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The 2022 Global Philanthropy Environment Index Slovakia

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Edited by the Indiana University Lilly Family School of Philanthropy

QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Benefit Corporation, Foundation, Society

Five main social issues addressed by these organizations: Arts and Culture, Basic Needs, Early Childhood Education through High School, Higher Education, Religion

Average time established by law to register a philanthropic organization: 0-30 days

Average cost for registering a philanthropic organization: USD 79

Government levels primarily regulating the incorporation of philanthropic organizations:
Central/Federal Government

Philanthropic Environment Scores:

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
2022 GPEI	4.40	4.20	4.05	3.40	3.50	3.30	3.81
2018 GPEI	4.27	3.70	4.05	3.10	N.A.	3.00	3.62

Source: Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

Key Findings

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.

Question One: To what extent can individuals form and incorporate the organizations defined?

Score: 4.5

The Constitution of the Slovak Republic guarantees the “right to associate with others in clubs, societies, or other associations” in Article 29 (1), and in general, individuals can form philanthropic organizations (POs)¹ without any barriers. Organizations are required to obtain legal personality. Registration of POs is not difficult. State authorities are obliged to register POs when necessary conditions are met and have little discretion or possibilities to delay the process of registration. The procedure for the entry of a foundation in the Registry commences on the date of the submission. The Administrator shall be notified within 15 days if the documentation is not full or complete and will be asked to complete the documentation. If, within 30 days, the Ministry does not find a reason for rejecting the entry, it executes the entry to the Registry. Sometimes, different regional state authorities show inconsistencies in assessing the bylaws submitted for registration (especially in the case of nonprofit organizations generally providing beneficial services). The requirements for necessary paperwork are not onerous. The kinds of purposes a PO can have are very broad. For example, in the case of associations, the 83/1990 Law on Associations (Law on Associations) defines their purpose based on what they cannot be; meaning that the law does not enumerate eligible purposes, but defines ineligible purposes, such as establishment for military purposes or for purposes contrary to the constitution or laws (Section 4). The Law on Associations (Section 5) forbids purposes that overlap with the purposes or functions of state agencies. Individuals can act collectively without being registered by entering as a concerned party into administrative processes. For example, the Law on Environmental Impact Assessment (145/2010 Coll.) defines a civic initiative as a group of citizens older than 18 years who sign a joint position addressing a proposed development activity.

Question Two: To what extent are POs free to operate without excessive government interference?

Score: 4.3

There are only a few restrictions in terms of the purposes an organization can pursue. Associations are only banned in cases when their purpose is aimed at violating and infringing personal, political, or other rights of citizens due to their nationality, gender, race, origin, political or other convictions, religious beliefs, or social standing or they instigate hatred. Another restriction is that they cannot form armed groups and cannot perform functions assigned to state bodies. Purposes of other common legal forms—foundations, nonprofit organizations providing generally beneficial services,

¹ Please note that philanthropic organizations (POs), nonprofit organizations, non-governmental organizations, and civil society organizations (CSOs) are used interchangeably in this country report.

and non-investment funds—are defined in their respective laws; however, the list is not comprehensive, so it leaves room for flexibility. In the case of nonprofit organizations providing public benefit services, when the purpose for which they are registered is regulated by other laws or special regulations, the nonprofit organization must comply with these other laws too. That somewhat limits their choices. The Law on Foundations regulates the expenditures of foundations: the assets need to be used for public benefit purposes only. Foundations cannot engage in commercial activities except for leasing out real estate and organizing cultural, educational, and social or sports events, if its assets will be used more efficiently and if such activities are in accordance with the public benefit purpose promoted and pursued by the foundation. There are no formal restrictions on contacting or cooperating with actors from other sectors; however, the practice is often that the public sector lacks interest in and understanding of how to build effective partnerships and collaborations with POs in challenging issues such as Roma inclusion or anti-corruption. Digital access to POs is not limited or otherwise infringed.

Reporting requirements are generally clear and predictable. There are different layers of reporting pertinent to economic turnover (audit requirements).

Question Three: To what extent is there government discretion in shutting down POs?

