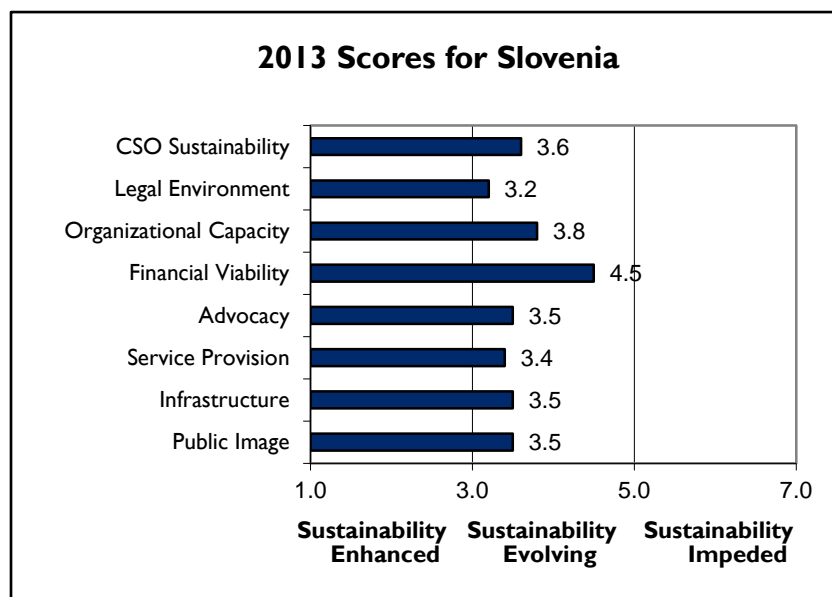


SLOVENIA



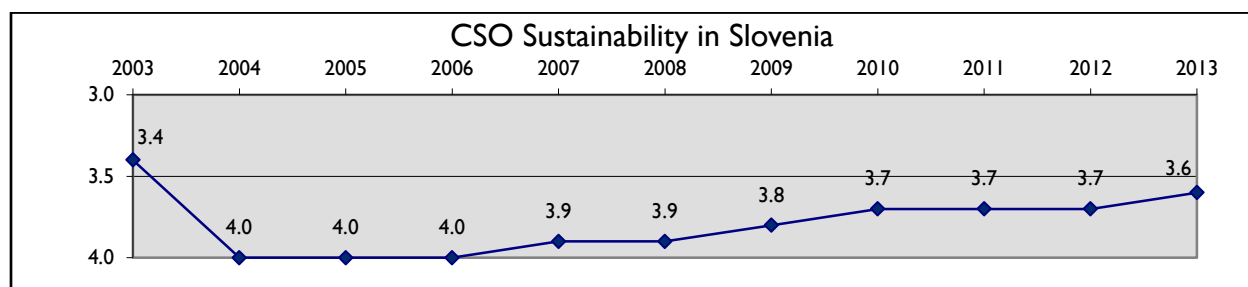
Capital: Ljubljana

Population: 1,988,292

GDP per capita (PPP): \$27,400

Human Development Index: 21

CSO SUSTAINABILITY: 3.6



Overall CSO sustainability in Slovenia improved in 2013, largely due to the long-term support of CSO support centers. For the past five years, these organizations have supported local and national advocacy initiatives, provided training and consulting services to CSOs, and promoted CSO cooperation with the media and business sectors. These efforts have resulted in concrete improvements in legislation, increased CSO advocacy skills, greater recognition of CSOs by the media, and improved cooperation with the business sector.

Two major factors affected the CSO sector in 2013. First, the economic crisis and corresponding budget cuts decreased public funds to CSOs. This caused some CSOs to limit their activities, while other CSOs were forced to engage more in fundraising and economic activities in order to diversify their funding sources.

