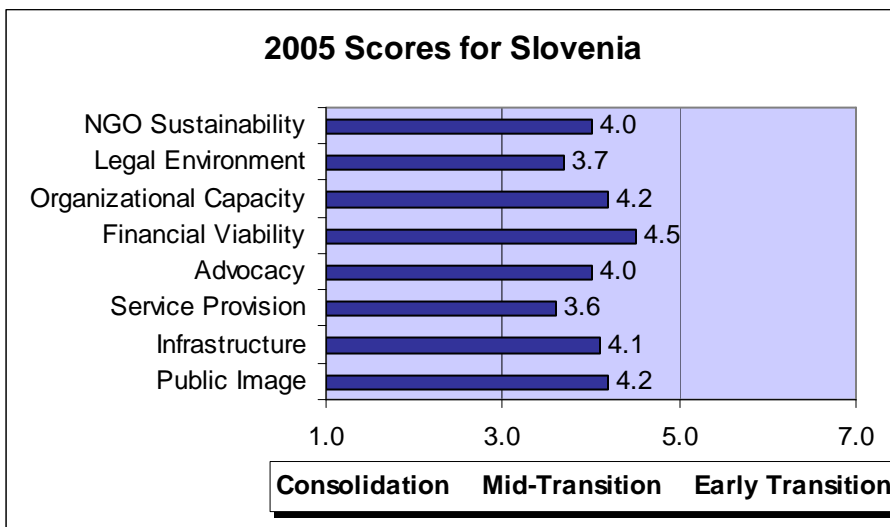


## Slovenia



**Capital:** Ljubljana

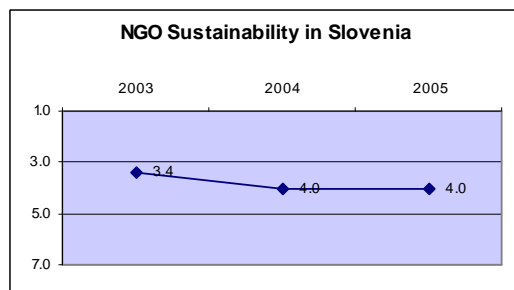
**Polity:**  
Parliamentary  
democratic republic

**Population:**  
2,010,000

**GDP per capita  
(PPP):** \$21,000

### NGO SUSTAINABILITY: 4.0

The NGO sector continued to grow in 2005, with over 20,000 organizations, most of which are registered as associations. A smaller percentage of organizations are registered as foundations and institutions. Most associations are volunteer fire brigades and sports organizations. The employment rate in the NGO sector remains extremely low and most organizations depend primarily on volunteers.



The NGO sector was expecting to benefit from Slovenia's membership in the European Union, though the benefits have not materialized. At first glance, it appears as though NGOs have access to a variety of new opportunities and resources, but the reality is that few have the resources and capacity to compete for funding and support. This is due to inadequate preparation in the period leading up to

accession NGOs have begun to engage in self-evaluation, and are more aware of the importance of transparency and accountability in implementing their activities.

The previous government provided little assistance for the NGO sector over the past few years. Though NGOs and the government have been negotiating a cooperative agreement, the process has been stalled for several months. The new government, which came into power following the 2004 parliamentary elections, is focused on structural reforms and has not given NGO development a high priority. NGOs fear that once the structural reforms are complete, their position will deteriorate. In December of 2005, the new government dissolved a government committee that was created to communicate with NGOs and in its place created a new inter-ministerial group for NGOs.

The overall NGO sustainability score has stagnated and the Slovenian NGO sector remains the lowest rated sector within the Northern Tier countries.