Score: 4.4

The termination of associations is simple and unrestricted. They can be terminated voluntarily, specifying the distribution of assets in their registered bylaws or in a resolution adopted by the supreme body of the association; or they can be terminated upon a decision of the Ministry of Interior if the association operates contrary to the law. The Ministry can terminate the organization only in specific cases, such as acting against lawful purposes, or in the case of associations, when membership is involuntarily forced or harmed. The Law on Associations provides the possibility of appeal and provides time for discontinuing the causes of termination. These principles, in some approximation, apply also to foundations and nonprofit organizations providing publicly beneficial services. In the case of nonprofit organizations and foundations, it is the court that makes the ruling, not the registration authority like the Ministry—in the event of involuntary dissolution (Section 15 of the NPO law, and Section 15 of the Law on Foundations). The founder, Ministry, or a legal or physical entity with legitimate legal interest may file a petition for dissolution of the foundation if the foundation is not conducting its statutory activity, i.e., if it does not provide contributions from its assets. In the case of the nonprofit organizations providing public benefit services, there is also an ambiguity in interpretation of what are “inappropriately high expenditures in connection to the scope of provided generally beneficial services” (Section 15 (1) (c) of the NPO Law). If this clause is invoked by a party that proves a legitimate interest, the court may dissolve the organization on these grounds. Involuntary dissolution without a due procedure and corrective mechanisms is exceptional. However, dissolution is a long process.

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

Question Four: To what extent is the tax system favorable to making charitable donations?

Score: 4.0

The tax system is only partly favorable to making charitable donations. Tax deductions for charitable donations for both individuals and corporations are not available. Instead, there is a widely used system of the tax designation that allows any taxpayer—individual or corporate—to designate 1 percent or 2 percent (in the case of corporations) and 2 percent or 3 percent (individuals) of income to POs. The system cannot be considered as private philanthropy, as it redirects the paid taxes. If a corporation makes a donation of at least 0.5 percent, the total contribution to POs can be 2 percent of its paid tax. Without already having donated, it can provide only 1 percent.

The tax law also allows corporate and individual (sole entrepreneurs) donors a tax credit regime for cash contributions that relate to research and development, but not necessarily only to POs, because research and development (R&D) is primarily in the public and private business sector. A taxpayer may use 200 percent of its investment into the R&D sector as tax deductible (Section 30b of the Law on Income Tax). The reporting practice for donors is unclear and ambiguous. Besides the above, corporate donors can also use the mechanism of “charitable advertisement”, which is a tax deduction from the tax base of 100 percent up to the ceiling of EUR 20,000 (USD 24,330) that can be deducted from the tax base, if it is provided to a PO (foundation, nonprofit organization, or civic association) (Finančná Správa SR, n.d.). These funds are also tax-exempt on the side of the recipients (POs). Funds received under these rules need to be spent (utilized) within one calendar year after the year when they were received. These funds can be used only for public benefit purposes pursued by the above organizations such as health protection, treatment and prevention of drug addiction, sports, provision of social care, education, cultural heritage protection, human rights, environmental protection, science and research, or organizing and intermediating volunteer activities. As of April 25, 2020, there is an additional purpose: addressing issues related to the COVID-19 pandemic.

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

Score: 4.4

All POs are eligible for full tax exemptions on donations received and on revenue derived from their main activity (Section 12 (7) (a)–(b) of the Law on Income Tax). Foundations cannot engage in commercial economic activities except for leasing out real estate and organizing cultural, educational, social, or sports events, if its assets will in such a way be used more efficiently and if such activities are in accordance with the public benefit purpose promoted and pursued by a foundation. These activities are fully tax-exempt. If these activities are considered to be entrepreneurial, they are fully taxed. Not all POs are exempt from property and road taxes, as this depends on the taxation authority which—in the case of property taxes—is a responsibility of the municipal government. There is no specific process for obtaining tax exempt status, so no barriers exist in this area. POs qualify for this status automatically by being created as an association, foundation, nonprofit organization providing generally beneficial services, non-investment fund, etc. The system is simple, clear, and consistent. Any PO can benefit from it. POs are able to raise funds from private resources, and that happens more frequently, especially also via digital means. However, many POs also rely on public funding and apply for grants from public sources, which is

more effective than to make a tedious effort of approaching many private individuals or corporations. At the same time, the amounts raised from private sources have been increasing. All unrelated activities of POs are fully taxed. Unrelated economic activities can be carried out only as incidental, and as such, they must meet the defined characteristics of incidental activities. If a foundation carries out economic activities (which are not allowed by the Act of Foundations), it faces a danger of liquidation enforced by the Slovak Ministry of Interior.

