Slovakia Country Report

EUFORI Study

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Philanthropic culture in Slovakia has been developing and growing, especially in the last 10 years, due to the country’s significant economic growth. However, in terms of its scale and scope it somewhat lags behind its neighbours in the Czech Republic and Poland. This is partly due to historical reasons and the relatively late modernisation of society.

In last few years several interesting private foundations have emerged in Slovakia based on the initiative of high net-worth individuals – owners of very successful businesses – and focusing on strategic issues ranging from high quality education to corruption.

Slovakia suffers from high unemployment rates, high levels of corruption, incompetence in public administration, and growing regional socio-economic disparities. The agricultural and rural nature of Slovakia’s population is conservative in its selection of issues and in its political and social attitudes. At the same time there is an increase in the urban, educated and well-travelled younger generation, which introduces modern global trends and attitudes, and which is another factor behind the growth and development of philanthropic giving in the last decade.

1.1 Historical background
Throughout early Slovak history – (which was for most of the medieval and modern eras part of the Kingdom of Hungary and the Hapsburg monarchy), foundations had a small but distinct presence, especially in the areas of education and the alleviation of poverty. There were also endowments serving private schools, hospitals or religious purposes. During the 19th century, many of the emerging Slovak intellectuals (priests, teachers, educators and scientists) in the era of National Revival benefited as recipients of scholarships and support from various public and private endowments.

During the early 20th century Slovakia witnessed the growth of a new philanthropy – in the form of entrepreneurs inspired by the new modern era, the industrial revolution and the growth of commerce and business, who started investing in philanthropic projects aimed at the alleviation of poverty, housing or the education of the poor. After World War I the golden era of associational life in Slovakia began. The democratic Czechoslovakia allowed a free rein for the growth of civil society. The rich associational life during the period 1918-1938 in Czechoslovakia also resulted in the growth of the assets of societies, associations, foundations and charitable institutions that flourished during these years (Buerkle 2004: 27). There are no records of research or science funding by these entities during this period.

The turbulence of the period 1938-1954 had a negative impact on foundation life in Slovakia, which suffered several waves of forced State nationalisation or confiscation based on political, ethnic or racial grounds. After the Soviet-backed Communist coup-d‘etat in 1948, the property of foundations and asso-
ciations was transferred to organisations loyal to the Communist Party under the umbrella of the National Front, or were taken over by the State (Dudekova 1998: ). This situation remained until 1989. The funding of science and research was completely State/government dominated due to the nature of the political system.

In 1989, after the Velvet Revolution, the nonprofit sector was revived, and there were hopes for civil society and its role in supporting the transformation of society.

Due to the fact that there was no readily-available domestic philanthropic capital during that period, there is also no evidence of domestic philanthropic support aimed at science and/or research (or to other purposes) at that time from foundation sources. After the opening of the country’s borders and interaction with the developed world after 1989, representatives from the scientific and research community (as well as other professional communities) started to emulate what they saw in the West – and some of them established foundations to support whatever research field (or other fields close to their interest) they were active in. But this was not a major movement, just a handful of initiatives. The prevailing attitude and position was that research funding was the domain of the public sector. Moreover, these new foundations were without capital, and their intention was to raise funding from any possible sources including public, corporate, individual or foreign sources. As a result, most of the foundations (not just those research related) established in Slovakia between 1990 and 2000 were ‘fundraising’ foundations – meant as tools for raising funds, and not tools for philanthropic capital to be invested in.

The situation did not change even after the more modern and more advanced legal framework on foundations came into place in the early 2000s. This new legal framework was designed and adopted during the period 1997-2002, and helped to differentiate the legal form of foundations from other forms of nonprofit organisations, and to specify more clearly the definition of the concept of a foundation.

**Figure 1: Development of foundations and associations**
However, even after these developments, capital-based foundations (endowment-based) are still very rare in Slovakia, which is a result of various factors. The lack of fiscal incentives for endowments, the taxation context and an underdeveloped philanthropic culture being the main ones.

The general perception of the research community is that there is a very small, if any, role for private philanthropy in research funding in Slovakia. The findings of this research do not contradict this perception, but neither do they confirm its pessimistic outlook. The real contribution of private philanthropy to research funding in Slovakia is rather limited. What has been recorded is contained in following chapters of this report.

1.2 The legal and fiscal framework
The legal environment relevant to nonprofit activities has significantly improved since the 1990s, when the distinction between a foundation and association was not clear to the general public or to regulators. Since then, specific legislation on specific legal forms has started to be adopted. There has also been specific legislation on foundations, which was first adopted in 1997 and then again in 2002.

Under Slovak law, a foundation is a legal person; it has to be registered with the Registry of Foundations, maintained by the Ministry of the Interior of the Slovak Republic. A foundation should be a purposeful grouping of property established for the support of a public benefit purpose.

The law defines the key characteristics of foundations, and specifies clearly the key roles of foundations, which are:

a) To provide financial and non-financial means from the assets of the foundation to third parties to fulfill a public benefit purpose.

b) To administer its assets, including the assets of foundation funds (donor advised funds and affiliated funds to the foundation without a legal subjectivity).

The registration of a foundation is relatively easy, and the only financial requirement is a down payment of EUR 6 398 into a registered endowment. The minimum contribution of each co-founder is EUR 639. The law forces foundations to invest funds in their registered endowments with highly conservative investment instruments; therefore, many foundations keep their assets outside of the registered endowment as ‘other’ assets, and invest them in a more flexible investment regime. Annual reports on the foundations’ activities, governance and finances have to be sent to the Ministry of the Interior every year.

Foundations are required to act as institutions that operate for public benefit. For the purpose of the Act on Foundations (#34/2002), public benefit purposes are mainly as follows: the development and protection of spiritual and cultural values, the implementation and protection of human rights or other humanitarian goals, the protection and conservation of the environment, the preservation of natural values, the protection of health, the protection of the rights of children and youth, the development of science,
education, fitness and sport, and providing humanitarian aid aiming at individuals or groups of people in mortal danger, or who are in need of emergency aid after a natural disaster.

Foundations acting for private (family) benefit (in Europe typically known as ‘family’ foundations) are not possible under the current Slovak law. However, because their founders are typically subject to private law – physical persons or corporations – foundations are also considered as being subject to private law. Any foundation that is registered in Slovakia has the same taxation and legal regime; therefore, even corporate foundations are not allowed to act outside of the public benefit framework. This is a loose framework, however, as public benefit activity is not clearly defined in the body of law and there is a broad area for its interpretation.

Foundations are not allowed to be involved in business activities, with the exception of renting out real estate and organising cultural, educational, social or sporting events, as long as its assets are used efficiently, and the activities are in accordance with the public benefit purpose promoted and pursued by the foundation. The law also requires that Board members or other officers of the foundations should not gain any benefits from the foundations’ activities or assets.

Foundations are not obliged to file an income tax return form to the the relevant Tax Authority in cases where their income is not subject to income tax. This covers income such as gifts, legacies, a 2 % income tax allocation, income from renting real estate, land, buildings and other properties, and income which is taxed at a flat rate at its source (such as interest tax from bank deposits). If a foundation receives income other than the abovementioned, it is obliged to file a tax return form. Foundations that receive more than EUR 3 319 from their 2 % tax allocation are obliged to submit a detailed summary of the amount and use of these funds for publication in the Official Journal.

Every foundation has to report any changes in its byelaws, in the composition of its decision-making bodies, in the sources of its funds, or in the description of the recipients of support to its registration body.