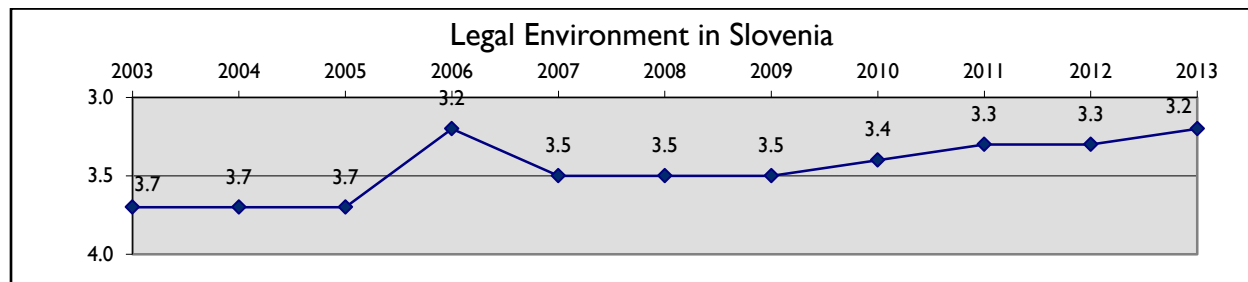
Second, during the year, CSOs actively participated in development programming, specifically the drafting of the national Development Strategy 2013-2020 and the partnership agreement and operational programs for the European Structural Funds. Their involvement in these processes improved advocacy efforts, cooperation with decision makers, and CSO coalition building.

After several large country-wide protests were organized in response to reports about corruption on the local and national levels, there was another change in the government in March. A coalition led by a left-wing

political party elected a new prime minister, replacing the right-wing government that had only been in office for a year. Consequently, some of the consultative bodies that were abolished in 2012 were re-established, and the decision-making process became more open and inclusive of civil society once again.

There are approximately 25,000 CSOs in Slovenia, including almost 23,000 associations (an increase of 500 in the last year), 2,560 private institutes (an increase of 300), and 260 foundations (an increase of ten). It is unclear how many of these organizations are active. There are also twenty-three registered social enterprises, although many more companies operate as social enterprises without registering as such. The majority of CSOs work at the grassroots level.

LEGAL ENVIRONMENT: 3.2



The legal environment for CSOs improved in 2013. The government adopted many new national strategic plans for fields relevant to CSO operations, such as the National Program for Youth 2013-2022, the National Program of Social Assistance 2013-2020, and the Strategy for the Development of Social Enterprises 2013-2016. These strategic documents envision CSOs playing important roles both as service providers and advocates.

After several years of failed attempts, this year the parliament amended the Budget Implementation Act to raise the percentage of pre-financing provided for projects funded with European Structural Funds from 20 to 30 percent. The parliament also declared the possibility of 30 percent pre-financing for projects funded from the national budget. Pre-financing is especially important for CSOs implementing bigger projects, as it enables them to get a portion of project funds as soon as the contract is signed, therefore decreasing the need to spend their own money to begin project implementation. Some calls for proposals have already taken advantage of this opportunity, thereby allowing CSOs to implement projects without major financial difficulties.

Registration of CSOs is simple and inexpensive, and the number of registered CSOs is steadily rising. Usually, the whole procedure can be completed in less than a month. However, CSOs still cannot register online, and there were some reports of varying practices in the administrative units that register associations. Some regional CSO centers made recommendations on how to make registration consistent throughout the country.