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

Score: 4.0

There are very limited tax credits or deductions in Slovakia—therefore cross-border charitable donations from Slovakia to recipients abroad have also no fiscal effect for donors, whether individuals or corporations. The existing tax benefits on investments to R&D apply only if the receiving entity conducts activity in Slovakia. Similarly, tax deductibility of sponsorship gifts for sports activity applies only to tax entities of Slovakia. Cross-border giving to recipients outside of Slovakia does not bear any tax benefit for donors. Therefore, there are no impediments to it, and it does not require any specific procedure. There is very little information on this type of giving—if it exists at all. It can be assumed that it is not significant.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 4.1

Cross-border financial charitable donations can be received (by POs) without any additional cost, such as value added tax (VAT). PO recipients of cross-border financial charitable donations may be required to prove their charitable status, and pertinent tax treaty (e.g., double taxation prevention treaty) articles apply. In these cases, the tax relief is provided at the source, i.e., the donor does not have to pay income tax on a cross-border gift to such entities. The proof certificate is issued by the tax authority within 30 days upon request of the PO receiving cross-border donations. However, to ensure that the foreign donor can benefit from the tax-exempt status of the recipient entity in Slovakia, there are also entities that facilitate the process as a part of the donor service in Europe. For more information, please see: <http://www.transnationalgiving.eu/en/>. In Slovakia, there are partner organizations as well, such as the Carpathian Foundation Slovakia (Transnational Giving Europe, 2017).

In kind donations (goods or services) are more problematic, as goods and services are considered subject to VAT tax, and there are disputed tax exceptions for in kind donations. According to the Act on Value Added Tax (Article 48 (2) m), goods released under the free circulation regime subject to

exemption from a customs duty pursuant to a separate regulation shall be exempt from the tax, provided that the concerned goods are for charitable or philanthropic organizations. Furthermore, nonprofit organizations providing community services and the Slovak Red Cross may apply for the refund of tax paid as part of the price of goods exported outside the territory of the European Union for humanitarian, charitable, or educational purposes. (Act on VAT, Article 64 (1)).

IV. Political Environment

The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 3.5

The political and economic system does not fully recognize the potential of independent groups as actors and agents of social change that can significantly contribute to address the many challenges Slovakia is facing, including social inclusion, education quality or humanization of social services, human rights protection, and corruption. The prevailing attitude of the government is that the public and commercial sectors are the key sectors in the country. Macroeconomic conditions have been improving in last two years and contribute to the autonomy and sustainability of the philanthropic sector at present. Public discourse on the value and role of civil society deteriorated during the 2016–2020 government cycle. Top-level politicians leading the government in these periods frequently expressed confrontational narratives and tropes denoting civil society and non-governmental organizations as wrongdoers and political wreckers financed from abroad to stigmatize civil society organizations (CSOs) active in public advocacy. Conspiracy media supported the shift in the mood, disinformation efforts by internet outlets, and accusations of the civil society sector by some politicians. After the change of the government in February 2020, the new cabinet led by anti-corruption populist Igor Matovič entered office with hopes of normalizing the situation and correcting the previous government’s wrongdoings, especially in the areas of rule of law, the judiciary, corruption, and abuse of state institutions. In mid-April 2020, the new government adopted its manifesto for 2020–2024, which featured civil society’s support. The government committed itself to the principles of active citizenship, open government, and public participation in policymaking. It also expressed a wish to support mechanisms allowing access to information, volunteering, and private giving. As a result, the state’s relationship to civil society can be characterized as oscillating between liberal disinterest and disinterested statism.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