The Slovak legal framework includes yet another form of a not-for-profit entity that resembles a foundation: the non-investment fund.

Non-investment funds were introduced in 1997, together with the law on foundations. Their purpose was to complement the foundation legal form with a somewhat ‘lighter’ structure. Historically, non-investment funds resemble so-called ‘funds’ that are assets intended for spending for public benefit use in full. This is in contrast to ‘endowments,’ which are intended to be set aside as assets in perpetuity. Essentially, non-investment funds are foundations without an endowment.

Their legal form almost copies that of foundations, apart from its stipulations related to asset management and some other details in terms of governance, registration and liquidation. The existence of these funds reflected the low levels of capitalisation in the post-Communist environment, and the recognition of the fact that many initiatives for public benefit first need to raise their funds. As a result, non-investment funds were typically established with a particular purpose in mind, and their activities were oriented to-
wards raising the assets needed for supporting their public benefit purpose. One particular advantage of non-investment funds was that they did not need to ask for permission to organise public fundraising, as opposed to other legal forms which were required to obtain State permission before doing so.

The existence of non-investment funds has been to some extent called into question by the introduction of ‘foundation funds’ in the law on foundations in 2002. Foundation funds are funds without a legal subjectivity, which are administered by the host foundation. Their closest terminological relative in European foundation nomenclature would be ‘trusts.’

A major factor influencing the behaviour of foundations in Slovakia is the so-called ‘percentage tax,’ ‘percentage philanthropy’ or ‘the 2 % tax’ system.

The percentage tax concept emerged in the public policy debate in the late 1990s and materialized first in Hungary (1996), later in Slovakia (2001), Lithuania (2002), Poland (2003), Romania (2005) as a decentralized financial mechanism that grants a right to a taxpayer to designate 1% or 2% of paid income tax for public benefit purposes to a non-profit, non-governmental organization or other type of public benefit entity (church, trade unions or public institutions).

The 2 % tax mechanism has been a controversial system from its start in 2002. It has been very widely praised, but also criticised. NGOs do not consider it ideal, but since no other alternative model is available in Slovakia (e.g. tax write-offs for charitable gifts), they accept the current one. It should be noted that when this tax assignation came into effect in 2002, the parliament abolished the ‘traditional’ tax incentives for taxpayers. This was happening at a time of major tax reforms, decreasing tax rates and a simplification of the tax collection system.

The 2 % system influenced many relationships that have emerged since then between the government, business and nonprofits. For example, once it became available for corporate taxpayers, the number of foundations established by corporate entities started to grow. Between 1990 and 2001 only 23 corporate foundations were registered in Slovakia. From 2002 to 2007, 58 new corporate foundations were established. Many bore the same name as their founder. In 2012 there were up to 90 corporate foundations, making up 20 % of all foundations.

The law requires that the 2 % tax funds need to be used by the end of the year following the year when the funds were given to the recipient. This condition has contributed to the proliferation of different grant-making programs organised by various corporate foundations, which are an effective way of spending resources through a competitive and open process. The weak and unstable financial environment and the lack of independent funding form an equally important barrier that increases the financial dependence of NGOs on public resources.

As of 2015 the tax code allows tax deductions for costs related to research and innovation (it is called a “super deduction of costs”). Organizations that perform research activities may deduct from their tax base 25% of research related costs as well as 25% of labor costs of employees who are less than 26 years
and graduated university in less than 2 years ago. Contributions to non-profit organizations that perform research activities that are accredited at the Ministry of Education as research organizations would also be eligible within this incentive. Details on implementation of this new instrument are being clarified.

1.3 The foundation landscape
In 2012, there were 942 foundations registered in the Registry of Foundations, which is maintained by the Ministry of the Interior. Out of them, 727 were active and 215 were in liquidation. Out of the 727 active foundations, 85 are corporate foundations, 10 are community foundations and the rest are either independent or single-purpose foundations.

Despite there being no umbrella association of foundations, there are three affinity groupings that organise specific foundations around their particular interests: the Donors Forum (established in the mid-nineties), which brings together major independent grantmakers (not just foundations, but also other entities – non-investment funds and associations), the Association of Community Foundations, which brings together a specific group of community foundations, and the Association of Corporate Foundations, the youngest alliance, established in 2013.

The most important feature of foundations in Slovakia that should be mentioned first, is that their own assets are very low (EUR 80.9 million), and their operations are often funded from foreign or domestic public sources, or from private corporate sources that flow through them. This conclusion can be drawn from an analysis of the annual reports of all the foundations submitted to the Ministry of the Interior every year. This survey and analysis is conducted annually by the Center for Philanthropy, and its results are published on its webpage [1].

Other results that can be derived from the data from the survey of the Center for Philanthropy are that the Slovak foundation sector’s assets are growing very slowly, at a rate of slightly more than 1 % per annum. The total assets of all Slovak foundations in 2012 was EUR 80.9 million, which was EUR 1 million more than in 2011. The revenue generated from the assets of foundations (such as income from endowments or from renting real estate) is negligible in terms of the income structure of foundations (survey of the Center for Philanthropy).

The public profile of foundations is not very strong compared to some other nonprofit organisations (activist, campaign or charity-based). The most visible are possibly the corporate foundations that often use the large-scale communications systems of their founders to get the attention of the broader public.

The main types of foundations’ income are financial contributions from institutions (domestic, foreign and EU funds). These make up almost half of the foundations’ income (46 % in 2012). The second most important type of income is the income from the percentage tax. Legal persons perhaps allocate up to 2 % of their tax duty to a particular nonprofit organisation that is on the list of recipients of this mechanism. In 2012 the share of this income in the total income of foundations was 33 %. The third most important type

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1  http://www.cpf.sk/sk/rebricek-nadacii-2012/
of foundations's income is from individuals. The income from individuals represented in 2012 up to 15 % of all income. Other sources of income are less important in the income structure of foundations.

Table 1: The income structure of Slovak foundations according to source in Euros.

<table>
<thead>
<tr>
<th>Income</th>
<th>2011</th>
<th>2012</th>
<th>% (2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions from organisations</td>
<td>16 904 600</td>
<td>16 977 764</td>
<td>46 %</td>
</tr>
<tr>
<td>‘Percentage tax’</td>
<td>11 369 327</td>
<td>12 319 256</td>
<td>33 %</td>
</tr>
<tr>
<td>Contributions from individuals</td>
<td>4 287 931</td>
<td>5 043 607</td>
<td>14 %</td>
</tr>
<tr>
<td>Governmental subsidies</td>
<td>2 203 974</td>
<td>1 514 208</td>
<td>4 %</td>
</tr>
<tr>
<td>Gifts</td>
<td>396 000</td>
<td>840 332</td>
<td>2 %</td>
</tr>
<tr>
<td>Revenue from assets</td>
<td>151 672</td>
<td>175 364</td>
<td>0 %</td>
</tr>
<tr>
<td>Public collections</td>
<td>193 554</td>
<td>163 851</td>
<td>0 %</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35 509 069</strong></td>
<td><strong>37 036 394</strong></td>
<td><strong>100 %</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of the Interior, annual reports of foundations, compiled by the Center for Philanthropy, 2013)

There are no hard data available on the Slovak foundation sector as such, which would address the subject area of their support. There are data, however, that address this issue indirectly and partially.

One source of these data is the Association of Corporate Foundations, [2] which administers a survey of 50 active corporate foundations on their areas of support. The data describe their priority allocation areas as follows: culture and education, followed by sports and health.

