cas.cz/upl/texty/files/244\\_SS\\_06\\_07.pdf](http://studie.soc.cas.cz/upl/texty/files/244_SS_06_07.pdf). A lot of studies are concerned with positive impact of social capital on economical development, for instance in Slovakia: <http://www.ineko.sk/?id=92>

## 5.1.2 DISTINGUISHING NON-GOVERNMENTAL ORGANIZATIONS FROM THE GOVERNMENT AND THE MARKET

Abiding by distinct principles non-profit organizations distinguish themselves from the government and the market. Such principles bring about different forms of operation and different quality of solutions to the problems or tasks that are in the centre of an organization's interest<sup>13</sup>.

Many respondents pointed to differences in principles abided by the government, the market and the third sector. Distinctions in those principles indicate that the above mentioned sectors (the government, the market and the third sector) differ in their scopes and ways of solving problems central to their attention. The principles may often concur; frictions particularly occur when the three sectors cooperate:

*“It is often a conflict of principles- the third sector vs. state administration, state administration has a structurally different approach to laws...the state can only do what is ordained by the law, nothing else, so there is zero creativity. The third sector can do everything but what the law forbids, that is maximum creativity. The state says ‘we can’t do this because the government didn’t ordain it’; but the third sector says ‘the law doesn’t forbid it so we can do it’. And that is the problem with grants and European funds that are managed by the government.”*

(local leader)

The research also demonstrated that in terms of effective operation it is convenient for the three sectors to cooperate while preserving their boundaries.

*“Firms should not create their own corporate foundations; they should do what they were established to do and rather cooperate with the third sector whose actors are aware of what needs to be done and where help is needed.”*

(community foundation)

*“The town administration thought that being one of the co-founders of the foundation enabled them to direct our actions. But our board of trustees said no. They wanted to interfere in financial decision making... We won’t give up on our independence. We are an impartial organization, non-governmental, apolitical and we are not willing to accept any such directives.”*

(community foundation)

Too close interconnections or hybrid organizations that cannot be clearly labeled as the government, the market or non-governmental institutions cause further blurring of the third sector's role. Thus its actions are often perceived unfavorably.

<sup>13</sup> The subject is elaborated in Potůček, M.: Nejen trh. Praha, SLON 1997

*“There is something here acting like the third sector. These are typical money laundering organizations; something that is common in every country, all these regional developmental agencies...that are created thanks to their good personal connections...”*

(local leader)

### 5.1.3 EFFECTIVENESS OF ACTIVITIES AND SERVICE PROVISION

Most respondents came to a conclusion that non-governmental organizations can often solve problems in a more effective manner than local self-governments or institutions of state administration. The most often mentioned example of such effectiveness is the provision of social services or taking care of abandoned children. The government should create favorable conditions for formation of social service providers rather than take over such services.

However, many organizations promptly respond to problems emerging in the field of social services, and provide such services even if these are not formally acknowledged. Therefore government fails to create suitable conditions for organizations providing social services.

Support to the Romany culture is yet another example of creating inadequate conditions- with respect to the Romany minority the Ministry of Culture defines which areas of culture would be supported:

*“With regard to the Roma the Ministry of Culture only supports print media, but everybody who knows the Romany community can only shake their heads...print has no power in the Romany community...the Ministry of Culture bases its actions on some ancient ideas.”*

(non-governmental organization concerned with minority issues)

However, in some cases greater efficacy of non-governmental organizations in solving certain issues even leads to them being a substitute to the role of the government or local self-governments as these are acting ineffectively. A representative of a corporate foundation points to their experiences with people calling them, complaining about the government's inadequate dealing with the crisis following recent floods:

*“Soldiers were in the area but did nothing really. They had no shovels, then they had no gravel, and eventually they even had no petrol for their cars. It is a total arrogance! They are coming to the rescue without having a normal structure of providing aid, a system.”*

(corporate foundation)

### 5.1.4 REINFORCEMENT OF PLURALITY IN SOCIETY

Significance of non-governmental organizations also lies in their ability to foster alternative solutions to many problems. Once again, provision of social services serves a good example of how various organizations can provide same quality of services, although using different methods, which can be exemplified by the case of an organization providing

crisis intervention- their activities are based on feminist principles that are not necessarily accepted by all their clients. Such clients are then referred to other institution (run by a local church) offering similar services that are rooted in different (more acceptable) principles.

### 5.1.5 MAKING A DIFFERENCE BY BRINGING INNOVATIONS AND NEW EXPERTISE

Being the source of innovation and new expertise non-governmental organizations gradually change perspectives and ways of solving problems in many different areas. The important point is that they search for new, better, more effective methods and often come up with progressive ideas that are far ahead of society's demands.

*“It is always difficult to get funds to ensure continuity of our activities because things we do outrun the society's demand, which means it is an expert opinion that this should be done...demands from the government or regional government have not come yet...They don't know yet that they don't know...”*

(regional development non-governmental organization)

Many institutional changes or changes in public policies have their roots in activities of the third sector. Some of the ideas brought up by non-governmental organizations have even been employed in public policies, e.g. community centers in localities with larger Romany communities.

Activities of an organization Košice 2013-EHMK can be used as another example of such change. The aim of Košice 2013-EHMK is to create a new type of cultural infrastructure and to show that culture can be managed in a manner that is different from the currently used traditional model of large cultural institutions supported by the government whereas non-governmental cultural institutions are marginalized and financially deprived. Thus non-governmental organizations serve as a pool for new expertise that can push solutions of many issues forward, or can show new methods and approaches.

### 5.1.6 WORKING WITH THE PUBLIC AND PUBLIC OPINION

Many non-governmental organizations attempt to make their contribution to changes of some opinions and perspectives of how the society functions.