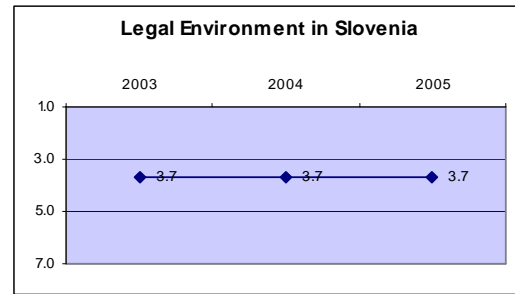
### LEGAL ENVIRONMENT: 3.7

The legal environment governing NGO activities experienced some changes over the past year. The Foundation Act was amended, though private foundations are unable to register. Government officials prepared a draft Act on Associations, which Parliament is planning to enact in 2006. The draft proposes some important changes that will permit legal persons, including the Ministry or other public institutions, to create an association. The draft also creates a new process for obtaining public interest status that includes regulations on reporting and government funding. NGOs were involved as important partners in the preparation of the draft, which is encouraging for future efforts. The draft, however, does not yet provide a clear definition of “public benefit status.” The registration process has not been simplified, and “one-point registration” was only introduced for the commercial sector. NGOs are free to address public issues and express criticisms without fear of government harassment. Insufficient funds limit the ability for NGOs to conduct successful campaigns.

The most important development affecting the NGO community is the government’s introduction of public tenders that support NGO resource centers and their services. In 2005, the government invested approximately 35 million SIT (\$175,000 USD) for NGO resource center programs. This funding supported educational programs, networking, and services such as policy advice and freedom of information. The program covers almost all regions of Slovenia. CNVOS, for example, has over 200 members in the various regions where support centers are viewed as very useful in addressing NGO needs. Legal services for NGOs continue to be limited to the capital and second largest city.

### ORGANIZATIONAL CAPACITY: 4.2

According to a study completed by the Faculty of Social Sciences, the NGO sector’s organizational capacity remains unchanged, and



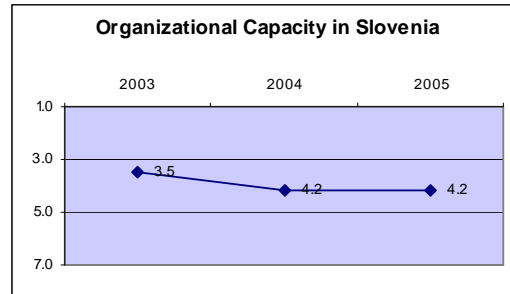
The government did an analysis of the legal and fiscal environment for NGOs in Slovenia. The report was published in December of 2005 by the faculty of law in Maridor and PIC, and will be made public in January 2006 along with a catalogue of recommendations, including changes to tax legislation.

Several organizations initiated efforts to change the tax laws related to NGO activities, though they did not have any success. The tax laws do not provide many incentives to encourage individual or corporate philanthropy, and NGOs have to pay taxes on all of their income from economic activities. The Ministry of Finance has yet to make a commitment to create a more supportive system for NGOs. Similarly, NGOs are held to the same accounting standards as for-profit corporations, which causes problems due to the lack of qualified staff within the NGO sector. The new government is preparing a complete tax reform but is not including the NGO sector in the discussions. Mechanisms such as the 1% law that have been adopted by governments in other CEE countries are not being considered.

With support from the UNDP, the NGO community prepared a draft Law on Volunteers. The draft was not handed over to the Ministry for Labor, Family and Social Affairs, though the government included, as one of the goals, the adoption of such a law into the national program in the social field for the period of 2006-2010.

regular improvement of capacity continues to be a challenge. The NGO sector remains divided. Most organizations are having financial

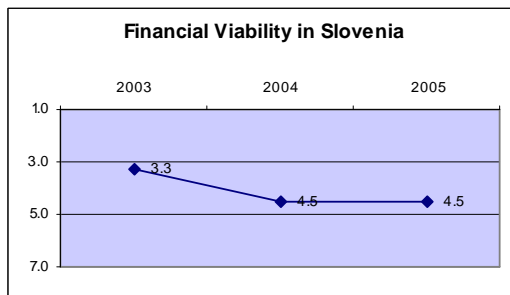
difficulties, which prevents them from reacting to local needs. NGOs generally adopt broad missions, allowing them to be flexible in their fundraising and project development. Similarly, NGOs often adopt unclear mission statements, and their strategic planning is ad hoc and a means of survival based on available funding. Management structures are often defined clearly in an organization's founding documents, but are not always applied. NGOs continue to have few employees, forcing the few employees to cover all aspects of operations and activities. NGOs do benefit from a small number of programs and professional training, but these trainings are often not useful or sustainable.