Another indirect source of data is a data set provided by the database ‘Slovstat,’ which covers the orientation of gifts and grants provided by all non-revenue generating entities (including foundations, nonprofit organisations, associations, chambers etc.). [3] The data here are organised by NACE (Nomenclature Statistique des activités économiques dans la Communauté Européenne) according to their classification; the largest amounts of all the grants and contributions go to the areas of social care and assistance, followed by the activities of interested organisations, the activities of member organisations, and education.

Based on these indirect sources it can be estimated that in terms of the proportional allocation to various public benefit purpose areas, foundations in Slovakia allocate their support primarily to education, culture, social care, health protection and the prevention of disease.

Most of the foundations in Slovakia, regardless of type, operate from flow-through funds, and not from the income from their assets. This fact, combined with the lack of endowments and long-term assets of foundations, decreases the prospect of perpetuity in this sector, which in turn contributes to the short-term approaches in the practice of institutional philanthropy in Slovakia today. Foundations focus on short-term, visible and practical needs that best match the expectations of the flow-through type of financing, which expects to see the soon and visible results. For example, the percentage tax law requires

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2  www.asfin.sk

that the income received by a foundation (or other non-profit recipient) through this source should be spent within 18 months of its arrival.

In terms of expenditure, in 2012 in Slovakia foundations gave out grants and gifts with a total value of EUR 21.1 million, which was similar to 2011, but was EUR 11 million less than in 2010. The total expenditure of Slovak foundations in 2012 was over EUR 35 million. -figure 2

**Figure 2: Grants vs. total expenditure of Slovak Foundations, 2011-2012, in Euros.**

32 of the largest grantmaking foundations shared up to 84 % of the total sum given for public benefit activities or for help for the needy. For several years, the largest grantmaking foundations in Slovakia have been the Habitat for Humanity International Foundation and the SPP (Slovak Gas Industry) Foundation.

Significant institutional forms of philanthropy in Slovakia are community foundations and independent foundations. These are mostly fundraising foundations that raise support from individuals and corporations and re-grant their funds for various purposes that reflect a combination of needs for both the short and long term. These foundations build on the experience and knowledge brought into Slovakia during the 1990s by private philanthropic institutions such as the Mott Foundation and the Rockefeller Brothers Fund, and others who supported the growth of indigenous grantmaking capacities in the post-Communist countries.

A special foundation sector is that of corporate foundations, which emerged along with the extension of the 2 % tax assignation to corporate income taxpayers (see Section 1.2. Legal and Fiscal Framework).

In terms of non-investment funds, which are the second relevant legal form included in the EUFORI Study in Slovakia, there are considerably less available data on their activities and profiles compared to foundations. In 2013 there were 595 non-investment funds registered with the Registry of Non-Investment Funds.
maintained by the Ministry of the Interior, of which almost 100 were going through a process of liquidation. The number of non-investment funds has almost doubled in last 13 years.

Non-investment funds provide contributions and gifts for different public benefit purposes. However, compared to foundations, their specific contribution is 10-20 times smaller.

Table 2: Grantmaking of non-investment funds and foundations in Euros 2005-2012.

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-investment funds</th>
<th>Foundations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1 052 317</td>
<td>13 535 015</td>
</tr>
<tr>
<td>2006</td>
<td>1 242 148</td>
<td>23 026 920</td>
</tr>
<tr>
<td>2007</td>
<td>1 433 961</td>
<td>21 668 160</td>
</tr>
<tr>
<td>2008</td>
<td>1 645 695</td>
<td>26 743 112</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-investment funds</th>
<th>Foundations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1 666 053</td>
<td>22 226 226</td>
</tr>
<tr>
<td>2010</td>
<td>1 211 170</td>
<td>20 201 239</td>
</tr>
<tr>
<td>2011</td>
<td>1 049 216</td>
<td>15 816 409</td>
</tr>
<tr>
<td>2012</td>
<td>1 661 941</td>
<td>18 748 031</td>
</tr>
</tbody>
</table>

1.4 Research/innovation funding in Slovakia

Slovak R&D has a long tradition, and the results in some areas are considered world-leading (for example, the Slovak School of Quantum Structures in Mathematics, or research into supraconductivity at the Institute of Experimental Physics). Since the Velvet Revolution in 1989 Slovak science has been underfunded, and even the EU Structural Funds have not changed this fact, although they have contributed towards some improvements.

International comparisons such as OECD Science and the Technology and Industry Scoreboard 2013 show that the Slovak Republic ranks well below the European 28 and OECD averages (1.94 % and 2.37 %, respectively) in terms of the share of R&D expenditure of the GDP (0.63 % in 2011). Recommendations by the EC, OECD and others suggest that Slovakia should increase the amount of resources invested in R&D to reach 1.20 % by 2020. Slovakia has a similar ranking on indicators reflecting the quantity and quality of scientific production measured by the number of publications or the percentage of top-cited publications (Report on the State of R&D in Slovakia, 2012).

4 http://www.ives.sk/registre/startrnf.do
In last twenty years there have been many efforts aimed at developing policy documents and development strategies aimed at boosting R&D, but none of them so far have been able to serve as an inspiring document for change in the sector. The most recent one (November 2013) is the Strategy of Intelligent Specialisation (Through Knowledge to Prosperity – the Strategy of Research Innovation for Intelligent Specialisation of the Slovak Republic). An Action Plan is currently being formulated. These documents will be the key navigation for the use of the 2014-2020 ERDF funds within the Operational Program Research and Innovation.

Support for R&D is organised through various legal, financial and institutional instruments. These include national (government) support programs, the Slovak Research and Development Agency (Agentúra na podporu výskumu a vývoja), State aid in the form of subsidies for scientific and technical services granted to entrepreneurs and businesses for the support of R&D, and the EU Structural Funds, which were the most important source of R&D funding during the period 2007-2013. There are also incentives (stimuli) for research and development to encourage businesses to invest and use more research, and to increase their investment in R&D.

R&D funding in Slovakia comprises two significant trends:

a) The dominance of the public sector.

b) An increasing number of foreign resources from the EU Structural Funds (60% of all foreign funding).

R&D capacity and research potential in Slovakia is located primarily in the public sector, where two thirds of all the funds for R&D are spent. The most important role in research is played by the Slovak Academy of Sciences and other sector research institutes. The Slovak Academy of Sciences is a self-governing research institution of the Slovak Republic. Its activities focus on the development of science, education, culture and the economy, and are carried out by scientists and specialised and service organisations. The SAS is funded by the State budget with the amount of EUR 60-75 million per year. The proportion of business investment in R&D is around 0.34% of the GDP (Eurostat, 2014). There are two possible reasons for this situation. During the privatisation of big enterprises, the R&D departments were separated and isolated from each other in terms of their practices. The foreign companies operating in Slovakia usually conduct research and development activities in their home countries. Business R&D expenditure is around EUR 175 million per year, of which EUR 18 million (10%) is from the national sources mentioned above. In the area of financing innovations, Slovakia has been lacking the use of venture capital due to insufficient competitiveness. In 2010, the amount of invested venture capital was 0.03% of the Slovak GDP.
After the long transformation period during the 1990s, the so-called sectoral research institutes (affiliated to public sector companies or governmental agencies) transformed into private for-profit companies. Today there are around 240 companies doing business in the R&D field.

Some of them decided to transform into a not-for-profit legal form – these were typically nonprofit organisations or the Interest Association of Legal Entities (a special legal form of nonprofit organisation that has a legal entity status).

As a result, today R&D is primarily located in the business sector, followed by the public sector, universities and then the nonprofit sector.