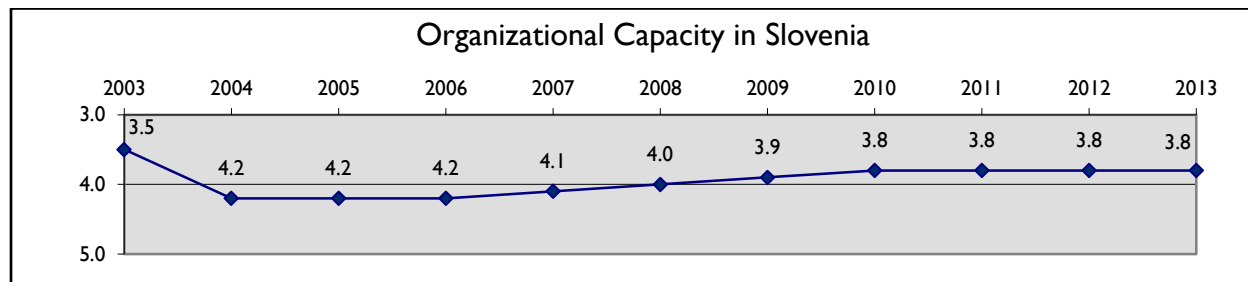
Legislation clearly defines the registration, operation, and reporting requirements of CSOs, and there is no unwarranted state control or state harassment. CSOs can earn income from the provision of goods and services and compete for government contracts and procurements like other legal entities.

The taxation of CSOs is still rather unfavorable. CSO economic activities are taxed at the corporate rate, and the deduction for corporate donations is only 0.5 percent. Individuals can allocate 0.5 percent of their income tax to public benefit organizations, trade unions, or political parties. However, some positive changes were made to CSO tax treatment this year. The parliament amended the Corporate Income Tax Act, broadening the eligible purposes for tax-deductible donations to include all public interest purposes. However, the list of public interest purposes provided in the law is still ambiguous. The Personal Income Tax Law was also

amended to ensure that reimbursement of costs to volunteers and the annual award for volunteers were not taxed. With this amendment, the 2011 Law on Volunteering has been completely implemented.

CSOs have access to free legal aid at the local, regional, and national levels. Free legal aid is funded by the European Social Fund and is offered by CSO support organizations, such as national umbrella networks and regional CSO centers.

ORGANIZATIONAL CAPACITY: 3.8



Organizational capacity deteriorated slightly in 2013, particularly due to staffing difficulties as a result of the financial crisis. Although statistics show that the number of employees in the CSO sector in 2012 was similar to the number of employees in 2011 (approximately 7,000), some CSOs report that the number of permanent employees decreased. Many CSOs still rely on the system of public works, which provides them with state subsidies to employ new staff for one year. However, the annual change in employees weakens organizational capacity.

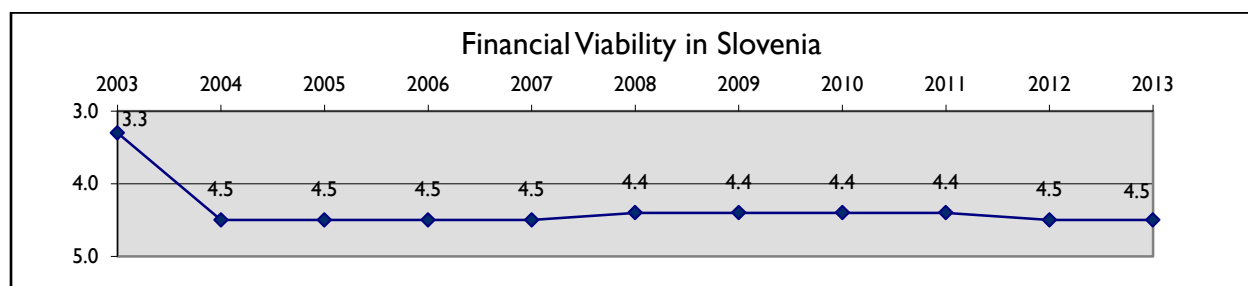
CSOs cooperate regularly with local constituencies, particularly when conducting advocacy or charity campaigns. They also regularly recruit volunteers. According to a 2005 survey conducted by the Faculty of Social Sciences, the last comprehensive study of the CSO sector in Slovenia, approximately 80 percent of the 25,000 CSOs in the country rely entirely on volunteers. Despite this, only 414 organizations have registered as voluntary organizations in accordance with the Law on Volunteering. The Report on Volunteering for 2012, issued by the Ministry of Interior in the middle of 2013, shows that these 414 CSOs recruited 54,137 volunteers, who conducted 5,538,795 hours of voluntary work. The number of volunteers almost doubled from the previous year, likely due to the increase in the number of registered voluntary organizations. Meanwhile, the number of hours of voluntary work conducted in these organizations increased by only around 30 percent.

