

SLOVAK REPUBLIC

Community foundations

History

The first community foundation in Slovakia was formed in Banská Bystrica in 1994. The community foundation concept had been brought into the city from the United States by a member of the Board of Trustees of a local foundation affiliated with city hall, which was subsequently transformed into the first community foundation in Slovakia.

The next 3 community foundations were established in 1996 in Presov, Trencin and Pezinok. The latter two initiatives, however, were civic organizations, rather than foundations, and combined their grantmaking with other of their own programs. Nevertheless, by 2002, both had evolved into foundations.

Creation of these 3 foundations was assisted and financially supported by the Open Society Foundation (OSF). OSF provided these initiatives with three-year matching grants aimed at building their sustainability. It was unknown, however, whether the organizations would be able to engage their communities, develop the skills needed to manage their activities and launch local fundraising, PR, marketing and donor-education activities in a country where the tradition of public giving did not have deep roots.

Even with the support of OSF, the involvement of local activists in the three cities was key to making the foundations' operations successful. These community leaders formed the first boards of directors, core groups of volunteers, and provided the platform for communication with local nonprofits, schools, media, potential donors and the community at large.

Between 1996 and 2003, 8 more community foundations were created. Also, there were several initiatives working towards launching new ones in different parts of the country. During that period, substantial financial support was provided by two funders: Open Society Foundation and Foundation Ekopolis who made grants with funds provided by the C.S. Mott Foundation. The most recent community foundation in Kosice was registered in 2007.

In 1999-2000, Slovak community foundations launched their local fundraising campaigns as their strategic priority. Until 2004, it was possible to raise some funding from OSF and Ekopolis, and the foundations looked elsewhere for additional funding. Funds were available from some embassies (Netherlands, Canada, UK), USAID, Foundation for Support of Civic Activities-NPOA. None of these funding sources are available at present. Today, local fundraising is the key to financing operations and activities of Slovak community foundations.

Current situation: Facts and figures

Number of community foundations formally established in total.	12
Number of community foundations established in 2007.	1
The number of community foundations at early stages of development.	2
Percentage of country's territory covered by community foundations.	50-60%
Percentage of population that has access to a community foundation.	50-60%
Total number of people with access to a community foundation.	ca. 2,700,000
Is the rate of community foundation formation steady/increasing/decreasing? Explain why in the box below:	Steady

In spite of the fact that the concept of community foundations is quite alluring for activists in many towns and cities, the formation process has not become faster. It is so mainly due to recent absence of international funding (Open Society Foundation, C.S. Mott Foundation, Nadácia Ekopolis), which used to play a very important role in launching and sustaining our operations on a short-term basis. It is much more difficult to raise operational support from local sources than grantmaking money. Slovakia is a rather small country, of some 50,000 square kilometers, and the population is ca. 5.5 million people. At present, we have 11 fully operational community foundations in the country, which would suggest 500,000 people are served by one foundation. Therefore, we base our strategy on sustaining the current numbers of community foundations rather than building new ones. Those community foundations operating very close to one another may, in the years to come, merge to become more efficient in terms of operating expenditure. As the country is not large, there may not be a real need for more than the existing dozen in order to achieve coverage of the whole area. Additionally, there may be many small local volunteer-based organizations with limited resources. Of course, within the portfolio of the Association's services, we plan to support emerging or existing initiatives, who work in a hybrid form of a local association working on own projects and developing public giving, trying to accumulate money to provide small-sized grants for local activists. Some may base their work on implementing more of their own projects (as opposed to grant-making) to bring in enough funds to sustain their operations, and keep the grantmaking program as a part of their portfolio. The projects may be funded also from funding provided by the European Union as a financial assistance to newer EU members. Due to the small size of the country, it is highly probable that community foundations will cooperate closely in the future through nationwide philanthropic programs for large donors.