Score: 3.3

The government does not promote or support philanthropic culture, and if it does, then it is inappropriate (such as the case when the government officials call for charitable donations to a fund supporting the socio-economic victims of the COVID-19 pandemic who present their stories of desperation due to broken income). There are no serious public efforts to promote philanthropic values. There is also still a lot of old school thinking with some state and local government bureaucrats who do not appreciate the potential of POs in contributing to welfare services and good

policies and who prefer centralized and institutionalized solutions in areas where decentralized, self-governing, and private initiatives can be used. POs have to compete for equal access to public resources and opportunities. For example, in the area of social service delivery, local governments trust organizations that they can control or that they have founded rather than independent and self-governed POs. The end result is that clients are first directed to local public institutions, and closer, more accessible, and friendlier institutions run by independent POs are not given equal funding. There is no direct governmental pressure on donors to support specific causes. Government agencies have some capacity to engage and oversee the philanthropic sector. There are also problems in enforcing the law to prevent fraudulent charitable activity of some entities claiming falsely to collect funds for charitable purposes. Lack of capacity and capability, as well as the complicated legal framework, contribute to the ineffective enforcement of these cases.

V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 3.5

The current economic conditions have deteriorated as a result of the COVID-19 pandemic. The economy has shrunk by 5 percent of gross domestic product (GDP) in 2020, and the effects of lockdown on the economy in 2021 will have a spillover effect as well. The rise of the public debt in last few years was further aggravated by the pandemic and is of concern to the financial sector and policymakers. With the fall in economic activity in 2020 and 2021, tax revenues—used as the base for the tax designation, which is an important source of funding for POs—have decreased already during the 2020 due to delays in tax statements and returns (Finančná Správa SR, 2020). The percentage tax designation counts as one of the sources of income for 52 percent of active CSOs (Ministerstvo vnútra SR, 2020). Contributions from companies and individuals are sources of income for 60 percent of CSOs and grants from foundations for 45 percent of CSOs. (Vaceková & Svidroňová, 2016). Changes in economic performance directly affect the financial standing of many POs. Subsidies from public budgets to POs are also expected to decrease.

The philanthropic sector is also a source of funding for individuals and organizations in the public benefit domain. In 2018, it provided a little more than EUR 100 million (USD 121.65 million) to other organizations and individuals. It is expected that the sector will provide at least 30 percent less in 2021 (based on Statistical Office of the Slovak Republic, 2019b). The effects of the economic decline will be felt in 2021 when decreased economic output will translate into lower tax revenues and available income for giving. It is feared that the expected decreased funding from corporate and individual donors will negatively affect the sustainability of POs. A positive characteristic of the 2020–2021 period is that the new cabinet has launched sweeping reforms in the rule of law and judiciary that address systemic corruption, state capture, simplification of business conducting regulations, and corrections in the rule of law, which improve the overall conditions for doing business.

VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

Score: 3.3

Philanthropy in Slovakia is a hybrid phenomenon with two faces: a traditional face and modern one (Strečanský, 2017). The traditional “philanthropic” attitude is driven by the commonalities of “us” and reflects the societal culture that is based on mutual relationships (*Gemeinschaft*) and not on impersonal rules and regulations (*Gesellschaft*). An important cultural factor that informs the culture of the traditional expression of solidarity is Christian ethics, which create moral pressure to offer help to those that are in need and call for humbleness in these actions so they do not become a source of formal recognition. These two are in a contradiction. On the top of that, as a former Soviet satellite, Slovakia carries a historical burden of four decades of a social utopia experiment with the ambition to achieve common good through coercion and ideological obedience. The experience with a closed totalitarian welfare state destroyed the country’s social fabric—which had been built for centuries and was so important to the level of trust in society—as well as moral decision-making and charitable behavior. The process of ambivalent modernization in a paternalistic state taught generations of Slovakian citizens that individual initiative is punished and that passively waiting for the state to deliver is rewarded. Today, POs are slowly gaining trust. Intermediaries are less trusted. Individual donations are on the rise, also thanks to the emergence of new technologies and online spaces and tools for giving (European Fundraising Association, 2013).