Years of trainings provided by intermediary support organizations (ISOs) are having an impact on the organizational development of CSOs. Notably, the number of CSOs with strategic plans is increasing, although it is unclear to what extent these plans are actually implemented.

The law sets out basic requirements for internal management structures. All CSOs require governing boards, and the majority of associations and foundations also have supervisory boards. There is a clear division of responsibility between boards and employees, with boards remaining removed from everyday operations. However, many CSOs report that governing boards often do not effectively conduct all the tasks they are responsible for under the law. Instead, they only approve annual reports.

CSOs are technologically well-equipped, although most volunteers working with local organizations use their personal IT equipment. Organizations that are large enough to compete for national funds can purchase IT equipment through these tenders. Furthermore, most ISOs rent IT equipment, such as laptops, cameras, and projectors, to CSOs. Slovene CSOs regularly use online tools, such as social media, e-petitions, blogs, and web streaming.

FINANCIAL VIABILITY: 4.5



CSO financial viability remains limited. Although the score remains the same this year, financial viability is gradually decreasing due to the financial crisis and corresponding budget cuts on the national and local levels. According to some assessments, public funds decreased another 20 percent this year after already dramatic cuts in 2012. In addition, the Foundation for Disabled and Humanitarian Organizations, which re-grants funds from the national lottery, distributed at least 11 percent less than it had planned for 2013. On the local level, municipalities also started to retract public service contracts to CSOs. The economic crisis also led to decreases in corporate and individual philanthropy.

Cash flow remains a problem for CSOs. Banks rarely provide loans to CSOs. Consequently, CSOs hesitate to apply for bigger tenders which require them to cover more expenses from their own resources up front. However, in recent years, the foundation Sklad 0.5 started cooperating with several foreign banks to offer loans to CSOs.

Another setback is the conclusion of the European financial perspective 2007-2013. Funds from this period are running out, and only a few tenders remain. The first calls for proposals from the next financial perspective (2014-2020) will likely be published only in autumn of 2014.

On the other hand, 2012 annual reports for 2012 show that CSOs' annual incomes are still rising by approximately 2 percent a year, and that the sector's income from public sources increased by €250,000 from 2011 to 2012. However, these numbers are heavily affected by "business institutes" that offer consultancy to the business sector, the government, private schools, and other institutions and are registered as CSOs.

In 2012, the latest year for which data is available, the allocation of 0.5 percent of personal income tax to CSOs exceeded €4 million for the first time since this instrument was introduced in 2007. These funds were allocated by 354,825 people, an 8.2 percent increase from 2011.

In June 2013, the Norwegian and EEA financial mechanisms published a call for proposals to re-grant €1.2 million. More than 360 CSOs applied for these funds. Grants had not yet been awarded by the end of 2013.

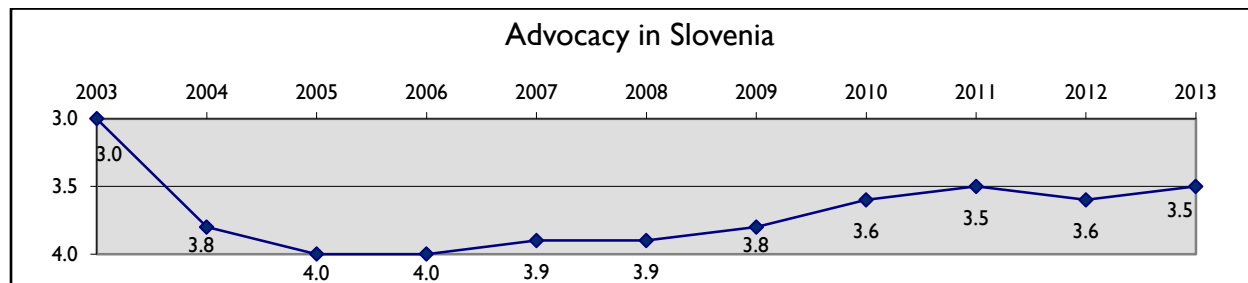
CSO funding sources are generally diversified. According to the Agency of the Republic of Slovenia for Public Records and Related Services (AJPES), approximately 40 percent of CSOs' income in 2012 came from economic activities—such as participation fees for trainings, contributions from beneficiaries, and public procurements—and 30 percent came from public sources. Grassroots organizations get most of their funding from membership fees and individual donations, while larger national organizations get most of their funding from public sources and donations.

