

# Structural Funds, NGOs and Partnership Principle in Slovakia in 2004-06

Ctibor Košťál  
Slovak Governance Institute



# Background

- NGOs booming in the late 90s and early 2000s

## Number of NGOs

year	1996	2002
Total	14 194	26 770

Source: International Qualification of non-profit organizations, in: Filadelfiova, Dluha, Kosiciarova (2004)

- Mostly Associations
  - Environmental
  - Charity
  - Civil Rights

# Background

Strong third sector - main reasons:

- Period 1994-1998 - Mečiar's Government - cleavages between state and civil society on the issue of democracy
- Need for change - stimulation for organized civil opposition
- Elections 1998 - big win for the third sector
- 1998-2002 - Democratization efforts
  - e.g. FOIA
- Years 2002 - 2006 - strong pro-reform government
  - Brain drain - experts joining civil service

# NGOs in Slovakia - Financing

- Donations
  - Foundations
    - Donors slowly leaving country after 1998
    - Private Corporations
    - Big donors - e.g. OSI
- Public Sector - service delivery (e.g. social services)
- Own activities - consulting, trainings etc.
- Tax Assignment (2%)
  - Individuals and corporate entities
- Pre Accession Funds
- Structural Funds and other EU financial tools

# NGOs in Slovakia - Financing

## Non-Profit Organizations - Structure of income

Year	Public Sector	Donations	Revenue from own activities
1996	21.3%	23.3%	54.9%
2003	19.9%	18.0%	62.1%

## NGOs Revenue from 2% Tax Assignment (in thousands of SKK)

Assignee/Year	2002	2003	2004	2005	2006
Individual	101 882	97 070	275 917	298 999	312 439
Corporate	-	-	569 256	579 393	618 439
Total	101 882	97 070	845 173	878 392	930 878

Source: Slovak National Tax Office

# NGOs in Slovakia - Financing

## The Pros and Cons of 2% Tax Assignment

### The Pros:

- Small and medium size NGOs
- Participation
- Resource diversification

### The Cons:

- Very limited tool
- Does not cover all types of NGOs (People and Corporations are conservative)
- Impression that it is sufficient

# NGOs in Slovakia - Financing

## PHARE

One of the objectives - to build capacities and prepare NGOs for SF

- Too narrow scope
- Exclusive - not accessible for all
- Information gap
- Non-transparent

# EU Structural Funds 2004-06

## Pros:

- Big expectations
- Unprecedented amount of money
- New areas of interest

## Cons:

- Limited capacity
- Overburden with administrative tasks
- Financial Instability

# EU SF 2004-06 - Positives

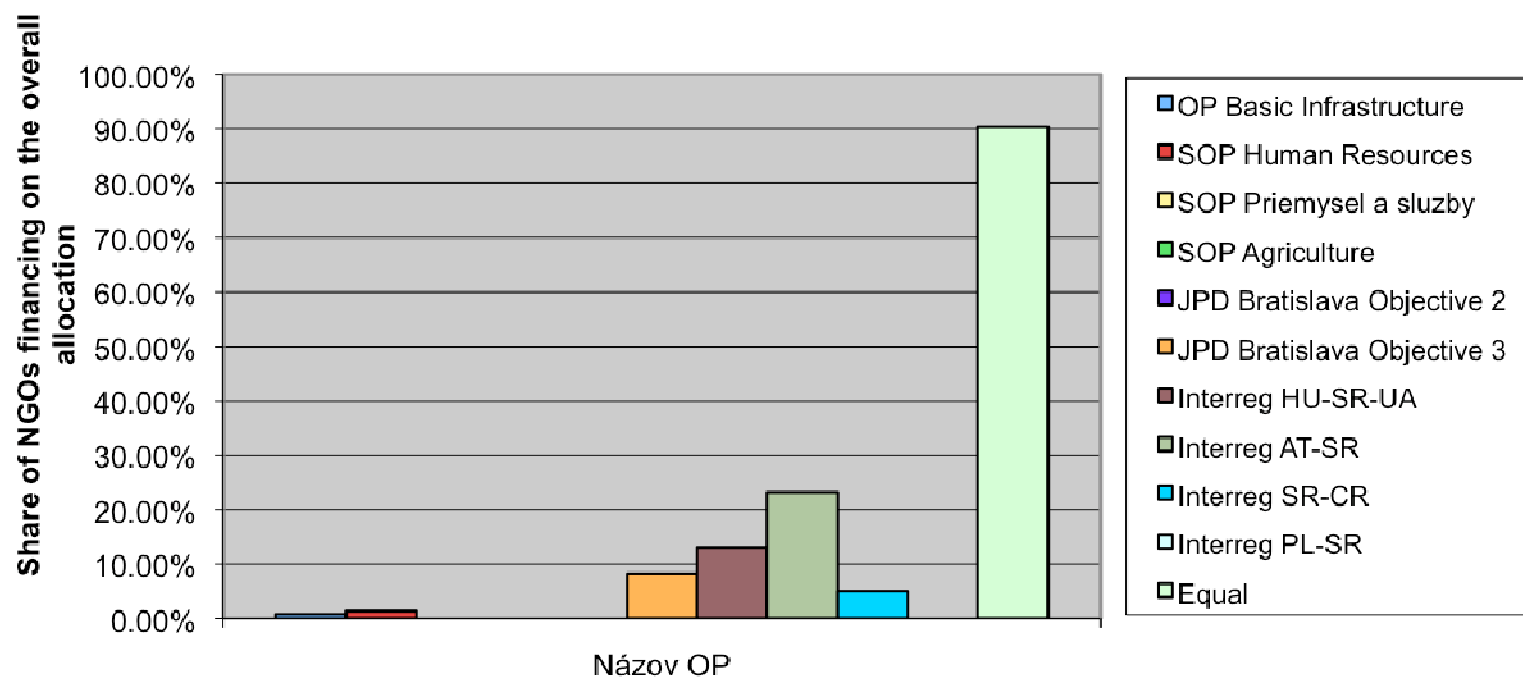
- NGOs perceived EU SF as a new source of funding for their activities
- Operational Programs opened new areas of activities and motivated NGOs to restructure their objectives/mission