Total sum of grants made by community foundations in 2007	14,215,730 Slovak crowns (US \$686,750)
Total number of grants made in 2007.	720
Total sum of the income/donations in 2007.	20,516,626 Slovak crowns (US \$991,141)
Single largest source of income for community foundations	Businesses
Total sum of endowments at the end of 2007.	28,821,490 Slovak crowns (US \$1,392,342)
Community foundation with the largest endowment at the end of 2007 and size of its endowment .	Community Foundation Healthy City, amount of 21 million Slovak crowns (circa US \$1,014,492)

Complete list of community foundations:

Healthy City Community Foundation, Banská Bystrica and Zvolen, www.knzm.sk, 1994
Komenskeho 21, 974 01 Banska Bystrica, 00421 48 415 60 59

Prešov Community Foundation, www.knpresov.sk, 1996
Poziarnicka 17, 080 01 Presov, 00421 51 7721 857

Trencin Foundation, www.trencianskanadacia.sk, 1996
Mladeznicka 2, 911 01 Trencin, 00421 32 744 55 00

Revia-Small Carpathian Community Foundation, www.revia.sk, 1996
Moyzesova 26, 902 01 Pezinok, 00421 33 641 30 11

Velky Saris Community Foundation, <http://home.nextra.sk/komunit>, 1998
Namestie sv. Jakuba 26, 082 21 Velky Saris, 00421 51 77 620 13

Bratislava Community Foundation, www.knb.sk, 1998
Partizanska 2, 811 03 Bratislava, 00421 2 54 64 80 04

Blue Torysa Community Foundation, www.modratorysa.sk, 1998
Sabinovska 11, 082 71 Lipany, 00421 903 430 360

Liptov Community Foundation, www.knl.sk, 1998
Hotel Smrek, SNP Liptovský Hradok, 00421 44 5221 298

Nitra Community Foundation, www.fondnr.sk, 1998
Farska 5, 949 01 Nitra, 00421 37 741 43 45

Humenne Community Foundation, 1999
knmh@humenne.sk

Bardejov Community Foundation, www.knbj.sk, 2002
Radnicne namestie 21, 085 01 Bardejov, 00421 907 972 763

Kosice Community Foundation, 2007

no contact details have been provided yet

Community foundation staffing

All Slovak community foundations, although understaffed (some quite heavily), have been run by professionals basically from the day of their creation. Paid staff are in charge of the overall administration, grant programs administration, fundraising, PR, asset development, board development. However, all foundations have developed a base of volunteers who help out with many tasks ranging from minor office tasks to larger areas such as PR, investment strategies, etc. Foundations cooperate with all kinds of volunteers – from students to very qualified experts. Members of Boards and all different committees are volunteers, too.

Community foundation income

Income

While no general estimates are available in terms of amounts, the income categories can be listed according to how large donations come from each of them as follows:

1. Businesses (including 2% income tax assignments)
2. Local government grants
3. National foundations
4. Individuals
5. Investments

Usually, a very small portion of income comes from investments (with the exception of the community foundation in Banská Bystrica with its large endowment), and practically none from commercial activities.

Purposes

These funds are used to fund all activities of community foundations, primarily their grant programs and own projects (which are, of course, much smaller in size when compared to grant programs), administration, including promotion costs.

Permanent funds/Sustainability

Endowment building definitely is our development strategy. However, raising funds for endowment has been very difficult. Due to lack of understanding why endowments are crucial components of building a foundation's sustainability, Slovak donors prefer to donate to either current pressing needs, to different grant programs, or to their own pass-through (or pass-through in combination with endowed) charitable funds. In a nutshell, Slovak donors prefer to see their money working here and today.

Environment for philanthropy

Local attitudes

Slovak community foundations work in a difficult environment. Our communities may be characterized by several features some of which are:

Weak understanding of basic “philanthropic terminology”. Terms such as philanthropy, community, public giving, endowment, sustainability had not been used in Slovak language before. Most of these words are “imported” from the English language, and the use of their Slovak equivalents requires, many times, some additional explanation. When the socialistic regime was imposed, charities and civic organizations were closed for many decades, until, in the early 1990s, the non-profit sector revived and started introducing the “new words” back into the vocabulary. Ever since then, due to a wider and wider use of the terms, people have been growing more familiar with the language of philanthropy. They have been responding and providing positive feedback more than before. Education of the public is a long-term task which all non-profits undertake in order to explain to people how important it is to give back to their communities, so they can benefit themselves. Lack of giving tradition presents a real issue as people are still used to national and local government taking care of their needs. Services have declined even as taxes have increased. However, non-profits try to promote improvements in the communities which have been brought about by volunteers and activists and funded by donors, and this helps to explain and understand how every citizen can take a part in building a better community.