Although CSOs have increased their fundraising activities in recent years, they mostly use methods that do not require extensive involvement of human resources, such as SMS donations and donation boxes.

Slovenia has clear accounting rules according to the types and sizes of legal entities. CSOs must have their annual reports approved by their boards of directors before they are sent to AJPES. However, the number of

CSOs publicizing their annual financial and programmatic reports on their websites is still rather low. Institutes and foundations are not obligated to have independent audits, while associations must have their annual reports audited if their annual income exceeds €1 million.

ADVOCACY: 3.5



In 2013, advocacy campaigns, CSO coalition building, and government openness improved.

The Resolution on Legislative Regulation and Rules of the Procedure of the Government define clear rules for consultation. For example, the consultation period for draft legislation is thirty to sixty days. Although ministries regularly publish draft legislation for public consultation on their websites, they still often breach the rules. However, since the new government came into office in March 2013, the breaches decreased from 81 percent in 2012 to 67 percent in 2013. Joint consultative working bodies that were abolished by the previous government, such as the Council on Sustainable Development, are slowly beginning to operate again. Unfortunately, the Council for the Development of Volunteerism and NGOs was severely affected by the changes in the government and had only three sessions in 2013. Nevertheless, some initiatives, such as the inclusion of NGOs in programming European Structural Funds, were realized because of the Council's work.

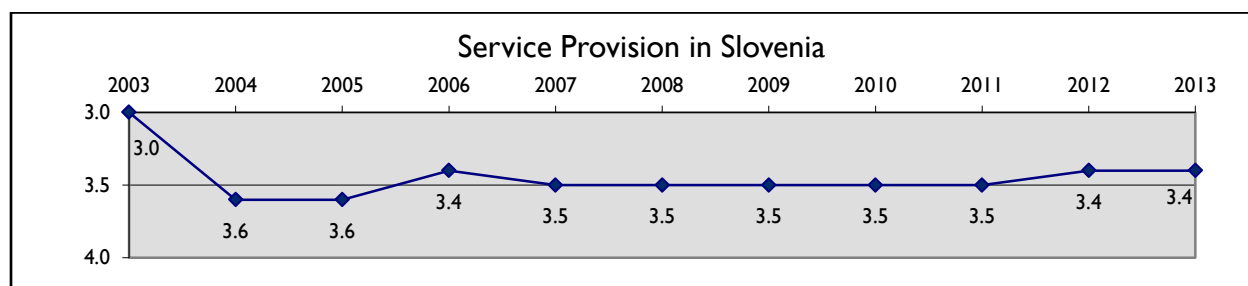
There were also positive examples of open and inclusive decision making during the year. For example, the government organized many public consultations in the course of developing the strategic documents for the European Structural Funds. A consultative working group of seventeen CSO representatives was established to cooperate with the Ministry of Economic Development and Technology, which serves as the managing authority for the Structural Funds. CSOs prepared comments to the draft documents and presented them at the working group meetings. The process was organized in a similar manner on the regional level and on the national level for specific fields, such as youth.

Furthermore, the Ministry of Labor, Family, and Social Affairs engaged in a broad consultation process that involved several consultation meetings and workshops on the regional level to prepare regional action plans for investments in social security programs.

As a result of extensive trainings conducted by ISOs on the national and regional levels, CSOs increasingly lobby local and national governments and the parliament.