*“...the idea that the government should be dominant is still prevailing and the further to the east the stronger the belief, I think.”*

(local leader)

*“My task is to educate people in culture, exactly, to slowly and systematically explain the role of a non-governmental organization and the difference between an art agency doing commercial events and offering them for big money.”*

(cultural non-governmental organization)

Non-governmental organizations also strive to reinforce principles of active citizenship and engagement of people in public affairs:

*“Non-governmental organizations activate people so that they get engaged in the public sphere and devote their time to something, help something. That is the added value.”*

(community foundation)

When evaluating efficacy of non-governmental organizations in promoting changes of public's perception of society's functioning respondents expressed various opinions. Nevertheless, there was an agreement that changes proceed slowly and it takes time for them to show which is also why a proper evaluation can only be made after a longer period of time. Similarly, raising the awareness of what non-governmental organizations are, why they are created and how they operate is also difficult.

## 5.2 Extent, structure, targeting and effectiveness of financial aid provided by private donors in the region

### 5.2.1 EXTENT AND SOURCES OF FINANCIAL AID FOR ACTIVITIES OF NON-GOVERNMENTAL ORGANIZATIONS

As expected interviews with representatives of the third sector in East Slovakia confirmed financial deprivation of the third sector which significantly hinders its effective operation. Nevertheless, most respondents were satisfied with achieving their desired results and with the way their organizations progressed which might be attributed to their extremely high personal motivation and involvement. The importance of personal motivation occurred repeatedly in several interviews.

All non-governmental organizations included in the present research use projects as their main financial source which is not considered appropriate as such way of funding cannot secure continuous operation of an organization. Volunteering, or grant-maintained operation, brings substantial limitations especially when the number of projects increases. In such cases it is vital to pay attention to the institutional development of an organization itself which is important for ensuring high professionalism in executing all activities (also leading to an increased trust in the third sector) including applying for larger grants and their administration.

*“I don't think that day-to-day operation of organizations such as ours should be based on projects. I don't think it is a good idea to rely on these funds exclusively because that funding is as it is. Sometimes there are funds, sometimes there aren't.”*

(women's non-governmental organization)

Above all, it is organizations oriented on various vulnerable groups that emphasize the need for continuous funding that cannot be guaranteed by grant-maintained operation. Negative aspects of such funding impact their clients primarily as they cannot rely on continuous support or assistance.

Therefore organizations included in the present study make every effort to secure supplementary sources of funding with Norwegian grants being an important financial mechanism for many organizations. Offering grants for longer periods of time Norwegian financial mechanism is perceived as a relatively convenient source of funding. In the past, particularly prior to Slovakia's accession to the EU, various foreign funding opportunities were available (e.g. financial support from different embassies and foreign foundations) and were appreciated for their flexibility, easy administration and possibility of open communication with the donor. However, most such donors reduced or completely ceased their aid after Slovakia's accession to the EU in 2004. Non-governmental organizations were therefore forced to look for funding elsewhere. Thus some of the respondents indicated they had shifted their focus on structural funds that in some cases represent up to 80% of an organization's total budget. Programs within structural funds are, however, perceived rather negatively. The main problem lies in their inflexibility and extremely complicated administration which limits potential grant recipients only to relatively large and stable organizations. Nevertheless, even some of those try to avoid structural funds as long as they can and strive to look for other sources of funding.

According to respondents structural funds do not create conditions for effective and creative operation (for neither large nor small organizations) as project administration, monitoring and other formalities are extremely rigid and time-consuming. Moreover, inflexible designs of projects supported from structural funds preclude them from reacting to changing situation of their target groups (e.g. composition of the target group, emergence of more pressing needs).

Apart from structural funds state budget funds also play an important role in funding activities of non-governmental organizations in East Slovakia; financial aid mainly comes from relevant ministries. However, government support represented a main source of funding for only three organizations in the research sample.

In 2004 mechanism of assigning 2% of paid income tax from individuals and businesses was introduced and represented an important turning point in the third sector's financing. It could be assumed that this source would become the means of stabilizing even small organizations. However, the interviews with representatives of non-governmental organizations (not foundations) revealed that in most cases income from tax assignment represented less than 5% of their total budget. Tax assignment is the main source of income for only small organizations with inexpensive activities.

To the contrary, compared to non-governmental organizations most foundations focus on tax assignment primarily as their source of income and obtain it from businesses and corporations mainly (foundations are often also established as corporate foundations receiving share of the paid income taxes from their "mother corporation" directly).

Surprisingly low share of tax assignment on total budgets of non-governmental organizations was explained in several interviews- this financial source became the centre of interest of foundations and associations of large businesses thus creating an imbalance in distribution of funds that should primarily be:

*“...available to a specific organization, for its specific activities and not to be re-granted through a foundation, not to be competed for as if the money was earmarked for grants...”*

(non-governmental organization providing social services)

Therefore great part of funds from tax assignation is cumulated in the hands of few key players whereas smaller non-governmental organizations literally have no chances to obtain funds that would significantly improve their possibilities of financing activities not supported by other financial mechanisms (e.g. EU funds).

## 5.2.2 STRUCTURE OF AID FOR ACTIVITIES OF NON-GOVERNMENTAL ORGANIZATIONS

Disregarding tax assignation business sector provides surprisingly small financial aid to the third sector in East Slovakia; only one respondent indicated private funds as the main source of income. Even though positive trends in corporate philanthropy can be identified private funds still don't represent a significant source of income of non-governmental organizations in East Slovakia. At the moment, private donors primarily assign 2% of their income taxes to foundations that redistribute these funds further to non-governmental organizations through grant schemes- this is the most common form of corporate philanthropy. In order to gain direct financial support from a business entity non-governmental organization needs to propose an attractive topic (activity) as supported activities would affect the donor's public image and presentation. Given it's also the donor's image that is at stake topics that could be perceived as controversial would receive funding only with great difficulties.

*“They [donors] don't see direct effect for their PR if they support certain target groups.”*

(private foundation)

Private donors base their decisions regarding providing aid for respective activities (or target groups) upon their preferences that rarely stem from their knowledge of the region or ex-ante analyses. According to the respondents it is the foundations administering corporate funds that should give recommendations and guide donors' decisions. Effective communication in this field is conditional upon a quality and open partnership between the foundation and the donor. Suitable compromises when creating funding programs also depend on the foundation's readiness to present the donor with potential areas and ways of supporting the third sector.