Nonprofit research organisations are obliged, according to the law, to reinvest their profits into their mission-related activities and cannot distribute them to their employees, officers or founders.
Nonprofit R&D organisations have not been fully recognised by the official R&D support institutions as eligible recipients of governmental funding or participants in R&D programs. This has resulted in the absence of institutional cooperation between the public sector and the third sector in the area of R&D. However, the low level of inter-sectoral cooperation in this field is also partly a result of the low share of R&D activity conducted by the nonprofit sector compared to other sectors.

There is also a problem related to the statistical reporting of expenditure on research and development. Research activities are reported as partly business and partly public according to the background of the organisations’ founders or members, so the real nonprofit sector’s R&D contribution may be hidden behind these statistics.

In 2012, the Association of the Non-profit Research Organisations (Združenie výskumných organizácií neziskového sektora, ZVONS) was established with the aim of representing the nonprofit sector organisations that are active in R&D within all fields of science and technology, and of promoting their interests in the development of the science policy of the Slovak Republic and the EU. Members of the Association are non-profit organisations and associations active in technology, but also in management and social science research. The association’s activities include participation in State research, in the development of educational policy, in international cooperation in the area of R&D, and in educational activities in the area of innovation management.

Table 3: R&D expenditure in thousands of Euros according to sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>115 250</td>
<td>111 788</td>
<td>135 709</td>
<td>124 376</td>
<td>175 245</td>
<td>174 145</td>
<td>241 978</td>
</tr>
<tr>
<td>Public</td>
<td>87 690</td>
<td>99 926</td>
<td>103 803</td>
<td>102 699</td>
<td>124 752</td>
<td>129 575</td>
<td>143 515</td>
</tr>
<tr>
<td>Universities</td>
<td>64 516</td>
<td>70 641</td>
<td>76 762</td>
<td>75 833</td>
<td>115 081</td>
<td>163 712</td>
<td>199 132</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>194 274</td>
<td>274 185</td>
<td>186 86</td>
<td>1 291</td>
<td>1 006</td>
<td>599</td>
<td></td>
</tr>
</tbody>
</table>

2 Data Collection

2.1 The identification of foundations supporting R&I

The goal of this study is to map out the situation of foundations supporting R&I in Slovakia. For the purposes of this study the research team decided to define as ‘foundations’ not-for-profit foundation-like institutions which:

a) Provide financial support for R&I to third parties.

b) Implement their own R&I programs and projects.

The relevant legal forms that meet the above characteristics in Slovakia include foundations, non-investment funds and not-for-profit organisations providing publicly beneficial services.

The first decision and step to be made was the development of the set of organisations that meet the above characteristics and that forms a basic population for the further data collection. The Research team decided to include two types of legal form in the set:

a) Foundations.

b) Non-investment funds.

These two forms meet best the condition of ‘supporting’ the R&I of other entities – private or public – and meet the criteria set by the EUFORI Study scope. Namely, these legal forms are closest to the common criteria of what most legal entities considered as foundations meet, which is not membership based, serving a public-benefit purpose, supporting/operating R&I as its significant focus, being independent from the government and self-governing, and, finally, being asset-based.

The team developed a list of foundations and non-investment funds that support or operate R&I programs and projects.

The list was put together by following three steps:

1) The first step was the collection of data from the Central Registry of foundations and non-investments funds, which are kept at the Ministry of the Interior of the Slovak Republic, and are available online[^8]. Both registries are public lists, which include information on the legally required information on foundations and non-investment funds such as their name, seat, purpose and so on. The category of ‘purpose’ played a crucial role in putting together the list.

2) The second step was a formal check of the foundations’ self-declared R&I activity through checking the occurrence of key words related to R&I activity in the statements of purpose of these entities available in the Central Registry. Only those foundations and non-investment funds were selected whose defined purpose explicitly stated the combination of words ‘research,’ ‘science’ and ‘innovation.’ During the second iteration the list was supplemented by those entities (foundations and/or non-investment funds) that stated their purpose as also supporting research indirectly – namely supporting the mobility of research workers, knowledge transfer, the promotion of science and research, research infrastructure, and the promotion of results and information about research and scientific communication.

3) At the third step, the team conducted a factual check on the consistency of the foundations’ self-declared orientation towards R&I through the reporting of these activities in their annual reports and websites.

This resulted in a final set of entities selected for the EUFORI study in Slovakia, which was composed of 71 in total, 60 of which were foundations and 11 were non-investment funds. This set was considered by the research team as a sufficiently representative sample of the nonprofit research organisations supporting R&I.

As far as the representativeness of the sample of the whole foundation or non-investment fund sector is concerned, in the opinion of the research team, the basic set was sufficiently accurate and comprehensive as far the Slovak foundations supporting the R&I environment is concerned.

2.2 The survey

In our effort to obtain the most objective data on support for R&I, all 71 foundations and non-investment funds were approached to participate in the survey. The organisations were approached by a letter addressed to its statutory representative or executive director. The letter requested that they complete the online questionnaire, and explained the reasons for and context of the research. 43 organisations were approached by email and 28 organisations were approached by regular mail. The letter included the text provided by the coordinators of the research in Amsterdam, having been translated and adapted to the Slovak context. There were no additional letters of endorsement attached.

To increase the response rate, the above request was sent repeatedly in cases where there was no reply. Overall, there were three different requests sent to non-responding organisations. With the third iteration, the research team also used telephone calls as well as email and ordinary surface mail.

From the total sample of 71 organisations, 13 foundations and 4 non-investment funds responded. In total 17 questionnaires were completed. Overall the response rate from the total set was 23.94%.

In order to complete the information collected through the questionnaire, which was rather scarce, additional research was conducted by the research team using web searches and looking through the websites of foundations and non-investment funds, as well as other web-based resources (registers of foundations and non-investment funds).
2.3 The interviews

After the data collection through the online questionnaire for the quantitative survey, the research team started to collect the qualitative data using semi-structured interviews with selected organisations.

From the basic set of organisations we selected three organisations: the Intenda Foundation, the Ekofond non-investment fund and the Foundation for the Cancer Research, all of which provided relevant information in the online questionnaire. For the semi-structured interviews we also included two other organisations that were not part of the basic set; the interviews with them served the purpose of the R&I context and background research: the governmental Agency for Support of Research and Development (APVV) and the non-governmental Association of Non-Profit Research Organisations (ZVONS). It was expected that these organisations would be able to provide additional information on the context and on the nonprofit organisation sector in terms of its relationship to R&D. The data collected from these interviews were included in the analysis part of the study.

The criteria for selection of these organisations were to obtain a broader picture of the diversity in the R&I field, and of the role and focus of foundations and non-investment funds in the area of R&I in order to get a better understanding of the foundation sector and its specific contribution to R&I, as well as to complement the data obtained through the online questionnaires.

The relevant representatives of these organisations (a statutory representative, president or director) were approached as interviewees. The interview questions focused on the background of each organisation; its establishment and the motivations of the founders. Also covered were the issue of funding of R&I, the role of the nonprofit sector and foundations in particular in supporting R&I, and the barriers and limitations that prevent a more significant role for nonprofit sector/foundations to support R&I in Slovakia. The interviews also touched on the issues of the future activities of the responding organisations in the field of R&I. Overall, five interviews were conducted during the period November-December 2013.
3 Results

As mentioned above, out of the 71 organisations we approached, 17 provided responses.

The basic information from the questionnaire can be considered to deal with the issue of whether the responding organisation supported/implemented activities in the area of R&I from 2005 to 2012. Six organisations were involved directly or indirectly in research and research-related activities, and five organisations were involved in both areas of research and innovation. Overall, 11 foundations and non-investment funds confirmed their support for and participation in R&I activities and programs in 2005-2012.