A significant number of organizations have basic equipment, including computers and fax machines. The main issue is that their equipment is not modern or up-to-date. NGOs lack appropriate office space for their activities, though at the local level, NGOs sometimes enjoy free office space.

### FINANCIAL VIABILITY: 4.5

Recent studies show that NGOs that operate at the local level are in a better position financially. This is a result of a more supportive environment, better access to infrastructure such as office space, and greater financial support. NGOs generally have diverse sources of funding, though these are often insufficient and unsustainable. Financial resources available to Slovenian NGOs are significantly lower than in other countries. Though there are some examples of long-term contracts, funds from the ministries or local communities are generally limited to one year, posing serious obstacles for hiring and retaining employees.



Most organizations limit their reporting to how they used specific funds allocated by specific donors. Only a few NGOs publish annual reports. The lack of capacity and knowledge to

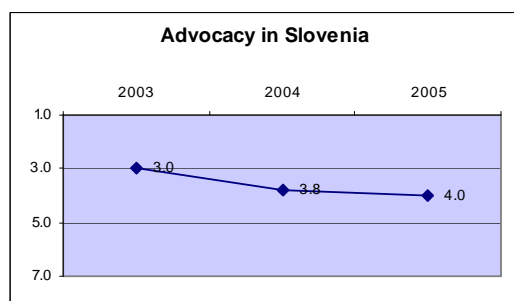
serve as a leading partner in large European-funded projects continues to be an issue for organizations, as they lack the ability to report on more complex programs and projects.

Slovenia has a long tradition of fundraising and philanthropy in some areas such as sports clubs and support for UNICEF, but in general NGOs lack the membership base to provide significant financial support. NGOs primarily offer services in the area of social work, and less in education and environmental protection. Revenues from services and products continue to be a main source of financing for many organizations.

The government reports that there have been cases in which non-profit status has been misused to conduct inappropriate for-profit activities. This is the result of the state administrator's insufficient oversight of NGO activities. The NGO community was disappointed by the government's unwillingness to contract out some services and provide additional funding to NGOs. The new government has yet to show any interest in doing so either.

## ADVOCACY: 4.0

NGO inclusion in the discussion and formation of policy differs depending on the ministry involved. In general, the ministries are satisfied with the level of cooperation and participation, while NGOs are not. In some cases, ministries co-financed or initiated the creation of NGOs which has caused suspicion in the NGO community. The government recently adopted guidelines for cooperating with NGOs and the public on legislative initiatives that require comments at the earliest stage possible. The level of partnership, however, has not changed. NGOs have had the right to participate in environmental protection issues, but they have never truly been able to participate, in part because they lack the capacity to provide opinions and proposals.



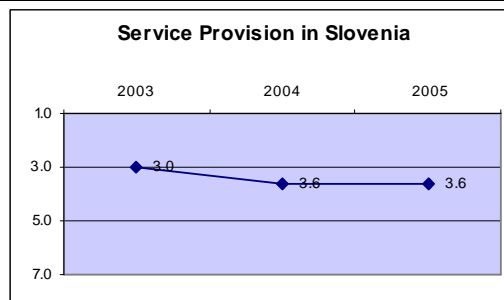
NGO coalitions are rare; the only new initiative is MAMA, the network of youth centers. Other coalitions that were enacted in the past are no longer active. The Center for Information Service, Cooperation and Development of NGOs organized some networks but their impact is limited.