Apart from the criterion of attractiveness corporate funding also shows certain stereotypes regarding tackling specific issues which stem from traditional ways of addressing respective target groups' needs. This could be exemplified by corporations' willingness to support social work in marginalized Romany communities on the one hand, but their reluctance to support Romany media or Romany rights protection on the other. Culture is another field that is often perceived stereotypically and innovations can gain support only with difficulties. These stereotypes are often rooted in donors' narrow ideas of how differently can specific problems be addressed and dealt with. It is plausible that such

perspectives result from an inadequate communication between private donors and non-governmental organizations which leads to private sector's insufficient awareness of the shape of the third sector and its needs.

Also, business entities are often perceived as able to provide only small amounts of finances which non-governmental organizations then use as additional sources of financing (e.g. for co-financing of projects when it is required). Corporate funds are thus dispersed which means that one project needs to be supported by several donors. However, such support often takes a form of sponsoring as donors require publicity in return:

*“If people looked at the posters of our events in Košice they could see that the banner with sponsors and donors is almost broader than the poster itself. As I said, it's because you can only get financial support in the amount of like 100, 200, 300 euro, a dinner, a night in a hotel, printing of a poster, printing of an invitation...”*

(cultural non-governmental organization)

Non-governmental organizations perceive considerable scarcity of financial resources that would be able to cover complex activities and projects. It is plausible that providing non-governmental organizations with small subsidies is convenient for business companies for two reasons: it doesn't require any time consuming management or effort, and it enables them to maintain relative openness to the new themes. Moreover, small donations do not mean any commitments to the recipients<sup>14</sup>.

In case of small non-governmental organizations financial aid coming from the private sector is often based on personal relationships, usually comprises subsidies from small businesses and not necessarily takes a form of financial contributions. It often includes material gifts, e.g. provision of toiletries or material for various reconstructions which is much appreciated by non-governmental organizations.

However, non-governmental organizations in East Slovakia still do not perceive business entities as a real source of financial aid even though they are aware of this alternative of fundraising. Most organizations prefer focusing on different financial mechanisms, such as the state budget or EU funds that are able to provide financing for more complex projects and can also cover organization's running costs for a longer period of time (usually one to two years). Moreover, complex fundraising and focusing on all available financial sources is often hindered by limited human resources of non-governmental organizations given the extremely time consuming and complicated administration of projects funded by the structural or state budget funds.

*“I have to admit we have so much on our hands and we try to reach those structural funds, that we cannot pursue fundraising systematically or professionally, and it's showing.”*

(women's non-governmental organization)

14 Majchrák, J. – Marošiová, L.: Sonda do firemnej filantropie a darcovstva. In: Majchrák, J. – Marošiová, L. (ed.): Firemná filantropia na Slovensku. Analýza-názory-prípadové štúdie. Bratislava, Inštitút pre verejné otázky 2004.



It is likely that the reason for such poor focus on private funds and preference of structural or state budget funds stems from marginalization of the region of East Slovakia which was emphasized in several interviews. It is not only a matter of its spatial marginalization; overall socio-economic situation also contributes to the fact that East Slovakia is not in the centre of donors' interest. Moreover, active and qualified people who could play an important role in the region's development tend to leave for western regions (Bratislava in particular) where there are considerably more chances of successful fundraising. Multinational corporations whose organizational culture and policies inherently include corporate responsibility also tend to reside and operate in the western region of the country (due to lacking infrastructure). However, domestic business entities also show positive trends in the development of business philanthropy.

### 5.2.3 AREAS OF FINANCIAL SUPPORT FOR NON-GOVERNMENTAL ORGANIZATIONS

Apart from general financial deprivation non-governmental organizations often face difficulties regarding funding certain types of activities which, especially in case of private donors, is associated with the attractiveness of respective topics.

*“And of course, sporting activities can be basically easily monitored and the effect is obvious and immediate. If he wins and I sponsor him, it is well known. Social area, especially seniors and disabled people, is quite all right because it has a tradition- this ethically-human or Christian approach or whatever we call it- these topics can be justified as relevant. However, environmental issues are problematic; that requires a generation change. And it's the same with the issues of Roma.”*

(local leader)

Generally, it can be argued that activities providing immediate and tangible results have a great potential to be financially supported. It is so called “soft” activities that are problematic as they cannot bring any visible and direct effects; these are rather strategic and developmental which does not feature sufficient marketing potential for private donors. This point was agreed upon by both non-governmental organizations and foundations.

Project management and running costs also represent areas which are extremely difficult to cover financially as many grant programs only allocate 10% of the total budget for project management. Nevertheless, stable institutional operation, starting with paying the rent, salaries and ending with institutional development, inevitably determines effective project implementation and target achievement.

Even foundations managing and administering private funds confirmed that resources allocated to institutional development are insufficient and emphasized this area as a prerequisite for implementing quality projects and for the development of the third sector per se.

Funding their activities and general operation via projects many non-governmental organizations face difficulties covering the time periods between two projects if there is no other resource; this leads to significant losses of personnel as qualified experts

leave for more stable sectors or regions. Therefore non-governmental organizations feel a strong need for so called “free resources” that could be used for any purpose needed.