There were many examples of CSOs working in coalitions this year. For example, CSOs jointly advocated for pre-financing for projects; against the introduction of real estate taxes on CSOs; and in favor of broadening the purposes for tax deductions. All of these initiatives were successful. Another positive outcome of coalition building is that CSOs participated in some campaigns even when the causes did not affect them directly, but benefited other parts of the CSO sector. For example, despite the fact that only humanitarian organizations are exempt from the real estate tax, other CSOs also supported the initiative.

SERVICE PROVISION: 3.4



CSO service provision remained stable in 2013. In some areas, such as social security, culture, and sports, CSOs have been critical public service providers for the past decade, addressing both funders' demands and beneficiaries' needs. For example, CSOs offer multi-level programs that allow beneficiaries to stay in their programs for longer periods of time, adjusting the programs according to the beneficiaries' progress. For example, Association Projekt Človek's drug addiction treatment program offers beneficiaries four therapeutic stages. The role of humanitarian organizations has grown in recent years due to the increasing number of people living in poverty.

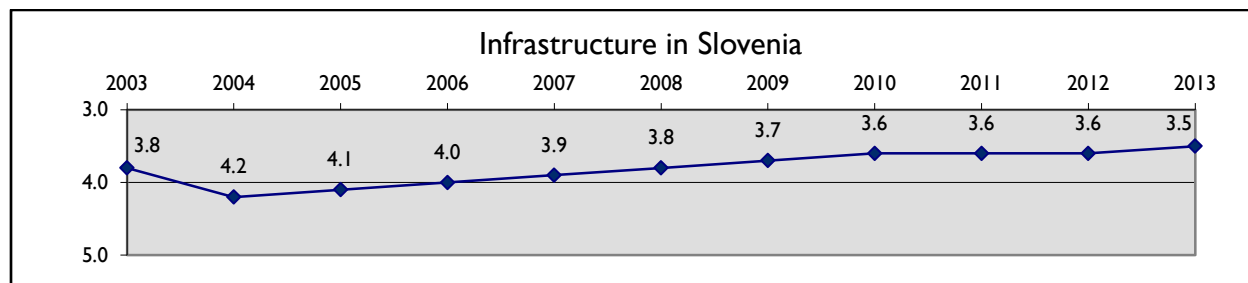
All CSOs provide their services—whether social, health, sports, or other services—to beneficiaries beyond their memberships. CSOs also market their products to other CSOs, the business sector, and the government, especially local governments.

CSOs that provide public services often utilize volunteers and offer their services free of charge, thereby gradually developing their expertise and clientele. Some other CSOs recover some costs from beneficiaries in order to provide services.

Awareness of social entrepreneurship has significantly increased in Slovenia, and many CSOs have started business initiatives. For example, the organization Karocikel sells renovated bicycles, while other organizations provide carpooling and transport services for persons with disabilities.

CSOs are less active in the monitoring of public services, as they lack the necessary capacities. As a result, the government does not generally recognize CSOs' role in the monitoring of basic social services or provide them with the resources to do so. Instead, most monitoring is done by public institutes and the business sector, which have the needed funding and personnel to engage in such monitoring.

INFRASTRUCTURE: 3.5



CSO infrastructure improved in 2013.

The European Social Fund has provided support to ISOs in Slovenia for five years, resulting in more extensive CSO networking and intersectoral cooperation, among other improvements. One national and twelve regional CSO support centers provide CSOs with a broad range of information services, consultancies,

and trainings, which are generally provided for free. Issue-based networks offer further support specific to their field of activity. Many training programs covering all phases of CSO operations are available on both the national and local levels. Various training modules are also available, ranging from short seminars to three- to five-day advanced trainings, allowing CSOs to choose the training most appropriate for their needs.