Giving patterns that are rarely strategic. In general, people associate giving with religious charity. A few understand the difference between strategic giving, “joint investment into the community” in contrast to small donations in the church or to charities. In the environment of limited sources, there is a great deal of competitiveness in the not-for-profit sector, and in particular for corporate giving programs. However, we are seeing positive trends as well: international community of investors/businesses and corporations are bringing the concept of corporate social responsibility to Slovakia. The notion of philanthropy has been promoted more intensively and extensively than ever before, national corporations launch their giving campaigns and programs, and since they can afford access to nationwide media, their campaigns help to explain the need to give back to community, and help communities to understand why they should do so.

Legal and tax environment

Unfortunately, there is general lack of trust on the part of the government and its agencies. Current tax legislation (which introduced the flat tax of 19 % some four years ago) does not support giving in any way and has cancelled all tax incentives. Instead of the incentives, we have the 2% income tax assignments opportunity – all tax payers, businesses as well as individuals, may assign 2% of their income tax to a non-profit of their choice. However, the government plans to cancel this opportunity, and is continually coming up with stricter criteria for non-profits for the 2% registration.

Also, in regard to endowment building, the endowed funds of foundations have to be taxed also at 19 %, which means that practically one-fifth of the total income of the endowment disappears in taxes. Therefore, foundations prefer to keep the money they do not need at the moment in a form of reserved funds rather than put it into the endowment.

Although it has been obvious that if people want to give, they will do so regardless of the incentives, we see no incentives as a problem for foundations. Incentives would be a good motivation for some donors.

Also, when the government cancelled the incentives, an important message was sent to people: that giving was not important and that the government was not supportive of private giving.

Changing attitudes and the national or local environment

Apart from the challenges described herein, non-profit organizations in Slovakia, including community foundations, suffer from negative reputations. They are often accused of using funds raised for purposes different from donor intentions, and even of money laundering. This is largely due to a lack of familiarity with non-profit practices and poor communication with the public rather than real personal experiences. Therefore, we see it as important to present the results of our work in compelling ways and to communicate with our audiences on an ongoing basis. Also, as community foundations are very close to their communities, in the sense of geography as well as “spirit”, we are working every day on making our success stories and evidence of improvements in the community visible.

Community foundations cannot do much to compensate for a weak economy or the large brain drain. However, we do cooperate on and contribute to efforts and campaigns to advocate for the government to change relevant parts of the tax and giving legislation, and to educate our communities on strategic ways to give, on the importance of the non-profit sector, and to present the variety of nonprofits to bring them closer to people in our communities.

Community foundation activity and impact

Example 1. Collaboration of community foundations.

The collaboration of Slovak community foundations within the Association of Slovak Community Foundations has so far brought two outstanding initiatives in the country: 1) helped to start Donors’ Clubs in nine member foundations, 2) helped to launch Young Philanthropists, a youth development program based on the example of YouthBanks in Ireland and UK.

For years now, the Donors’ Clubs have been an instrument to involve not so high-net-worth citizens as individual donors. In Slovakia, rich families and “old wealth” are hard to find. This kind of fundraising tool is very important to help educate people on how to make a small contribution to a larger pool of grant-making funds, and how an “ordinary small donor” can take his or her part in decision-making on how these funds will be used. An additional value of the Clubs is better demonstrated in poorer regions where there is a lack of socially responsible corporations, high unemployment rates and high brain drain. Since the chances of raising a lot of money from either rich individuals or corporations are not likely, foundations have to do a lot of time- and energy-consuming fundraising, approaching people who can give relatively small amounts. The Donors’ Clubs initiative helped to make this effort much more systematic.

Young Philanthropists program has been very successful so far. Nine member foundations take part in the program, and have worked with a number of young volunteers who, with the supervision of their community foundation, run and manage their grant program for their peers. The program has served beautifully as a very attractive tool to involve youth as volunteers, to help develop their management and team-building skills, and also to approach other young people in the community with the option to identify and solve their own issues, which, as we hope, will teach them a lot about participation in public affairs and involvement into solving community issues.

Example 2. Innovative program: Spices of Saris grant program of the Presov Community Foundation.

In December 2007, the Presov Community Foundation launched a new grant program entitled Spices of Saris. Saris was, long ago, an administrative region in the eastern part of Slovakia, with Presov as its center (administrative, cultural, financial). At the moment, this region is one of the parts of Slovakia with the greatest disparities, in comparison with the Bratislava (the capital) region. The Saris region suffers from high unemployment, high brain drain, weak economy and insufficient infrastructure for development which has been reflected in how, today, people feel and think about Saris.