*“Constant struggle to survive and fundraising for things like rent, minimal wage, water, gas, heating, I think it takes too much of our energy and especially in our field of expertise [crisis intervention].”*

(women’s non-governmental organization)

Volume of funds allocated for specific areas is not the only factor affecting organizations’ chance to raise enough funds for their respective activities. It is also the design of grant schemes that plays an important role in fundraising. It depends on organization’s field of expertise, scope and their portfolio whether grants are perceived as satisfactory or not. Organizations with rather diversified portfolio of activities within a single field (e.g. in the field of social services for the disabled they provide education, free-time activities and health care) consider grant schemes acceptable as they can always find suitable calls of proposals. However, small organizations with only a narrow scope of activities face serious difficulties finding financial programs offering acceptable terms for applying. Structural and state budget funds primarily are considered rigid, not reflecting reality and not responding to the actual needs of the community. Small grants provided by foundations managing private funds are therefore perceived much more favorably as they are designed with a significant flexibility and stem from a thorough knowledge of the region’s situation and needs. Some foundations also use feedback from their grant recipients as a base for modifying the grant schemes thus ensuring appropriate designing of financial programs in the future. Foundations also use a form of advisory committees with non-governmental organizations as members to ensure effective communication between the two parties.

Interviews revealed that marginalized topics, or themes unattractive to the society are rarely included in grant programs, e.g. culture is often considered an unnecessary bonus, a secondary (or even tertiary) need, or the subject of violence against women and civil rights advocacy are still on the margin of public interest. Non-governmental organizations concerned with such topics are often forced to compromise their vision and focus in order to fit the grant requirements, which considerably hinder their development and progress.

*“Majority of project proposals are written, and I wouldn’t be surprised if it was all of them, according to current calls for proposals to fit them. Many NGOs lack clear profile; this is a field that I am active in and it has its problems, yes, I develop a certain profile and receive a grant once in five years for a two-year-time period. But what am I going to do the three remaining years?”*

(local leader)

Poor profiling of non-governmental organizations should be considered the result of grant schemes’ designs rather than a cause of such “opportunism” in applying for grants. Limited options to receive grants that are often too narrow and specific do not allow organizations to follow their visions and goals. Only organizations able to secure fund-

ing from other sources (public fundraising, membership fees, tax assignment) can be considered free from any restrictions regarding their activities. Small non-governmental organizations applying for smaller grants are also relatively free as such grants are quite flexible in their design. Respondents further indicated that small grants are not only flexible, but also offer following advantages:

- easy administration;
- opportunity to make a change in the immediate community and to solve concrete and urgent problems;
- availability to small organizations or informal civic associations, that are ineligible to apply for bigger grants.

Nevertheless, limitations of grant programs' designs do not affect organizations' decision making and planning of activities as much as could be expected. All organizations engaged in the present research have a clear vision and mission which, in connection with the needs assessment and feedback, serves as guidelines when planning their activities. However, planned activities may often be modified, cancelled or added according to current possibilities of fundraising.

#### **5.2.4 EFFECTIVENESS OF AID PROVIDED TO NON-GOVERNMENTAL ORGANIZATIONS**

Activities of non-governmental organizations are monitored and evaluated on two levels- monitoring and evaluation for internal needs of an organization and for donors.

Monitoring and evaluation for internal needs of an organization serves as a feedback providing information on effectiveness and suitability of specific activities. Such evaluation takes rather informal form and is conducted via regular staff meetings or day-to-day communication within the organization. What is emphasized is the qualitative analysis of positive and negative aspects of activities and possibilities of increasing their effectiveness. Annual report is also considered a form of evaluation. Information gathered through these processes is also used for further planning of activities.

Most non-governmental organizations interviewed in the present research perceived their functioning favorably even though results cannot be immediately identified (by external observers in particular). It is literally impossible to evaluate the aid's impact on specific target groups as long-term development is usually needed for the changes to show (e.g. in case of marginalized Romany communities). Quantitative indicators required by the donors can only serve to document the progress of a project or as a base for further monitoring once the project has completed. However, the effects of projects can often be observed only after several months, or even years.

It is the monitoring and evaluation for donors that puts great emphasis on quantitative indicators while neglecting qualitative aspects (especially in case of structural and state budget funds). To the contrary, smaller grants provided by grant-making foundations do not require such strict monitoring which is much appreciated by small non-governmental organizations that are concerned with solving actual problems in their immediate community and executing concrete measures rather than implementing large strategic projects. Foundations also often use direct communication with the grant recipients as a means of monitoring.

Projects that do not bring immediately visible results and changes are often perceived as ineffective by the donors. Monitoring usually lasts only as long as the project does and donors do not intervene in its management and coordination. Generally, interim reports on the progress of a project are required. Some non-governmental organizations even try to involve donors in the implementation of the projects more deeply, particularly in case of private donors, by providing them with regular reports and feedback even if it is not required by the contract. Thus non-governmental organizations attempt to establish open partnerships with the donors and the highest possible level of transparency. Several respondents even indicated they would appreciate if the donors were more involved in the implementation of the initial phase of the projects in particular. However, private donors, whose funds are managed and administered by foundations, do not intervene in the project implementation whatsoever. To the contrary, foundations administering private funds participate in some projects (principally if the grant represent rather large amount of finances) as advisors offering mostly technical assistance with project preparation and implementation. Foundations also consider this service an informal education of non-governmental organizations and their preparation for applying for bigger grants. Nevertheless, direct participation of foundations on project management is considered inappropriate as it might blur the lines of responsibility.

### 5.2.5 SUSTAINABILITY OF NON-GOVERNMENTAL ORGANIZATIONS' ACTIVITIES

Continuity of non-governmental organizations and sustainability of their activities is affected by a vast number of internal (from within the organization) and external (in the organization's environment) factors. Interviews revealed that seven factors affecting sustainability of non-governmental organizations can be identified:

- **Cooperation of actors, and cooperation of the sectors**

This factor was mentioned mainly by non-governmental organizations concerned with social affairs and services, e.g. in the Romany communities. It has been demonstrated that poor trust between the actors at the local level and their poor cooperation prevents organizations from their effective operation, target achievement and continuation of their activities. Non-governmental organizations try to minimize the impacts of personnel changes in local self-governments via establishing formal partnerships (e.g. by signing formal agreements) in order to preserve their autonomy.

- **Economic performance of business entities**

This factor is closely linked to the volume of funds that are allocated to the third sector in form of 2% of paid income tax.