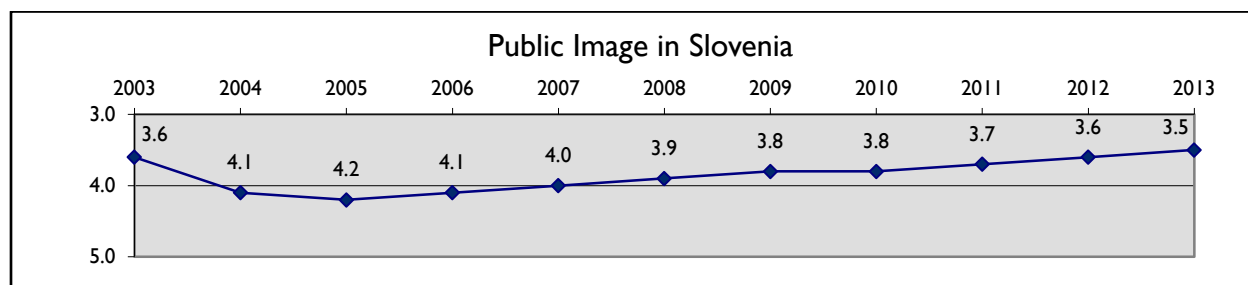
CSOs regularly participate in networks, either for information sharing, campaigns, or advocacy. The Center of NGOs Slovenia (CNVOS) is a national umbrella organization responsible for sharing information between different CSO networks. It also functions as a liaison between decision-makers and CSOs.

Local grantmaking organizations exist, but have been unsuccessful in fundraising. They mainly engage in other activities and have abandoned their original purposes.

CSO-business cooperation has made significant progress. CSO Symbioza and insurance company Triglav opened a large intergenerational center, where senior citizens can learn about computers, smart phones, and other technologies. In addition, a five-week training course joined CSOs, companies, and advertisement agencies to create products that promote particular causes. Nine products have been created and will be placed on the market for the benefit of both the CSOs and the companies.

CSOs are also increasingly working with the government and media to pursue common objectives. For example, local governments work with environmental organizations to involve the public in debates about specific infrastructure projects, such as new roads and power plants. Media and CSOs jointly publish articles and set the agenda for debates on the country's future.

PUBLIC IMAGE: 3.5



The sector's public image has improved significantly. Three years ago, articles about CSOs were a rarity. In 2013, different media outlets reported almost daily about CSOs' activities and initiatives. Humanitarian organizations and fire brigades have the most prominent public image, particularly after the spring floods.

A very successful campaign, Every Day Working as a Journalist, One Day Working in a CSO, first implemented in 2011, was repeated in 2013 with a focus on the national media. Through this initiative, journalists spent one day working in CSOs and produced stories about their experiences. Altogether, twenty articles were published or broadcast as a result of this campaign.

Regional media, including TV networks and radio stations, broadcast shows dedicated to regional CSOs or CSO-related issues. CSO intermediary organizations are also sometimes represented in the media's programming councils, helping them to develop their program focus.

CSOs are also increasingly sought to comment on societal developments. CSOs have been developing their relations with journalists for several years, and some CSOs regularly appear in certain media outlets. For example, Zavod Nefiks, an organization that focuses on youth unemployment, regularly appears in the national daily newspaper Dnevnik. On the other hand, CSOs sometimes feel exploited by journalists, who

occasionally take their statements out of context or expect CSOs always to be available for comments and interviews.

CSOs rarely employ professional public relations staff. Despite this, CSOs often produce press releases and organize press conferences. Some also engage in broad media campaigns, for example, against violence or to promote volunteering.

Overall, public, business, and government perceptions of CSOs are improving. However, some still perceive CSOs, especially environmental CSOs, as trouble-makers. Nevertheless, all stakeholders have started to better understand the role of CSOs in society.

Slovenian CSOs developed the NGO Quality Assurance System several years ago. CSOs can either implement the system themselves or be certified externally. Due to the lack of financial resources, most organizations have opted for self-regulation. Many CSOs also have other certificates, such as Family Friendly Company, or engage in other quality assurance systems, such as the European Foundation for Quality Management (EFQM) model.