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Ministry of Interior

REGIONAL CONFERENCE

The road to financial sustainability of
civil society organizations

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How can the state support philanthropy?

Philanthropy is relationship between donor and donee... there is no state in this relationship..

What do we expect from the state in order to support development of this private relationship?

Should the state step into this relationship?



How can the state support philanthropy?

1. Remove the barriers
2. Create enabling and supportive environment for philanthropy development

How?

Ask donors and NGOs „on the street“...



1. Remove the barriers:

... no tax on received gifts

(paid by NGOs)

... VAT tax exemption from given gifts

(paid by donors)

... no complicated obligatory duties or reports

collections)

(Law on public

reports)

(mandatory annual

-->> make them easy or voluntary

-->> let NGOs compete



How can the state support philanthropy?

2. Create enabling and supportive environment for philanthropy development:

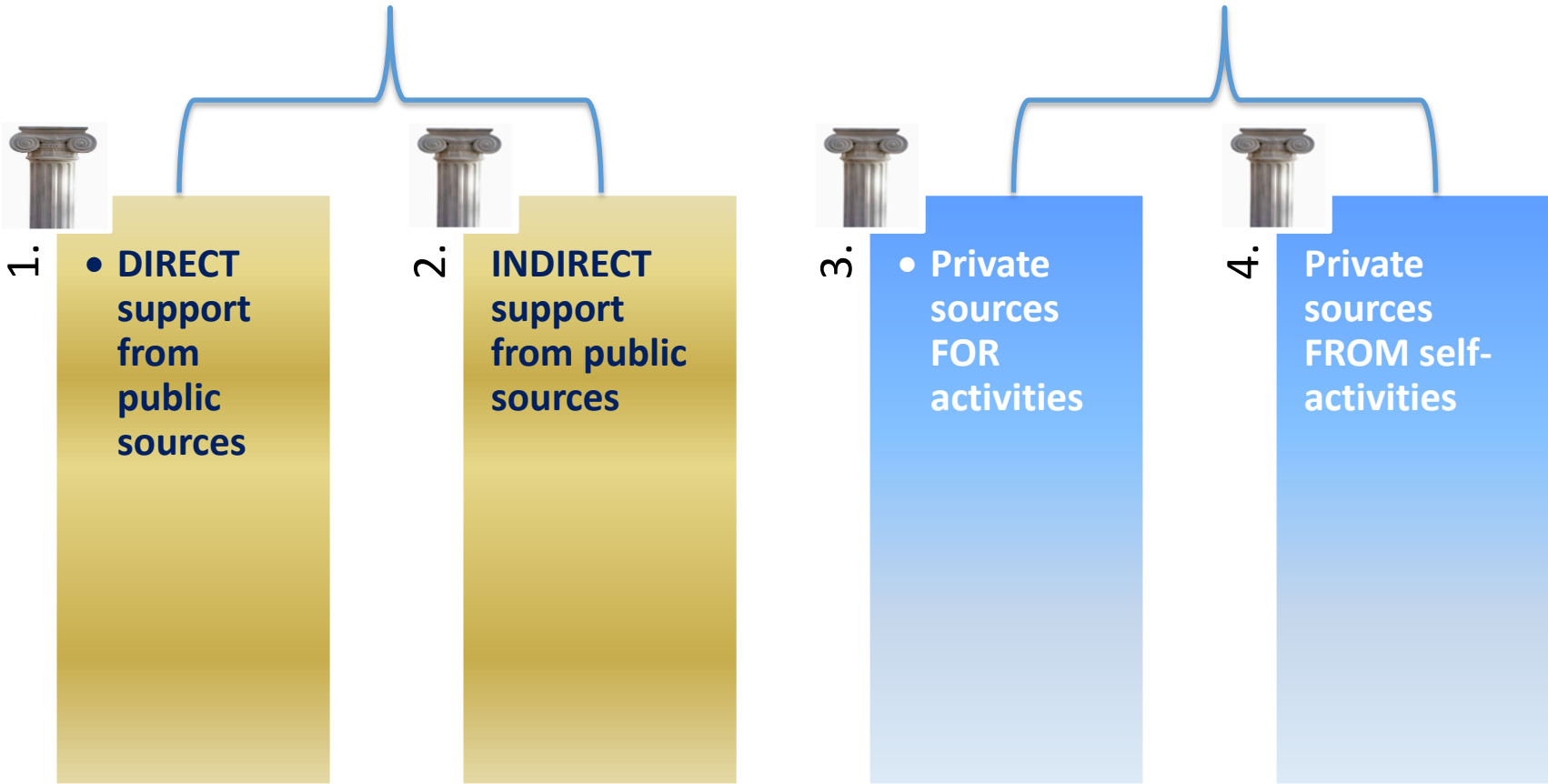
* Supporting legislation of different sources and tools:



Analysis of the current state: 4 pillars of NGO's funding

PUBLIC sources

PRIVATE sources



4 pillars of NGO's funding

PUBLIC sources:

1. DIRECT support:

- INTERNATIONAL:

* EU funds, "norwegian funds",...

- NATIONAL:

*subsidies, grants:

. state

. regional

. municipal

1. INDIRECT support:

- NGO's tax/fees exceptions

- donor's tax deductions

- sponsorship

- charitable advertisement

- percentage mechanism

PRIVATE sources:

1. 3. Sources FOR activities:

- public collections

- gifts

- private grants

- membership fees

- sponsorship

- charitable advertisement

- percentage mechanism

1. 4. Sources FROM self activities:

- main activities

- other income activities

- business activities

- social entrepreneurship

- investments

Philanthropy development needs to develop:

PUBLIC sources:

2. INDIRECT support:

- NGO's tax/fees exceptions
- donor's tax deductions
- sponsorship
- charitable advertisement
- percentage mechanism

PRIVATE sources:

1. 3. Sources FOR activities:

- public collections
- gifts
- private grants
- membership fees
- sponsorship
- charitable advertisement
- percentage mechanism



Public sources / INDIRECT support:

- NGO's tax/fees exceptions:

 - ... no income tax from gifts

- donor's tax deductions

 - ...tax deductible items,

 - ...VAT deductible

- sponsorship/ advertisement

 - ...no income tax on NGO's side

 - ...eligible costs on business side (limited amount)

- charitable advertisement

 - ...similar to sponsorship/advertisement

 - ...majority of the money spent for public benefit activities, minority for advertisement

- percentage mechanism



Private sources / FOR activities:

- public collections

 - ...do we need the law?

- gifts

 - ...no big, obligatory reports

- private grants

 - ...no big, obligatory reports

- membership fees

 - ...no big, obligatory reports

- sponsorship

- charitable advertisement

 - percentage mechanism



Trust and transparency:

- * Ask donors and recipients
- * Consult advisory bodies (Government Council for NGOs, Plenipotentiary office,...)



How the state can support philanthropy?

Slovak example:

1. Analysis of the current state
2. Ask NGOs
3. Problem analysis and creation of thematic areas
4. Working groups
5. Workshops
6. Legislative proposals

... participation, grass roots level, transparency, evidence based solutions, data driven approach



2. Ask NGOs

6 regional workshops

- to get information from „the street“
- no advice, no solutions ... just gaining as much complications and problems as possible
- to get ideas for new forms of fundings



3. Problem analysis and creation of thematic areas

On regional workshops we got „tons“ of problems and complications and ideas....

Those problems we put into areas, f.e.

Public sources:

- * transparency and effectiveness of public sources
- * eligible expenditures, activities

Private sources:

- * difference between own main activities income and business activities
- * new definition of social entrepreneurship



4. Working groups

Then we created 4 working groups:

1. WG on Public sources
2. WG on Private sources
3. Cross-sectional WG
4. Coordination WG

WGs consisted of:

- * public employees on all levels: state, regional, local
- * NGO experts
- * academic members

Togehter 80 people

All meetings, minutes, solutions on-line

5. Workshops

Back to „the street“ - 3 workshops

The idea was:

- * to present solutions and suggestions of WGs to the problems and complications NGOs gave as at the beginning
- * to get support for the solutions



6. Legislative proposals

Agreed solutions are being „translated“ into legislative proposals

Problems with no common agreement will be discussed further

An interesting output is:

* put strict rules for public sources (annual reports, audit, transparency, accounting,...)

* give more space/freedom on self reporting and self presentation of NGO on private sources (greater emphasis on public control)

+ Open Information System of NGOs





Úrad splnomocnenca vlády SR
pre rozvoj občianskej spoločnosti



Thanks for your attention!

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