*“Sustainability of activities is the matter of money; it is about those 2% from businesses and about these businesses' conditions...if the economy is good there is no problem...if they have no revenue they have no taxes to assign to the third sector...”*

(corporate foundation)

- **Model of non-governmental organizations' financing**

Non-governmental organizations mostly use projects to cover all their operating costs that is all expenses regarding project management and administration as well as general operation of the organization are covered by grants. It is therefore extremely difficult to secure continuity of activities which forces the organizations to pursue constant fundraising and modify their planned actions.

- **Design of grant programs**

Currently, most grant programs provide short-term funding, support mostly one-time projects and cover only project-related costs. Difficult and time-consuming project administration and management, related almost exclusively to EU funds, is also considered problematic. However, EU funds represent a key resource for many non-governmental organizations, e.g. Norwegian grants were indicated as a financial mechanism widely used by many non-governmental organizations. There are almost no grants that would combine financial support for both institutional development and specific activities

- **Degree of organizational development**

Interviews revealed that complex profiling, or having a clear vision and mission, of non-governmental organizations significantly affects its chances to sustain its activities. Sustainability of activities thus depends on whether an organization has its field of expertise clearly defined or whether it changes its scope according to fundraising opportunities. Specialization is another aspect contributing to greater stability and continuity-that is if particular jobs are not connected with a particular position everybody ends up doing everything which leads to limited specialization and thus reduced quality of work. This is often caused by insufficient financial resources:

*“One person does fundraising, implements projects, goes to the post-office, does the accounting and so on...we don't have teams like universities do..”*

(think-tank)

- **Professionalization of non-governmental organizations**

Organizational development is closely related to the professionalization of its employees that is their employment in the organization should be their main full-time job (main income). Gradually, they should gain more experience whereas life-long learning also plays an important role in this respect. It can be assumed that low professionalization of the employees negatively affects quality of organization's operation. As one of the respondents suggested organizations' tendency to use volunteer work is increasing:

*“It is a problem, they don’t have money, people can’t be paid- therefore they are not professionals, they can’t get any more practical education, they can’t go any further- according to our experience we can’t expect quality or consistent activities...organizations tend to use volunteer work again...in the past year, in particular...we are moving backwards, again we are dealing with this kind of basic things.”*

(private foundation)

- **External factors**

The group of external factors is rather large and includes institutional framework of organizational operation, political situation (domestic as well as foreign if the organization operates abroad), image of the third sector, development of the business sector etc. Means of sustaining the organization’s bare existence and building a solid base of employees represent the crucial problem for most non-governmental organizations.

*“The most difficult thing is to keep the organization alive as a whole.”*

(non-governmental organization concerned with the issues of Romany communities)

Almost all respondents agreed that organization’s stability essentially affects its ability to ensure continuity and high quality of executed activities, and achieve short- and long-term goals. Frequent threats to the stability of organization’s functioning may have several reasons. In this respect non-governmental organizations considered lack of financial resources- that could be used to cover personnel costs and institutional development in particular- the most important factor (but not the only one); this in turn leads to the lack of qualified experts willing to work in the third sector under such conditions.

*“Brain-drain from East Slovakia is high anyway and brain-drain from the third sector is then absolutely enormous... What I see as a huge problem is to find high quality human resources and also those designs of donors’ grant programs don’t help solve this problem. I am not talking about some extremely high salaries, but about some salaries at least.”*

(non-governmental organization concerned with the issues of Romany communities)

At the same time there is a problem of generation change in non-governmental organizations that are not so attractive to draw and keep new people who would commit themselves to their further professional growth within the third sector. It is a so called “leadership crisis” when there is nobody to replace the ones who have left.

Given that non-governmental organizations have no (or only limited) profitable commercial activities they are entirely dependent on financial schemes designed by the donors themselves- from small community foundations to big private donors and the government who creates a framework for the third sector’s financing and is an important donor itself (the government sets conditions and manages drawing of EU funds).

*“We are pushed to this situation, as I said, that we can’t focus on the overall goal of the organization, its professionalization, but basically you have to break the goal down into plenty of smaller activities and these often do not correspond with what you do. But if you want to survive you simply have to do it.”*

(non-governmental organization concerned with the issues of Romany communities)

Therefore it can be concluded that inadequate model of providing financial support to non-governmental organizations leads to severe limitations in their capacities (financial, personnel etc.) which in turn results in lower professionalism and ineffective (wasting of financial resources) and inefficient (failure to achieve goals/mission) operation.



## 6. Conclusion: Trends and Perspectives of useful programming of local corporate aid in the region of East Slovakia – recommendations

Previous analysis clearly showed that the region of East Slovakia struggles with plenty of serious problems and manages to “wage this war” professionally and with great enthusiasm of the respective actors as the examples of good practice demonstrated. In-depth interviews confirmed many problematic issues of the third sector in the context of entire Slovakia as well as in the countries of Central Europe in general.

This conclusion therefore does not feature any well known recommendations how to improve complicated situation of most non-governmental organizations in the region of East Slovakia. Most recommendations are focused on the specific conditions of this region or respond to the respective operation of the region’s non-governmental organizations and donors.