The purpose of the program was to support everything that made Saris unique or interesting in comparison with other regions in Slovakia. The foundation motivated potential grant seekers to focus not only on folk arts or culture, but think about traditions in education, housing, housekeeping, typical shapes in landscape, habits and languages, traditional ceremonies, etc. While the “visible” purpose was to provide support of various Saris traditions, arts and crafts, the “invisible” purpose was to revive the Saris pride and patriotism in these difficult times, to bring people back to the values they once shared and held dear.

Within the program, the Foundation received about 50 extraordinary projects and, in March 2008, (due to limited funding) funded some 15 of them. The outcome, however, will not only be physical renovations to historical buildings or arts and crafts festivals – the program helped many people think about unique features in their towns, small villages or communities, get back to their roots and together identify the most important of them. These days, when so many people travel westward to seek better job or life opportunities, and when the borders have practically disappeared in the European Union, we see the importance of such programs which help our communities to remember, maintain and revive their identity and the sense of belonging.

Current challenges and future developments

Major challenges facing community foundations

Our major challenges are based on the attitudes and obstacles for giving as these are described herein:

- We focus on public education to promote community philanthropy;
- We try to build trust and long-term partnerships in order to ensure long-term involvement of our donors in solving the issues of our communities;
- As corporate donors seem to be a better target at the moment (as opposed to individual donors), we focus on them and try to find ways to help them connect or re-connect with our/their community;
- To help develop the community of non-profits in our service areas, we provide advice and assistance for local organizations and agencies;
- We provide leadership in the community, in terms of identifying community issues and opportunities, and creating a platform for partnerships to address these issues and to use these opportunities.

Areas for future community foundations development

In the future, we hope to see community foundations develop better in the field of providing services to donors, both individual and corporate ones, and in the field of fund management so a bigger portion of their income will come in a form of fees from these services.

International links

Community Foundation Healthy City, Banská Bystrica, and Prešov Community Foundation have been involved in the Transatlantic Community Foundation Network. Several of us have attended some of the international events and conferences for foundations and community foundations such as the EFC AGA and Conference, including the CPI annual networking meetings, COF's Fall Conference and Philanthropy Summit. In December 2004, the Association had its representative at the first worldwide symposium of community foundations in Berlin. In 2006, the head of the Association of Slovak Community Foundations became a member of the US Council on Foundation's International Committee. The Association is a member of WINGS and the Slovak Donors Forum, and it cooperates very extensively with the Czech association of community foundations.

Benefits: The exchange of know-how and experience via formal meetings/networks, as well as informal mingling with our colleagues, has been very helpful. We get lots of hands-on experience, and also practical information through case studies. We build contacts and a database of people whom we may approach as advisors or trainers, etc. Also, being in touch with a number of community foundation practitioners around the globe puts things into different perspectives, and we can better anticipate outcomes of our efforts. Very importantly, international partnerships provide a lot of support too. We do not feel isolated or lost in our issues and challenges.

Support Organization: Association of Slovak Community Foundations

History and purpose

In February 2003, representatives of community foundations working in Bratislava, Prešov, the Small Carpathian Wine region, Nitra, Trenčín and Liptov gathered to take steps to turn their informal forum of community foundations into a more structured and effective organization – the Association of Slovak Community Foundations. These organizations, along with community foundations from Banská Bystrica, Zvolen and Veľký Šariš, constituted the founding board of the Association.

The purpose of the Association is to:

- represent and advocate for community foundations serving Slovakia,
- function as a partner in communication with national funds, corporate donors, the media, the Slovak government and other nonprofits and their umbrella organizations,
- support development of the community foundation sector in Slovakia,
- network its members and provide them with information, guidance, and updates on national and international events.

Structure and organization

At present, the Association has 10 members, all fully operating community foundations. The members pay annual membership dues.

The Association is governed by the Board of the Association whose head is President of the Association. Board is composed of all 8 representatives of founding members. The Board and President are elected by General Assembly – all members of the Association. General Assembly make all decisions including accepting and expelling members. The decisions are made by a public vote in the group. Decisions are valid when approved by the absolute majority.