3.1 Types of foundation

Five organisations identified themselves as grantmaking, one as operational and three as both grantmaking and operational. In two cases there was no answer.

For only two respondents were research and innovation their main activities. The rest only partially support or participate in R&I.

Also, most (10) of the responding organisations are of private origin – their founders were either private individuals or institutions from the private sector. However, there is a certain ambiguity in the classification of these organisations as to whether they are private or public. This is because the nonprofit organisations are sometimes classified as public sector institutions. For example, the foundations are subject to the Freedom of Information Act, which applies to all public institutions. This is due to the declared public benefit nature of these organisations. On the other hand, some of the nonprofit organisations that provide generally beneficial services operate according to a business model that resembles traditional commercial business, with the caveat that the profits cannot be distributed to their founders, and that the organisation is mission driven. This ambiguity is presented in the quote below:

‘Sometimes these organisations are classified as public institutions, sometimes as the business sector. A detailed effort (in researching the situation) is needed to figure out what the real role is of nonprofit organizations in operating and performing the research.’

(Interview 1)
Several respondents independently stated that the presence of nonprofit organisations and foundations in research and innovation in Slovakia is low, and even do not see it continuing in the future, given its marginal size and scope.

'I perceive the role of the nonprofit sector and foundations in support of research and development in Slovakia as very close to zero. And I do not think that the role of the nonprofit organisations and foundations in support of R&I in Slovakia is inevitable.’

(Interview 2)

This view is also supported by a second look at the annual reports and websites of the 11 responding foundations and funds. Only one them supports research as its main activity. All the others support research and innovation only partially. Their focus of support is typically on awareness raising, prevention, formal and non-formal education and so on.

However, recently there have been signs of renewed activity in this area. In 2012 the Association of the Research Institutions of Non-Profit Sector (ZVONS) was established, which includes 10 nonprofit organisations dealing with science and research with the aim of promoting the interests of nonprofit organisations in delivering research, of communicating with the government, and of increasing the influence of nonprofit research institutions in public policy on research and science. None of its members, however, support R&I. All of them carry out research activities or provide research services funded through third party sources (government or business).

3.2 The origins of Funds

3.2.1 Financial founders

Through surveying external sources it can be concluded that six of the eleven responding institutions were founded by individuals and five by organisations, of which two were business enterprises. The organisational founders of the responding organisations consisted of business entities (2), a university (1), a research institute (1) and a nonprofit organization (1).

In terms of financing, the distinction between individual and organisational founders was significant. The organisations that were founded by business enterprises benefit from their contributions. This is not the case for organisations founded by individuals.

Individuals as founders should be understood, not as potential donors or sources of funding, but more as enthusiastic and visionary leaders in their fields who took the initiative and established the fund or foundation with the idea of raising support for its activities in the future. However, these individuals would also
take up leadership positions in public research institutions, and the established foundations would work in close collaboration with them.

‘...establishing the foundation was a response of leaders of the research institute to the dire situation in the area of funding of research.....but later on they realised that raising funds is not such an easy activity....’
(Interview 3)

The situation was different when the founders were business enterprises – there were two cases, both with their founder also acting as the principal donor providing their funding. For example, the 2 % tax regulation has also been used as a major source of funding for the SPP Foundation, which partially supports research. Contributions from a private company were the only source of funding for the EkoFond n.f., which also partially supports research.

In terms of strategy setting, the founders play a relevant role. The funding strategy is typically set by the founder in combination with the Board of Directors (where a representative of the founder has a place). This is also confirmed by the data from the survey, where two organisations mentioned that setting an annual strategy is the Board of Directors’ responsibility, and one organisation suggested that strategy development and setting is the responsibility of the founder and the Board of Directors.

The interviews suggested that in terms of strategy setting, foundations and non-investment funds perceive high quality management as a decisive factor playing an important role in the form of the sustainability and potential of an organisation, even in comparison with other organizations supporting the R&I.

‘We manage them (universities) to produce results that have practical relevance. They (recipients of research support, universities) are enthusiasts and they tend to play with it (research). Our emphasis was on ensuring the applicability of the research results and on the application of project management tools that they are not used to – such as the monitoring of budgets and performance etc.’
(Interview 4)
Several respondents mentioned the influences of their founders on the program portfolio and strategy setting of the foundation as a major factor – but in general, not only on R&I-related activities. For example, the founder of one foundation is a corporation which is half-owned (but not controlled) by the government, and half-owned and controlled by a private entity. Clearly the complexity of the relationships of the founder would have an effect on the activities of the foundation.

Similarly, in another case there are three founders in one foundation, of which two are interest associations and one a governmental agency. The nature of the relationships between the founders is reflected at the level of the Board, which is composed of representatives of the founders and which in turn reflects the strategy setting of the foundation.

### 3.2.2 Income

In terms of the total income of the organisations in 2012, seven respondents covered this issue, one did not know, and two organisations did not want to provide answers. In one case this question was not answered at all.

Overall, the income of the organisations who participated in the survey is very diverse – ranging from a very small income to one of the largest incomes out of all the foundations in Slovakia.

**Figure 4: Total income according to category in Euros, 2012**

As a percentage of the total number of foundations (N=11)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 0-100 000</td>
<td>37%</td>
</tr>
<tr>
<td>EUR 100 000-1 000 000</td>
<td>9%</td>
</tr>
<tr>
<td>EUR 1 000 000-10 000 000</td>
<td>0%</td>
</tr>
<tr>
<td>EUR 10 000 000-100 000 000</td>
<td>0%</td>
</tr>
<tr>
<td>EUR 100 000 000 or more</td>
<td>36%</td>
</tr>
</tbody>
</table>

**Statistics income**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of foundations</td>
<td>7</td>
</tr>
<tr>
<td>Mean in Euros</td>
<td>915 711</td>
</tr>
<tr>
<td>Median in Euros</td>
<td>277 580</td>
</tr>
<tr>
<td>Total income in Euros</td>
<td>6 409 980</td>
</tr>
</tbody>
</table>
When comparing this distribution to the general landscape of foundations in Slovakia, the foundations in this survey belong to the medium or large category of foundations. This can be concluded by comparing them with the overall list of foundations according to the amount of income (CpF research, the Annual Reports of Foundations for 2012 at the Ministry of the Interior) – except for one, all fall into the top 40 foundations in terms of income.

When specifying their sources of income for 2012, the organisations could choose from many options (revenue from endowments, gifts from private individuals, gifts from corporations, income from public sources, income from the sale of assets) and include more than one source as being relevant. Overall 26 responses from 9 organizations were recorded (see Table 4).

The main source of income for foundations and non-investment funds in 2012 was primarily in the form of revenue from their assets (endowment) or from gifts and contributions from other private companies. This is followed by public servis provision or subsidies from the government, income from the 2 % tax regulation, and finally gifts and contributions from private individuals and other nonprofit organisations.

The lowest source of income was from the sale of products or services, or revenue from foundation activities and events. This due to the limitations of the law on foundations that generally bans any income-generating activity, apart from a few exceptions.