**Four main recommendations regarding non-governmental sector** in the region go beyond all others and the authors consider them fundamental. Authors also express their belief that these problems should be introduced to the public as a part of a wider public discussion. Following suggestions are addressed to non-governmental organizations as well as to donors with respect to future thematic orientation of financial aid:

1. **To define the needs and interests of the region of East Slovakia in the long-, mid- and short-run from the perspective of civic society;**
2. **To overcome misunderstandings and personal conflicts within the third sector and develop a culture of partnerships and cooperation;**
3. **To overcome focus on solving concrete regional problems (often of technical nature), and show ambitions to tackle the issues related to non-material aspects of quality of life and go beyond the regional framework;**
4. **To abandon the idea of national state and expand the scope, activities and projects of non-governmental organizations and donors across the national borders.**

- **Ad 1:** The civic society’s idea of regional development is considered important- in spite of strategic plans of socio-economic development for both self-governing regions (Košice and Prešov) that were drafted with participation of many actors of non-governmental sector. Apart from such document’s capacity to bring about alternative ideas of the region’s developmental potentials and their utilization it can also identify space for non-governmental sector and the most effective ways of filling it with non-governmental organizations. It is obvious that **formation of such cardinal document (vision) must be managed by one of the “strong players” of the sector in the region**



**of East Slovakia** (in-depth interviews revealed that Carpathian Foundation is one of the possible alternatives).

- **Ad 2:** Interviews with the leaders of non-governmental organizations in East Slovakia demonstrated that even twenty years into building the so called third sector relationships within this sector are still marked with personal animosities. It is understandable to a certain extent- past twenty years have been so difficult and crucial with regard to building the third sector "from scratch" that conflicts represent a natural eventuation of such processes. **However, these misunderstandings have become so intense they might inhibit potential partnerships and qualitative progress of the region.** It is therefore desirable to overcome such situation and establish a culture of partnerships and cooperation. In the short-term perspective it is also necessary to repeatedly **organize post-conflict meetings with the participation of facilitators.**
- **Ad 3: Non-governmental sector, as well as donors in the region of East Slovakia is strongly focused on tackling concrete problems (often technical in their nature) of the region.** The interviews revealed that the attempt to find positive solutions to difficult regional problems paralyzes non-governmental sector. There is only little time, space and energy left for tackling the issues of non-material aspects of quality of life or matters that are transcending the regional framework. Many respective problems, stemming from regional infrastructural deficiencies, together with the lack of clear vision for the region represent an obstacle in shifting the attention from ad hoc problems related to the daily routine. It is vital to extend development initiatives, and to take over areas that have been managed from Bratislava in the past years. Analysis of the increasing volume of aid provided by private donors and corporate sector for the region of East Slovakia points to the necessity to make use of this aspect for the region's development.
- **Ad 4:** n-depth interviews pointed to another dimension of a problem that certainly is not typical only for the region of East Slovakia, yet comes across as crucial for its future development. When planning, executing and evaluating their activities most respondents are not ready, able or willing to go beyond the borders of a nation state. **However, the region of East Slovakia- a part of the EU and Schengen- is regionally, geographically, mentally and in many aspects also socially embedded in the space of eastern part of Central Europe and has far less in common with the remaining regions of Slovakia than with south-eastern Poland, eastern Hungary, or north-western Romania. Thus regional development in East Slovakia must be planned and implemented with respect to the aforementioned regions.** Not only can it help solve many serious problems of the region of East Slovakia, but what is more important is that it may help the region become the leader and a frame of reference for others. At present, the region of East Slovakia, despite all its problems, is qualitatively and quantitatively more developed, possesses the best infrastructure and, in comparison with the above mentioned regions, quite strong and effective structure of non-governmental organizations. What is more, Košice as the largest city of the Carpathian Euroregion together with the aforementioned characteristics has a great potential to open immense horizons to the region of East Slovakia. However,

to achieve that **it is essential to move our perspectives beyond the national state's borders and expand scope, activities and projects of non-governmental sector and donors supra-regionally.**

## 6.1 Areas of aid targeting

Recommendations with respect to the areas of aid targeting:

1. **To create and institutionalize a platform for cooperation with private donors in the region;**
2. **To formulate a strategy of communication towards leading donors and apply it at the regional level;**
3. **To solve the problem of so called quasi-third sector;**
4. **To strive for elimination of strong positions of budgetary and contributory organizations in the field of social services provision;**
5. **To enhance support for organizations of watchdog and think-tank type as well as organizations building non-material aspects of quality of life in the region;**
6. **To foster discussion on empowering the "clients" to define areas of targeting the aid provided by the donors;**
7. **To focus existing initiatives on building up a portfolio of activities related to local community's welfare rather than radically changing some common ways of targeting aid for local activities.**

- **Ad 1:** Interviews with private donors in the region suggested that "the market" is aware of the need to nourish social capital of the region and **actors of corporate industry understand the importance of local community's positive development.** Corporate environment made a great step forward in this respect and **it is not necessary or desirable to preach about the need to foster social responsibility.** However, what is emerging as important is **systematic establishment of partnerships and provision of aid for activities that would not bring results in the short or medium time period** (e.g. marginalized groups)
- **Ad 2:** It is vital that a strategy of communication towards important donors is formulated and applied at the regional level. Discussions based on this strategy should be aimed at enhancing regional competencies to make decisions related to non-governmental sector. **Several representatives of non-governmental organizations in the region expressed great need to strengthen organizations' position in the decision-making process.** Such initiative should be assumed by a strong regional organization with international experiences.
- **Ad 3:** It is crucial that the **so called quasi-third sector is dealt with at the regional level** as its existence damages legitimacy and overall image of non-governmental organizations. This issue emerged as important and sensitive in several interviews with the leaders of non-governmental sector in the region.

- **Ad 4:** It is necessary to **eliminate strong positions of budgetary and contributory organizations in the field of social services provision** in the region of East Slovakia. Assistance of major donors in this process is also considered vital. Interviews revealed that representatives of non-governmental sector view legislative favoritism of such organizations as a great obstacle in further development of the third sector in the region.
- **Ad 5: Greater support to organizations of watchdog and think-tank type as well as organizations building non-material aspects of quality of life** is essential. Significant deficiencies in this particular segment of the third sector pose limitations to the means of corruption monitoring and controlling or intervening in political decision-making at the local and regional level.
- **Ad 6:** It is important that usual targeting of aid provided for non-governmental sector do not change radically. It has been shown that it is more convenient to support initiatives spontaneously emerging and running at the local level and to strengthen portfolio of activities aimed at local community's welfare.
- **Ad 7:** It is desirable not to radically modify some of the usual purposes of the support provided to the non-profit sector. **It is quite obviously more appropriate to support initiatives which have already been spontaneously launched on the local level**, and to guide the organizations in question rather towards fostering their portfolio of activities directed at local community.