VII. Future of Philanthropy

These questions are used to provide a general picture of the future of philanthropy in this country as well as recommendations to improve the philanthropic environment.

Current state of the philanthropic sector

The philanthropic sector in Slovakia is gradually developing, but it is far from meeting its real potential. Charitable behavior becomes more common in part due to the improved socio-economic conditions, which increases the financial capacity for giving by the middle class, and partly due to the intensified activity of POs approaching donors for support both in offline and online spaces. Public fundraising activities and online giving to POs show a steady increase in the number of donors, donations, and amounts donated. During the COVID-19 pandemic, these manifestations have accelerated. The segment of institutionalized philanthropy has developed unevenly. Growth can be observed among corporate foundations that have grown a lot in the last 10-15 years thanks to the corporate tax designation mechanism. However, corporations still remain too entrenched in corporate communication. A positive development is visible in the number of POs founded by high net worth individuals that invest in larger and riskier projects in education, anti- corruption, or community services. There are also several philanthropy infrastructure organizations that have a collective impact improving the capacity and capability of the philanthropic sector in Slovakia such as the Slovak Fundraising Center, the Center for Philanthropy, the Association of Corporate Foundations, and the Pontis Foundation, as well as systems enabling giving such as *darujme.sk* or the crowdfunding platform *StartLab.sk*. There is also intra-sectoral cooperation in the form of coordination of policy initiatives towards improvements in the legal and fiscal environment that

include key PO actors. However, Slovakia still has a way to go in overcoming the challenges that the lingering idea of “otherness” has on charitable behavior in the region. Despite the important traditional Christian heritage that emphasizes solidarity with those who are needy, many people struggle to overcome their mistrust of other cultures and “strangers”.

Three major recent events affecting the philanthropic landscape between January 2018 and December 2020

- 1) Investigative journalist Ján Kuciak and his fiancée Martina Kušnírová were murdered in February 2018. That event sparked nationwide public protests, forcing the change of the cabinet and sweeping changes in the state's judicial system and power structures, uncovering illicit networks of organized crime that permeated the highest government levels. It led to a change in government following the parliamentary elections in February 2020 and to the breakup of the ruling party SMER-SD, which led the government for 12 out of the last 14 years. The event triggered major civic protests and mobilized civil society.
- 2) In the 2019 presidential election, which had the lowest historical voter turn-out rate (41%), Slovak voters elected the public interest lawyer and environmental rights activist Zuzana Čaputová with over one million votes. She beat the high caliber candidate of the ruling party SMER, Maroš Šefčovič, an experienced diplomat and Vice President of the European Commission. Čaputová's victory inspired a narrative that there is a new generation of publicly active people that is coming of age—a generation that is in its forties, has a better, more modern education, and has been politically socialized in a variety of environments abroad or at home. This generation has experienced the period of integration into the EU, and exposure to academia and labor movements has broadened this generation's perspective. It has grown up in the conditions of a free society in the context of imperfect democracy, but still a democracy. Also, it has been influenced by the nature of public discourse and deliberations in the public space in which civil society institutions, as well as independent media, played a crucial role. And, at last, it is a generation that is influenced by the fluidity and informality facilitated by new media and technology and that is becoming more assertive, self-confident, and influential in shaping institutions and fixing failing policies. The new political generation embodies a new understanding of ways of communicating with their constituencies using new media as well as raising support through a number of smaller individual contributions instead of locking up in financial obligations to local oligarchs. An illustrative example is the campaign of Zuzana Čaputová, which raised EUR 323,000 (USD 393,000) from over 4,000 donors—the maximum amount allowed. It is the first time that a political campaign managed to raise such an amount from that many donors in Slovakia (Strečanský, 2019).
- 3) The COVID-19 pandemic, especially its first wave in Spring 2020, provoked a significant level of civic solidarity. Since the beginning of the pandemic in Slovakia, a wave of solidarity among citizens, companies, and organized and informal civil society emerged. Due to the relatively slow uptake in infections, Slovakia quickly adopted stringent measures, and with some luck, the country has navigated through the first wave of COVID-19 pandemic with a low incidence of cases and related fatalities. The response from civil society and the corporate sector was impressive (Batková et al., 2020; Hlas, 2020). There were hundreds of initiatives for producing and distributing face masks, crowdfunding, and fundraising (for protective equipment to support health and social care facilities (with a total value over EUR 6 million