**Table 4: Sources of income**

<table>
<thead>
<tr>
<th>Source</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowments</td>
<td>6</td>
<td>23.1</td>
</tr>
<tr>
<td>Donations from Corporations</td>
<td>5</td>
<td>19.2</td>
</tr>
<tr>
<td>Income from government</td>
<td>5</td>
<td>19.2</td>
</tr>
<tr>
<td>2 % Tax (Percentage Tax)(^3)</td>
<td>3</td>
<td>11.5</td>
</tr>
<tr>
<td>Donations from individuals</td>
<td>3</td>
<td>11.5</td>
</tr>
<tr>
<td>Donations from other non-profit organisations</td>
<td>2</td>
<td>7.7</td>
</tr>
<tr>
<td>Service fees, sales</td>
<td>1</td>
<td>3.9</td>
</tr>
<tr>
<td>Other activities</td>
<td>1</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**3.2.2 Assets**

As mentioned in Chapter 1, foundations in Slovakia have relatively low assets. Only 12 foundations in 2012 had assets over EUR 1 million, with the biggest reporting assets of EUR 10 million (Centre for Philanthropy Research, Annual Reports of Foundations for 2012 at the Ministry of the Interior).

On the issue of overall assets for 2012, seven organisations (see Figure 4) responded and one respondent did not want to answer.
The total value of assets of the organisations that responded was EUR 19 303 087.

### Statistics assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of foundations</td>
<td>8</td>
</tr>
<tr>
<td>Mean in Euros</td>
<td>2 757 584</td>
</tr>
<tr>
<td>Median in Euros</td>
<td>2 397 775</td>
</tr>
<tr>
<td>Total assets in Euros</td>
<td>19 303 087</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 0-100 000</td>
<td>0%</td>
</tr>
<tr>
<td>EUR 100 000-1 000 000</td>
<td>13%</td>
</tr>
<tr>
<td>EUR 1 000 000-10 000 000</td>
<td>13%</td>
</tr>
<tr>
<td>EUR 10 000 000-100 000 000</td>
<td>37%</td>
</tr>
<tr>
<td>EUR 100 000 000 or more</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Figure 5: Total assets according to category in Euros, 2012**
As a percentage of the total number of foundations (N=8)

The foundation with the largest assets (EUR 10 203 902) is the Intenda Foundation, which was co-founded by the Ministry of Education, the Association of Students of Universities and the Youth Council of Slovakia; its assets are the converted assets of the former Socialist Union of Youth. The Intenda Foundation also partially supports research through the support of PhD students and their scholarships. However, its main focus is the development of youth potential in general.

Other R&I foundations in the sample also reported relatively high assets in the Slovak context, which again supports the conclusion that support for R&I is the domain of larger foundations.

### 3.3 Expenditure

#### 3.3.1 Total expenditure

The overall expenditure in the survey is quite diverse – ranging from EUR 120 000 to EUR 3.1 million. To interpret this diversity, it is necessary to compare it with the typical expenditure of Slovak foundations. When doing this, the surveyed sample fell into the top 35 foundations in terms of the size of their annual expenditure, except for one organisation, which was well below this level (CpF research, Annual Reports of Foundations for 2012 at the Ministry of the Interior). Based on this research into their annual reports, only eight foundations in Slovakia had an expenditure higher than EUR 1 million (2012). Thus, the R&I foundations in Slovakia belong to the category of larger foundations.
However, as mentioned above, almost all the Slovak R&I foundations only partially focus on R&I.

What does this mean in reality? For example, according to the EkoFond’s Annual Report, its total expenditure in 2011 was EUR 2.05 million. Out of this expenditure, EkoFond provided support for R&I projects (focusing on applied research in the area of technologies based on natural gas) of EUR 0.2 million, which is 10%. In the cases of other large foundations – such as the SPP Foundation or the Ekopolis Foundation, the percentage of their total expenditure on research was 3% or 5%, respectively.

At the other end of the spectrum are the Foundation of Brain and Spinal Cord Injuries or the Cancer Research Foundation, which invest 75-100% of their expenditure in research. These cases are exceptional, and they fall into the category of smaller foundations in terms of the size of their expenditure.

### 3.3.2 Research and Innovation

Based on the type of research (whether basic or applied research), the organisations can be divided into three categories:

- **a)** Foundations supporting basic research, for which the responding organisation earmarks 100% of its available financial resources (the Foundation of Brain and Spinal Cord Injuries).

- **b)** Foundations supporting both basic and applied research, with a prevalence for various aspects of basic research, towards which the organisations target most of their available
finances for R&I (the Cancer Research Foundation provides 80% of its financial resources for this purpose, and 20% is provided to support applied research).

c) Foundations supporting only applied research (for example EkoFond allocates 10% of its annual expenditure to applied research, or the Intenda Foundation supports applied research with 25% of its funding. Also the Ekopolis Foundation provides up to 10% for applied research.

It can be concluded that the Slovak foundations’ actual expenditure going to R&I is significantly lower than their nominal expenditure, and R&I is supported mostly by larger and medium-sized foundations.

The support for R&I projects is conducted primarily through grantmaking, awards or prizes. Specific examples are quoted in Chapter 4 – Innovative Examples.

3.3.3 Changes in expenditure
Two of the responding organisations claimed their future expenditure on R&I will not change significantly from their past expenditure. The data obtained from the interviews confirm this assessment. In one case the responding organisation mentioned that in the future, the management of the organisation will not continue its programs supporting research and innovation. No specific reasons were attributed to this statement. In another case, one organisation mentioned that the future of the programs aimed at R&I depends on the willingness of the management of the organisation and on the possibility of participation by other partners (universities and other research institutes).

In the case of one large foundation whose founder is a business enterprise, their future changes in expenditure will be influenced by changes in the legal and fiscal context related to the ‘percentage tax,’ which is an important and almost the sole source of their funding.

3.4 Focus of support
3.4.1 Beneficiaries
The question of the identification of beneficiaries in the survey was answered by six organisations. Five organisations did not provide an answer. Given the low number of respondents, the distribution of responses was very diverse.

Some respondents reported they focus solely on one sector (for example public universities or research institutes). A typical case is the Cancer Research Foundation, which invests in purchasing lab equipment for cancer research.

Sometimes there is a combination of beneficiaries – not just one institution, but also institutions from several sectors, including individuals. This is the case for the SPP Foundation.
In one case, the foundation’s only activity in the R&I field is support for PhD students. The Intenda Foundation provides support for the six top PhD students in their last year of study, with the idea of supporting the younger generation of excellent researchers and scientists in Slovakia.

Another example of a type of beneficiary is the case of EkoFond. The beneficiaries of the EkoFond n.f. research grants are typically universities and their applied research programs and capacities. However, an indirect beneficiary of the applied research supported by the EkoFond is the gas industry. An interesting example is a research project focused on methane hydrates. This research is still continuing, and studies the behaviour (formation, dissolution or sublimation) of methane hydrates within the specific conditions of the gas transport infrastructure, thus providing knowledge that helps the industry to make informed decisions on removing or preventing the formation of hydrates in specific conditions, instead of taking general measures in any conditions. This saves on costs and allows a focus on the real problems with regard to hydrate formation.

### 3.4.2 Research areas

The question about research areas was answered by eight organisations. In this question, they could choose one or more options (natural science, engineering and technology, medical science, agricultural science, social and behavioural science, the humanities and others). Figure 6 shows that the responding organisations mostly support programs and projects in the area of engineering and technology, followed by natural science and medical science.