The Association was not a staffed organization, but purely volunteer-driven by the representatives of member community foundations – CEOs. These people share the tasks. President is a coordinator rather than a decision-maker. Bi-annually, a new President from among CEOs is elected, based on a rotation cycle.

In the summer of 2007, the Association received a grant from the C.S. Mott Foundation to carry out a project of planning strategy and building better awareness, which has allowed for hiring a part-time coordinator. The coordinator, however, is not in charge of coordinating all activities of the Association.

If an organization wants to become a member of the Association, it needs to demonstrate clearly that it is a registered one, meets the standards (defined by the Association) and makes grants to support a wide spectrum of local needs. A member can be expelled if the organization harms the good name of the Association, does not pay the dues, breaks the rules or no longer complies with the standards.

As based on the mission of the Association, it provides a quite wide portfolio to all its target audiences, these being member community foundations, non-member community initiatives and community foundation-like organizations, donors and prospects, media, other non-profits and platforms of non-profits, and, last but not least, Slovak communities at large.

- Networking and advisory services to members

- Representation of the community foundation concept and community philanthropy in Slovakia
- Development of public giving – Donors’ Clubs
- Development of youth engagement – Young Philanthropists

Income: the Association raises funds for its programs which are further distributed to individual member foundations. Apart from funds to sustain these programs, the only other source of income are annual membership dues. In 2007, the Association received two grants, from the C.S.Mott Foundation and the WINGS Global Fund for Community Foundations. This funding shall be used until June 2009 for planning processes, institutional development of the Association and community foundation sector awareness building in the country.

Recent accomplishments

Current programs of the Association are:

Development of public giving – Donors Clubs

The Donors Clubs program was launched in 2003. The purpose of the project is to develop individual local giving: Club membership is open to every individual who donates to the Club fund. The donors meet every year in October in order to distribute the funding which has been accumulated in the fund and to support, with the grants, meaningful projects in their community.

The program not only develops public giving, but, by giving the donors a chance to make the decision on the use of the funds, it:

- educates them on local issues,
- makes non-profit organizations and initiatives more visible to the donor community, and
- builds networks of local donors.

The Association’s partner for the program is Orange, a mobile phone company. Orange matches 50,000 Slovak crowns raised locally by each of Association’s member organization, with the same amount. Nine members are involved into this program.

Development of youth engagement – Young Philanthropists

The program launched in 2004. The program is based on the principle of youth involvement identical with YouthBanks (UK) or Youth Advisory Committees (U.S., Canada).

The program’s goal is to support development of young people through involving them in the grantmaking activities of community foundations. Young volunteers aged 16-25 open and run their own grantmaking program for their peers, copying all steps necessary to give money away strategically, i.e. needs assessment, shaping the grant program, promotion and media campaign, consultations and decision making, monitoring, evaluations of supported projects and the final evaluation.

The program is funded by the Foundation of the Slovak Gas Company, and is carried out in nine member foundations.

These programs are not new, however, they have been very successful. Apart from the tangible benefits for all the individual foundations who take part in the programs, there has been a huge benefit for the Association as such, in the form of team building and sharing among member foundations. Last but not least, the programs effectively help to promote the community foundation sector on a countrywide level.

Also, the Association’s members have been visited by a large number of community foundations or community foundation-like initiatives from many countries from the CEE region, the Balkans, former

Soviet Union countries, etc. They come to learn about various aspects of community foundation work, and get advice on how to best launch or develop their own organizations.

Current challenges/future developments

The vision of the Association is a strong, professional, efficient and publicly-recognized umbrella organization with a wide portfolio of services tailored according to the needs of its target groups-members, donors and partners.

In order to encourage giving and build more stable community foundations, the strategic tasks for the community foundation sector, and also for the Association of Slovak Community Foundations, include:

Providing services to community foundations:

- Help to build highly professional, strategic, efficient foundations
- Facilitate exchange of experience, networking, dissemination of information, create platform for common projects and campaigns

Educating the public, mainly in the sense of building a solid position for the Association as an organization of community foundations:

- Better promote outcomes of community foundations' work, their role and their value for their communities and the society in general
- Present the Association and community foundations as highly professional, strategic, effective partners
- Build trust and long-term partnerships for future development of community foundation sector

Working with government:

- Raise awareness of a need to introduce tax incentives
- Develop more respect for nonprofits in general from state authorities, and more support from the government for giving and volunteers' engagement

Additional resources

None available.

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