## 6.2 Forms of aid provided

With respect to the forms of aid following recommendations to donors have been formulated based on previous data analysis:

1. **To simplify ways of providing aid to non-governmental organizations;**
  2. **To discuss priorities of financial aid not only with regards to its targeting, but also to its forms and identification of applicants. Learning lessons from the examples of the most significant corporate donors is regarded as appropriate. It is also vital to identify a long-term aid strategy in favor of broadly defined development of the region of East Slovakia;**
  3. **To use targeting and forms of aid in the local context in a response to the activities of non-governmental organizations whose operation does not necessarily falls within the donors' prioritized areas and yet it is important for the region;**
  4. **Given the importance of community foundations in the region their involvement in partnerships and cooperation in the local community's development is essential.**
- **Ad 1:** It is crucial to **simplify the ways of providing aid to non-governmental organizations** as much as possible and to bring the decision-making regarding distribution

of aid nearer to the level where the projects are implemented. Strategy “in case of fraud the donor learns about it from the local community” is viable at least with the smaller grants at the regional level.

- **Ad 2:** Interviews showed that most respondents consider the semi-opened system of identifying eligible grant applicant the most appropriate. The openness is necessary particularly for its absence in many other financial mechanisms such as structural or state budget funds that do not reflect reality and actual needs of the region of East Slovakia. It is therefore necessary to **identify key players that would be able to assume the responsibility for conceptual planning of the sector’s development in the region.**
- **Ad 3:** This recommendation is particularly important with respect to current practices- some donors directly shape non-governmental sector in East Slovakia through their ways of aid targeting and narrowing the space for providing aid (as a consequence of the forms of aid provided).
- **Ad 4:** It has been demonstrated that community foundations in the region of East Slovakia have even stronger position than in other regions. Interviews indicated that **community foundations should be the key players with whom partnerships and cooperation in local community’s development should be established.**



## 6.3 Methods and focus of evaluation of aid effectiveness

Following recommendations have been drafted with respect to the evaluation of the effectiveness of aid provided:

1. To eliminate bureaucratization of evaluation and focus on the aid's effect rather than particularities of the accounting statements;
2. To sensitively evaluate activities that do not provide tangible results in short- or mid-term time horizon;
3. To focus on qualitative rather than quantitative evaluation at least at the regional level;
4. To use adequate types of evaluation of respective projects;
5. To use evaluation as a means of coordination and multiplication of projects and of preventing duplicate funding.

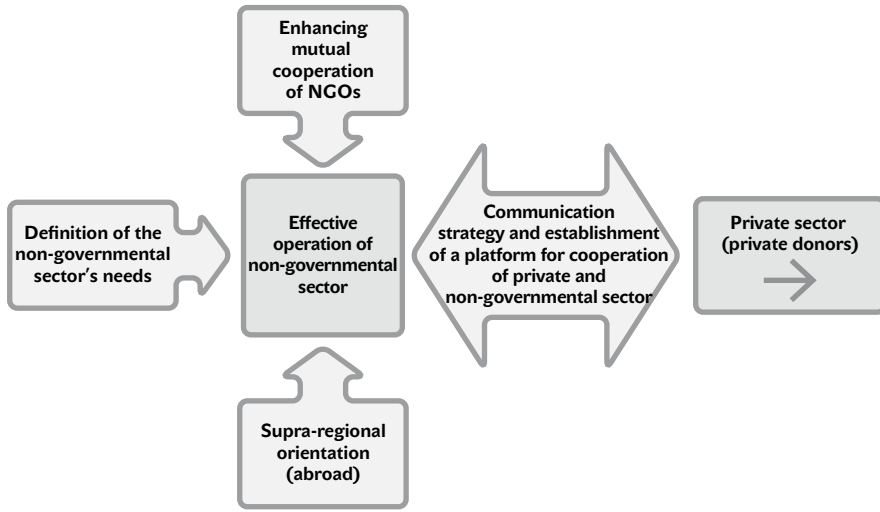
- **Ad 1:** Evaluation must not be bureaucratized and should rather be focused on the aid's effect than on the particularities of the accounting statements. The survey showed that private foundations' strategies of intensive communication with their grant recipients help decrease donors' expenses while preserving the aid's effectiveness.
- **Ad 2:** Activities providing immediate and tangible results have a great potential to receive financial support. On the other hand, so called "soft" activities remain problematic as they do not provide controllable results and are of strategic and developmental nature. Such activities have low marketing potential for the donors. **It has been shown that from the donors' perspective absence of instant results and observable changes is often mistaken with projects' ineffectiveness. Space for activities aimed at enhancing civic and political culture, improving marginalized groups' status or decreasing corruption rates is thus systematically reduced.**
- **Ad 3:** As the interviews indicated representatives of non-governmental organizations critically assess donors' evaluation processes- particularly with respect to public (both domestic and European) funds. **Monitoring and evaluation for the donors rarely reflect qualities, impact and effect of respective projects.**
- **Ad 4:** It is necessary to **more precisely distinguish types of evaluation for respective types of projects.** Several respondents pointed to the fact that cost-benefit analysis is not always viable. In some cases organization's effort to fulfill such requirements hinders their attempts to make a difference in the community.
- **Ad 5:** All efforts should be made to prevent duplicate funding of projects and to ensure coordination and multiplication of certain types of projects (e.g. work with Romany communities). **Such information can be gathered by evaluating particular types of projects; information should be informally centralized- especially with**

respect to such topics as the aforementioned marginalized groups- with the assistance of strong organizations within the region.