**Figure 7: Research areas**

As a percentage of the total number of foundations, multiple answers possible (N=8)

<table>
<thead>
<tr>
<th>Research Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering and technology</td>
<td>63%</td>
</tr>
<tr>
<td>Natural sciences</td>
<td>50%</td>
</tr>
<tr>
<td>Medical sciences</td>
<td>38%</td>
</tr>
<tr>
<td>Social and behavioural sciences</td>
<td>25%</td>
</tr>
<tr>
<td>Agricultural sciences</td>
<td>13%</td>
</tr>
<tr>
<td>Humanities</td>
<td>13%</td>
</tr>
<tr>
<td>Other: environment</td>
<td>13%</td>
</tr>
<tr>
<td>Other: art</td>
<td>13%</td>
</tr>
</tbody>
</table>

This finding also broadly correlates with the research area orientation of the ten members of the Association of Research Organisations of the Non-Profit Sector, which has six engineering and technology members and four social science and humanities members.

### 3.4.3 Research-related activities

Five organisations identified research-related activities as being relevant to their activities. The options included the mobility of researchers and career development, the transfer of technologies, infrastructure
and equipment, the dissemination of research results, the communication of science, civic activism, the promotion of scientific interests, as well as other non-specified activities. Figure 7 shows that the responding organisations in 2012 supported activities mostly related to the dissemination of research results, the awareness of research and science, and civic activism and the promotion of scientific interests.

**Figure 8: Research-related activities**
As a percentage of the total number of foundations, multiple answers possible (N=8)

![Bar chart showing research-related activities]

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dissemination of research</td>
<td>80%</td>
</tr>
<tr>
<td>Science communication/education</td>
<td>40%</td>
</tr>
<tr>
<td>Civic mobilisation/advocacy</td>
<td>40%</td>
</tr>
<tr>
<td>Other activities: translational research support</td>
<td>20%</td>
</tr>
<tr>
<td>Infrastructure and equipment</td>
<td>20%</td>
</tr>
<tr>
<td>Research mobility and career development</td>
<td>20%</td>
</tr>
</tbody>
</table>

### 3.5 Geographical dimensions of activities

#### 3.5.1 Geographical focus

The largest share of the geographical distribution of expenditure on supporting R&I is on a national level, partly on a local or regional level, and only very little on a European level. None of the responding organisations claimed to give its support on an international level. Many foundations and non-investment funds redistribute their assets and funds only on a national level, but the recipients often reach beyond the national borders. For example, the Intenda Foundation’s grant program ‘We Support Authentic Individuals’ supports PhD students in their studies and research activities often has an international focus. PhD fellows use their scholarships for various studies abroad, including outside Europe. Another example is the Cancer Research Foundation, which provides travel grants not just for PhD students but also for researchers, who use them to cover their costs related to international conferences or study visits. The support for the international mobility of research personnel has an indirect influence, and can be considered as support for science and research on an international level.

Based on the data, it can be concluded that foundations and non-investment funds, through their redistribution and support of R&I, partially contribute to international and European integration through a) funding of researchers’ mobility in Europe and beyond, b) support for international research projects, and c) social aspects (a combination of researchers’ working and living conditions).

#### 3.5.2 The role of the European Union

An analysis of data from the quantitative research did not reveal any relevant results on the role of the European Union towards foundations in support of R&I.
From an analysis of the interviews, it was found that foundations as well as foundation investment funds perceive EU membership as being highly positive, especially from the perspective of investment opportunities and the opportunities of drawing funds from structural and cohesion funds, and from EC initiatives and programs. These are crucial for meeting the needs of civil society and for the development of the nonprofit sector. This is also true for the Association of the Research Organisations of Non-Profit Sector, which has a strong orientation towards the Structural and Cohesion funding of the EU.

The responding organisations mentioned that the growth of nonprofit sector requires changes in terms of fiscal incentives, especially where tax breaks or credits are concerned in relation to research and development. There is a need to identify a mechanism of how to stimulate businesses with higher added value operating in Slovakia in this way. Companies that support R&D today should have a some kind of compensation or a set of incentives for doing so.

### 3.6 Foundations’ operations and practices

#### 3.6.1 The management of foundations

The number of members on the Boards of Directors and on the Supervisory Boards is different, typically ranging between four to ten members (see Tables 5 and 6).

<table>
<thead>
<tr>
<th>Table 5: Number of Governing Board members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Missing Missing</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 6: Number of Supervisory Board members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Missing Missing</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
The governing structure of R&I foundations is similar to other foundations acting in other fields. This is due to the requirements of the foundation law, which is relatively detailed in terms of functions, as well as the establishment and operations of the Board of Directors.

3.6.2 How do grantmaking foundations support research?
Grantmaking foundations provide financial support for R&I through grant programs that define the conditions and eligibility for applicants, as well as the application procedure and the grant-awarding process. Often the grant programs are organised around specific calls for proposals. These are typically publicised in the media and on websites. Grant applications are reviewed by experts or advisory committees established by the foundation in order to provide expert assessments of the applications. Once the grant supporting R&I is awarded, the active involvement of the foundation in the implementation of the R&I project is very rare.

However, there are exceptions – for example, the EkoFond actively participates in monitoring the research grants and makes extra efforts to ensure that the research activities follow the correct path and are geared towards the practical use of their results.

‘…we have brought to this relationship (donor-grantee) a more rigorous project management-based approach – monitoring of the budget and spending, following the workplan and periodically checking the output and inclusion of advisors from its practice.’

(Interview 4)

The support provided to particular organisations in the R&I field is sometimes and ongoing, depending on the purpose of the supported project.

3.6.3 Engagement in partnerships
The respondents expressed the view that specific partnerships supporting R&I are not very common; in fact they are rare. Further research and interviews confirmed this finding – the foundations do not collaborate jointly on specific research projects or programs.

However, during recent years there have been signs of organising a platform for the cooperation and shared interests of non-profit research organisations through the Association of Research Organisations that have a Non-Profit Legal Form (ZVONS). The aim of this Association is to serve as an umbrella for all nonprofit organisations that are partially or fully involved in research and development in all areas of human life and technology, and through its activities to promote the interests of the nonprofit sector in
supporting the research and development policy of Slovakia and of the EU. The ambition of this Association is to place the nonprofit sector ‘on the radar’ of government agencies and support programs aimed at supporting R&D.

A conference was held recently (November 2013) based on the topic ‘Funding of Research and Development in the Non-Profit Sector,’ at which the Association made its first major appearance in this context with other major stakeholders (the Ministry of Education, the Ministry of Finance, the Office of the Government and the European Commission).

The Association has the ambition of becoming a strong partner for communication with the State administration on behalf of all nonprofit organisations that support/conduct research, and who would champion support for research and innovation by the nonprofit sector. Many existing polices aimed at R&I do not allow for the experience and presence of nonprofit research organisations.

3.7 Roles and motivations

3.7.1 Roles

The most frequent responses were:

1. Complementary role (complementing other existing initiatives/activities).
2. Substitution role (substituting [non-existent] public/other initiatives/activities).
3. Initiation role (aimed at launching projects with expectation they will be taken over by someone else).

None of the responding organisations claimed their role to have a competitive nature (aimed at competition with other initiatives).

The data obtained through the questionnaire and interviews suggest that foundations and non-investment funds perceive their role in this field as complementary or substituting. They perceive their role as bringing new and interesting stimuli for support. The complementary role is also perceived as a strengthening of the quality of the processes that lead towards improvements in services mostly provided by the public sector (university education, research and development).

For example, one of the respondents described this role as providing advice for good project management or orientation. In this case, the respondent argued that public institutions do not have sufficient capacity as far project management is concerned. This means that the role of the foundation is not just to provide complementary services –financial support – but also to provide a substituting service in the form of project guidance/management/monitoring.
3.7.2 Motivations

The motivation of foundations and non-investment funds in engaging in the area of R&I support can also be seen as an expression of the perception of scarcity or insufficiency.