(USD 7.3 million)), volunteer coordination, organization of support for lonely and vulnerable people (helping with food supplies, etc.), and information and awareness-raising in marginalized communities (Roma settlements, the homeless, drug users, etc.). Civil society's efforts were also present in activities that focused beyond direct assistance provision: organizing spaces to identify solutions, hackathons, app development initiatives for prevention, informing the general public, and preventing hoaxes and disinformation. IT companies offered support, while corporate foundations have announced programs supporting urgent needs in diagnosing and preventing COVID-19 as well as donations of respirators and ventilation devices to hospitals. Several corporate foundations established a crisis fund (e.g., the support fund to those who help at the Pontis Foundation) to support the core costs of CSOs impacted by the COVID-19 crisis. The experience of philanthropic institutions serving and connecting various needs, mobilizing, and ensuring the flow of resources has been significant during the crisis and in the post-pandemic period. In the Slovak context, several independent intermediary grantmaking foundations, private venture philanthropies, corporate foundations, and community foundations have all utilized their experience and grantmaking delivery systems in delivering assistance where needed. Society at large has appreciated this role. Many individuals contributed to fundraising calls during the lockdown, almost exclusively in an online space, or joined volunteering activities. Existing online fundraising tools, such as the giving system darujme.sk operated by the nonprofit organization the Center for Philanthropy, have been utilized by many organizations for the first time, and they were unsurprisingly successful. During the peak of the crisis, donors showed higher than usual levels of willingness to contribute to charitable calls of CSOs. For example, from the beginning of March until May 15, 29,943 contributions from 17,448 individual donors in the total amount of EUR 702,443 (USD 854,500) were received through the online portal darujme.sk. After the first wave, the wave of willingness to provide charitable contributions fell to normal levels. Whether a similar response can be expected during the incoming second wave remains to be seen. Once the unemployment and economic crisis rise to their full extent, it is expected that their impact on private giving is likely to be negative (Strečanský & Batková, 2020).

Future development trends in the philanthropic landscape

- There will be a continued increase of online giving through existing charitable portals and crowdfunding platforms.
- More POs will be using a combination of offline and online tools for building a community of supporters and sympathizers and making them regular donors.
- It can be expected that with the growth of giving, potential frauds will also be discovered, and publicizing these cases may put more pressure on accountability and transparency and reporting requirements for POs.
- The rising challenges in socio-economic disparities and tensions resulting from inefficient government policies will force the government (central and local) to cooperate more with non-state actors.

Three key recommendations to improve the environment for philanthropy

- 1) Improve public education about philanthropy. For example, establish an independent charity/philanthropy watchdog or a giving platform aimed at donor education to provide an impartial and qualitative assessment of the quality, reliability, and effectiveness of POs and a deeper orientation for donors.
- 2) The public sector should embrace the strengths of POs in addressing the country's major challenges of a deficit in education, innovation, and equity. Instead of ignoring the philanthropic sector, it should search for ways the philanthropic sector and the public sector can complement each rather than substituting or competing with each other.
- 3) The philanthropic environment needs a balanced communication and presentations about the importance of private initiatives to common good, not focused only on charity, but as a principle that is nurtured in different walks of public life without being represented as a comprehensive solution to governmental failure.