Summary of recommendations towards private sector is indicated in Scheme 2

**SCHEME 2**

**Summary of recommendations towards private sector**



## 7. Annex

### List of interviewed respondents

<b>ORGANIZATION</b>	<b>NAME OF THE RESPONDENT</b>	<b>RESPONDENT'S POSITION IN THE ORGANIZATION</b>	<b>PLACE AND TIME OF THE INTERVIEW</b>
Lesoochranárske združenie VLK/WOLF Forest Protection Movement	Juraj Lukáč	Director	Bratislava, 2. 7. 2010
Ludia a voda/People and Water	Michal Kravčík	Founder and chairman	Košice, 9. 7. 2010
Priatelia Zeme/Friends of the Earth Slovakia	Katarína Vrábľová	Project Manager	Košice, 30. 6. 2010
ETP-Slovensko-Centrum pre udržateľný rozvoj/ETP-Centre for Sustainable Development	Slavomíra Mačáková	Executive director	Košice, 29. 6. 2010
SFPA Prešov	Vladimír Benč	Director	Prešov, 5. 7. 2010
ZOM Prešov	Boris Klohna	Chairman	Prešov, 22. 6. 2010
Inštitút Krista Veľkňaza/Institute of Christ the High Priest	Ľuboš Tomko	Project manager	Žakovce, 23. 6. 2010
Spišská katolícka charita/ Spiš Catholic Charity	Pavol Vilček	Diocesan director	Spišská Nová Ves, 23. 6. 2010
Rusínska obroda/Ruthenian revival	Vladimír Protivňák	Chairman	Medzilaborce, 22. 6. 2010
Združenie Staromestské divadlo Košice/Old-town's Theatre Košice	Ľuba Blaškovičová	Coordinator, manager and dramaturgist	Košice, 29. 6. 2010
Košice 2013 – Európske hlavné mesto kultúry/ Košice 2013–European Capital of Culture	Zora Jaurová	Director of an NGO Košice 2013 – EHMK, n.o.	Bratislava, 21. 6. 2010
Atletický klub zdravotne postihnutých Proficio/ Proficio–Athletic Club of People with Disabilities	Július Hutka	Chairman	Baškovce, 22. 6. 2010
Zober loptu, nie drogy/ Take a ball, not drugs	Damián Exner	Director	Košice, 24. 6. 2010
Poradňa pre ľudské a občianske práva/ Centre for Civil and Human Rights	Štefan Ivančo	Coordinator of the Anti-discrimination program	Košice, 30. 6. 2010

<b>ZŽ MyMamy</b>	Apolónia Sejková	Founder and project manager	Prešov, 23. 6. 2010
<b>MC Človečikovo</b>	Zuzana Ondková	Founder and project manager	Prešov, 22. 6. 2010
<b>Človek v tísní/People in need</b>	Miroslava Hapalová	Director	Bratislava, 6. 7. 2010
<b>Karpatská nadácia/ Carpathian Foundation</b>	Laura Dittel, Mária Biľová	director; program manager	Košice, 30. 6. 2010
<b>Nadácia Socia/Socia Foundation</b>	Vladimír Matej	director	Bratislava, 22. 6. 2010
<b>Nadácia pre deti Slovenska/Children of Slovakia Foundation</b>	Lucia Štasselová	director	Bratislava, 1. 7. 2010
<b>Centrum pre filantropiu/ Centre for Philanthropy</b>	Boris Strečanský	director	Bratislava, 23. 6. 2010
<b>Komunitná nadácia Bardejov/ Bardejov Community Foundation</b>	Jozef Jarina	Foundation Trustee	Bardejov, 5. 7. 2010
<b>Komunitná nadácia Veľký Šariš/ Veľký Šariš Community Foundation</b>	Štefánia Lenczová	Foundation Trustee	Veľký Šariš, 24. 6. 2010
<b>U. S. Steel</b>	Lubomíra Šoltéssová	Media Relations & Visiting Center Manager	Košice, 9. 7. 2010
<b>Nadácia Chemosvit/ Chemosvit Foundation</b>	Jarmila Štegenová	Foundation Trustee	Svit, 23. 6. 2010
<b>Ekopolis</b>	Peter Medved'	director	Banská Bystrica, 1. 7. 2010
<b>Rómske mediálne centrum/Roma Press Agency</b>	Kristína Magdolenová	Executive director	Košice, 29. 6. 2010
<b>SAIA Prešov</b>	Juliana Hajduková	Coordinator of academic programs	Prešov, 23. 6. 2010
<b>Local leader</b>	Alexander Mušinka	Prešovská univerzita/University of Prešov	Prešov, 23. 6. 2010
<b>Local leader</b>	Andrej Šteiner	Director of Carpathian Development Institute	Košice, 29. 6. 2010



# Authors

## **CVEK**

Center for the Research of Ethnicity and Culture (CVEK) is an independent civic association that has been created in 2005 and is focused on research and analytical activities in the sphere of broadly understood culture and ethnicity. CVEK is contributing to expert activities and fostering of an expert dialogue in the sphere of minority issues, social exclusion, strengthening of a social cohesion, social construction of ethnic and cultural identity, race and ethnicity issues, and development of cultural activities and media space in Central European context.

CVEK as a research Institute develops mostly sociological expertise. Activities of the CVEK are both academic and practical policy analysis in all spheres of interest. CVEK utilizes qualitative and quantitative methods of data analysis.

CVEK in its activities fosters publication activities, organizes seminars, conferences, and workshops, works on expert standpoints and public-policy materials, and is devoted to consultancy activities. CVEK is personally and scientifically linking up on good traditions of research and analytical activities of the Program of national minorities of the Institute for Public Affairs Bratislava (1999–2005).

Range of topics covered by activities of the organization:

- Social Cohesion
- Social Inclusion
- Social Capital
- Antisemitism
- Issues of Intolerance and Racism
- Civil Society Development
- Migration
- Integration of Migrants and Asylum Seekers into the Society
- Transnational networks
- Ethnic and Cultural Identities
- Discrimination and Abusing of Minority Rights
- Education of Minorities and Marginalized Groups
- Poverty and Social Policy
- Public Policy in Minority Issues
- Analysis of a Media Discourse
- Technological Changes in Media Sphere and its Social Implications

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**TRENDS AND PERSPECTIVES**  
for Future Development Support Programming  
in Eastern Slovakia

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