In many cases, NGOs lobby for funds; organizations for the handicapped have been particularly successful. There is a report on successful lobbying for legislative changes (students association within the tax reform). The NGO sector has yet to successfully lobby for their common interests. NGOs are generally aware of the importance of an effective legal framework, though few advocate for changes. NGO opportunism continues to be a problem.

The decrease in the overall score is a result of the lack of government support that the NGO community expected. The previous government's recognition of the importance of the NGO sector did not lead to any concrete improvements in 2005. The new government did not even include NGO development on its list of priorities.

## SERVICE PROVISION: 3.6

NGOs generally provide services in the area of social services, which include housing, family support and protection against family violence. NGOs provide goods and services that generally reflect the needs and priorities of their founders and communities, but are not developed in a satisfactory manner due to a strong public sector. Due to their financial conditions, NGOs at times make adjustments in their operations according to funding opportunities. Most NGOs are funded by local communities and the state, due to the lack of foreign funds. Regardless of how much an organization adjusts its mission to obtain local or state funding, it is still meeting community needs. Funding requirements force NGOs to provide services beyond their membership bases to the greater community.

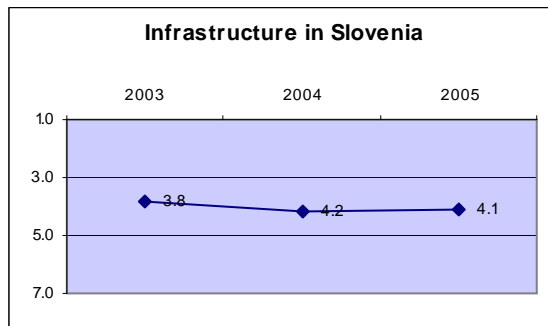


Most organizations make attempts to recover part of their costs by charging fees for their services. The VAT system in Slovenia does not distinguish non-profit organizations from for-profit entities, and therefore NGOs are subject to the VAT. As a result, their products are often as expensive as commercial goods.

The importance of NGOs is defined in some strategic documents at the national and local level. The transmission of services from the public sector to the NGOs, however, is not included in an organized and consistent manner in state strategic documents. The government supports some NGO services, but rarely will it

fund other activities such as monitoring and advocacy. Financial support is not necessarily a sign of government recognition of the NGO role in society, rather, NGOs service providers are often less expensive than the public sector institutions.

#### INFRASTRUCTURE: 4.1



The existing NGO resource centers have limited capacity, staff and resources. There are no local community foundations that provide grants; therefore a coalition of NGOs is attempting to develop community foundations. The Trust for Civil Society in Central and Eastern Europe, which was a pilot program in

2005, selected and supported eight organizations to develop the local community concept in different regions.

Though NGOs are aware of the importance of networking, they have only created a few; this in part due to competition among organizations. Competition is, in some instances, an advantage and grounds for common action. Collaboration is most commonly based on specific projects, especially when it makes a project proposal stronger. NGOs rarely form strategic partnerships with government and media. One successful example was the Europa Donna, a large philanthropic project that collects funds for medical equipment.

#### PUBLIC IMAGE: 4.2

The NGO sector could do more to improve its public image. The public is unaware of the importance of NGOs. NGOs have greater recognition at the local level, where people have greater contact with NGOs. The public and labor markets do not consider the NGO sector as an appropriate alternative to employment in the public and commercial sectors. Expertise in the NGO sector is limited; NGOs are therefore not recognized as a vital or reliable source of expertise by the commercial and public sectors.

negative impact on public participation. In some instances, the media promotes NGO pro bono services as they do with commercial institutions that provide campaigns for free.

NGOs are aware of the need to develop self-regulatory mechanisms. NGOs generally agree on the need to publish reports and inform the public of their work, but few do so. The NGO sector did not show any interest in developing a code of ethics.

Media coverage is directed more towards potential strategic reforms proposed by the government. The “yellow press” reduces the chance that NGOs will gain media coverage unless there is a scandal or violation of the law. There were cases in which NGOs were reported to the district prosecutor for suspicion of abuse, which had an especially