# EU SF 2004-06 - Negatives

- Strict Rules - did not experience before
- Capacities - great amount of tasks not relevant to the project content
- Capacities - project management and accounting
- Financial Instability
  - 5% co-financing
  - Delays in payments and project closures - debts
  - Use of financial reserves
  - Dependency - no diversification of resources
- State and NGOs resigned on creating sustainable model of financing or introduction of new tools

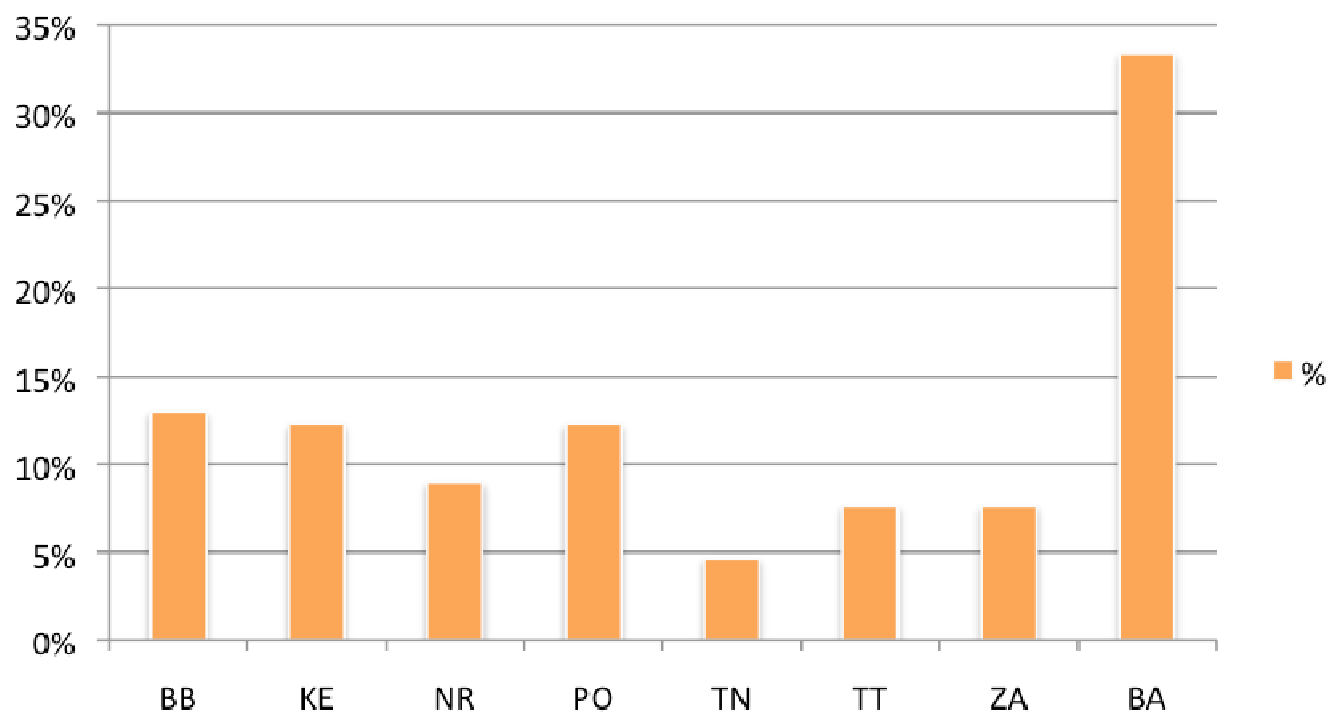
# EU SF 2004-06 -Operational Programs

NGOs Financing divided by operational programs



# EU SF 2004-06 - Regional support

## NGOs projects supported (by region)



# Partnership Principle

- New Phenomenon
- Enforced by EU legislation
  - In 2004-06 programming and strengthen in 2007-13 programming
  - Monitoring Committees
- Started with PHARE projects - pre-condition
  - Fake partnerships
- 2004-06 Cycle
  - Programming
  - Monitoring
  - Programming

# Partnership Principle

- Strongly demanded by Environmental NGOs
  - Created a civic team for monitoring of EU funds
  - Initiated anti-corruption legislation e.g. conflict of interest
- In 2005 - boycott of negotiation of NSRF 2007-13
  - Not satisfied with the role of partners in the process
- Case study - OP Employment and Social Inclusion
  - Prepared from 2005
  - Activities focused on capacity building of NGOs - designed in close cooperation with NGOs
    - Workshops, trainings, internships, scholarships, networking, financial management, administration capacity
  - In summer 2006 - change of government in the last phase of the programming process
  - The abovementioned was left out or changed the scope

# Partnership Principle

## Monitoring Committees

- Created on the “partnership” principle
- Vast majority of state officials
- Formal procedures
- Need for strong personal involvement
- Bypassed via “government friendly” associations

Thank you !

[kostal@governance.sk](mailto:kostal@governance.sk)

Ctibor Košťál, Slovak Governance Institute - Structural Funds, NGOs and  
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