VIII. Philanthropic Response to COVID-19

These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

Since the beginning of the pandemic in Slovakia, a wave of solidarity among citizens, companies, and organized and informal civil society emerged. Due to the relatively slow uptake in infections, Slovakia quickly adopted stringent measures, and with some luck, the country has navigated through the first wave of COVID-19 pandemic with a low incidence of cases and related fatalities. The response from civil society and the corporate sector was impressive (Batková et al., 2020; Hlas, 2020). There were hundreds of initiatives for producing and distributing face masks, crowdfunding, and fundraising (for protective equipment to support health and social care facilities (with a total value over EUR 6 million (USD 7.3 million)), volunteer coordination, organization of support for lonely and vulnerable people (helping with food supplies, etc.), and information and awareness-raising in marginalized communities (Roma settlements, the homeless, drug users, etc.). Civil society's efforts were also present in activities that focused beyond direct assistance provision: organizing spaces to identify solutions, hackathons, app development initiatives for prevention, informing the general public, and preventing hoaxes and disinformation. IT companies offered support, while corporate foundations have announced programs supporting urgent needs in diagnosing and preventing COVID-19 as well as donations of respirators and ventilation devices to hospitals. Several corporate foundations established a crisis fund (e.g., the support fund to those who help at the Pontis Foundation) to support the core costs of CSOs impacted by the COVID-19 crisis.

Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

The experience of philanthropic institutions serving and connecting various needs, mobilizing, and ensuring the flow of resources has been significant during the crisis and in the post-pandemic period. In the Slovak context, several independent intermediary grantmaking foundations, private venture philanthropies, corporate foundations, and community foundations have all utilized their experience and grantmaking delivery systems in delivering assistance where needed. Society at large has

appreciated this role. Many individuals contributed to fundraising calls during the lockdown, almost exclusively in an online space, or joined volunteering activities. Existing online fundraising tools, such as the giving system *darujme.sk* operated by the nonprofit organization the Center for Philanthropy, have been utilized by many organizations for the first time, and they were unsurprisingly successful. During the peak of the crisis, donors showed higher than usual levels of willingness to contribute to charitable calls of CSOs. For example, from the beginning of March until May 15, 29,943 contributions from 17,448 individual donors in the total amount of EUR 702,443 (USD 854,500) were received through the online portal *darujme.sk*. After the first wave, the wave of willingness to provide charitable contributions fell to normal levels. Whether a similar response can be expected during the incoming second wave remains to be seen. Once the unemployment and economic crisis rise to their full extent, it is expected that their impact on private giving is likely to be negative (Strečanský & Batková, 2020).

Impact of COVID-19 on the philanthropic environment

The coming economic decline was feared to profoundly affect the percentage tax designation, a critical funding mechanism for CSOs. The Slovak version of the mechanism is based on allocating a percentage from the paid corporate and individual income tax to the civil organization of choice. With the expected fall in economic activity in 2020, tax revenues—used as the basis for designation—were predicted to be significantly lower. If the decline follows the same pattern as in 2009–2010, then it was expected that the decrease in the tax designation revenues would decrease by 40 percent, representing a EUR 30 million (USD 36.49 million) gap in 2021 compared to original projections made by the Ministry of Finance in 2019. The percentage tax designation counts as one of the sources of income for 92 percent of active CSOs. Contributions from companies and individuals are sources of income for 60 percent of CSOs, grants from foundations are sources of income for 45 percent, and subsidies from public budgets are sources of income for 42 percent (Svidroňová & Vaceková, 2014). It should also be noted that the nonprofit sector itself is a source of funding for individuals and organizations in the public benefit domain. In 2018, it provided a little more than EUR 100 million (USD 121.65 million) to other organizations and individuals (Statistical Office of the Slovak Republic 2019b). The working group of the Crisis Committee of the Nonprofit Sector estimated a 50 percent fall in this support in the case of a 10 percent plunge in GDP (Strečanský & Batková, 2020).

Anticipated impact of COVID-19 on the philanthropic environment in 2021

It can be argued that the nature of the response and actions of civil society to the COVID-19 pandemic in Slovakia—as well as the quality of the relationship with the government as it played out in this period (and beyond)—were embedded in the still prevailing statist elements of the delayed democratization. Interactions between organized civil society and the state hint to the possible interpretation that Slovak public administration has been entrenched in a hybrid new public management paradigm which continues to run centralized and top-down approaches in governance while it stimulates evidence-based decision-making and business-style management (Salamon & Toepler, 2015). However, it is hesitant to move towards a more complementary relationship with non-state actors. It struggles with the bottom-up and pluralistic approaches.

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