Answers on the motivation of respondents included:

1. The promotion and support of young scientists and research – this is the case for many foundations (corporate and independent). For example, the Intenda Foundation has established separate programs aimed at developing civil society, revitalising public spaces, supporting contemporary artists, and providing scholarship programs for PhD students. All these contribute to the support and promotion of youth science and research in Slovakia.

2. Corporate social responsibility (relating mostly to corporate foundations) – for example, EkoFond tries to support environmental management and energy efficiency practice through providing grant programs to public sector institutions.

3. Support for research activities through donations of technical equipment (for example, the Cancer Research Foundation declares this to be of their main activities and the reason for its establishment).

The role of foundations and non-investment funds in support of R&I, as perceived by themselves or by the other stakeholders, does not seem to be a significant one. For example, the government-controlled APVV does not see a space for not-for-profit organisations in supporting R&I. Civil society and the nonprofit sector are institutionally very weak in Slovakia, and therefore science and research should be funded by stronger organisations and structures such as the government.
This chapter describes examples of foundations’ innovative practices and activities in the field of R&I in Slovakia.

These examples were selected based on a combination of two approaches: a) identifying interesting cases through the process of gathering the qualitative data during the interviews, and b) through research on the websites of foundations and other organisations included into this study.

Their selection was made with the intention of demonstrating their diversity.

The practices described below focus on initiatives that have had a significant impact (in the opinion of the respondents) such as pilot demonstration projects or the introduction to the market of new services and technologies.

**Successful partnerships**

There are several examples in this area. The first one describes the case of EkoFond, a non-investment fund, in developing a new experimental field of study in higher vocational education to train technicians about the energy facilities of buildings.

This project addresses a need in the human resource field that lacks highly qualified operations personnel who are able to maintain modern heating and energy facilities through using progressive technologies focused on renewable sources of energy and natural gas.

Ekofond initiated this project in a close cooperation with three public secondary schools and with private sector suppliers of energy equipment.

Ekofond has developed a new experimental field of study ‘Technicians for the energy facilities of buildings.’ Students will become familiar with the progressive technologies of heat production, and combined heat and power production, based on the use of natural gas and renewable energy sources. This new field of study has been implemented in three pilot schools in Slovakia – the Secondary Vocational Electrotechnical School in Trnava (www.sose-trnava.edu.sk), the Joint school Kremnička Banská Bystrica (www.stavebnabb.eu), and the Secondary Vocational Technical School in Prešov (www.sost-po.sk).

The study rooms are equipped with the latest technology (micro-cogeneration units, condensing boilers, solar panels, photovoltaic batteries, gas heat pumps etc.). Their establishment was funded by EkoFond, Slovak Gas Industry Alliance partners (Viessmann, Vaillant and others), and the Small Grants Program of the UNDP with a total amount of EUR 642 731.
EkoFond has also coordinated the preparation of textbooks for the new study course with a group of around 30 experts from the pilot schools, the Slovak Technical University and various associations of professionals.

This new field of study educates specialists who are already sought after and excellently paid. After their successful graduation, they receive a vocational certificate, a school-leaving certificate and professional competence for work at selected technical facilities.

The graduates are able to work as technicians in mid-level technical and economic positions in the construction industry and in building energy engineering – especially in companies involved in the selling, installation and servicing of energy facilities which use various types of fuel – natural gas or renewable energy sources. After gaining practical experience they can also become entrepreneurs in the field of energy counselling and services, or they can continue their studies at university.

This new field of study is the only one in Slovakia which deals with the most widespread forms of energy used in households, and in small and medium-sized businesses.

This program is considered as an important innovation in the educational domain in Slovakia in terms of the challenges of how to increase the value of secondary education in meeting business needs.

The second example of a successful partnership is the case of the Ekopolis Foundation – the ‘Living Energy Fund’ project.

The Living Energy Fund is a result of the cooperation between ZSE Energia, a Slovak supplier of electricity and gas, the Ekopolis Foundation, and customers of the company who support the development and use of renewable energy sources and have a responsible approach towards the economic usage of electricity. For each MWh of electricity sold in the Living Energy Product, ZSE Energia contributes EUR 3.30 Euro of the Living Energy Fund.

The goal of the program is to support projects focused on education, the development of renewable energy sources and energy efficiency, and to promote research and innovations in this field.

The program is implemented as an open competition for the support of projects all over Slovakia, but its priority is to support activities and projects in the Western Slovakia region. Applicants can be non-governmental organisations, cities, municipalities, schools and other educational institutions, as well as other public beneficiary institutions.

The Fund is interested in supporting projects that include investment and education activities. Investments can include the construction and installation of renewable energy sources, their restoration and an increase in their efficiency, upgrading equipment which uses fossil fuels, and the implementation of measures for energy saving.
The most welcome are installations of solar collectors to heat water, heat pumps, prototypes, the utilisation of photovoltaic cells and other technologies based on renewable resources.

The non-investment program’s priorities are education and increasing awareness about energy saving, educational programs for schools and the public, ecocentre activities, and courses and workshops.

Since the establishment of the Fund in 2009, 40 projects have been supported with a total amount of EUR 210 000.

**Innovative projects and/or initiatives that have had a significant impact.**

The EkoFond, as mentioned above, is active in the area of energy efficiency and conservation. It has also supported an experimental project aimed at the development and utilisation of software and inspection technologies for the identification and documentation of gas construction equipment. EkoFond funded this project, which was designed by the Department of Technological Engineering in the Faculty of Mechanical Engineering at the University of Žilina.

The main goal of this project is a new methodology for the identification and documentation of gas construction equipment through the use of new software and inspection technologies in welding, as well as research into the area of the non-destructive testing of welded joints based on a 3D ultrasonic scan principle called PA (Phased Array Technique), and a diffraction scan called TOFD (Time of Flight Diffraction Technique). Part of this project is the development of software that will be able to quickly provide and register all the information needed during the reconstruction or construction of a gas pipeline directly to the construction site.

The outcomes of this project will help to increase the health and safety operations of the gas networks in Slovakia, and will increase the effectiveness of controls and problem solving. The software might be used by gas transport operators and distributors throughout Slovakia. The project is still in its implementation stage.

Two more examples are research projects that have the potential for making a significant impact. The Memory Foundation focuses on the issues concerning Alzheimer’s disease. It supported a research project called ‘A non-pharmacological approach to the cognitive function stimulation of Alzheimer’s patients evaluated by visual and proteomic biomarkers.’ The project lasted 2.5 years, and was supported by the Slovak Research and Development Agency.

Based on the analyses of the neuropsychological test results and the objective quantitative MRI brain volumometry, the positive effects of this non-pharmacological approach were proved. The most significant were the cognitive function training and the education of the patients’ family members.

The results obtained from this project contribute to the early and correct diagnosis of dementia in Slovakia, and they will support new therapeutical approaches to the non-pharmacological treatment of dementia, mainly Alzheimer’s.
The Cancer Research Foundation is another similar case. It supported a young researcher, Mgr. Lucia Kučerová, PhD. from the Laboratory of Molecular Oncology at the Cancer Research Institute at the Slovak Academy of Science.

The financial support was used for a comparison of the expression of 84 target genes responsible for the resistance to the pharmacological treatment of tumor stem cells. Based on the analyses, a combination of the genes responsible for the resistance of tumor stem cell medullary thyroid carcinoma was described. Most of them can be treated therapeutically, which could help to find a new drug combination to fight against them.

Lucia Kucerova presented the results of the analyses at the International Conference NCRI Cancer in Liverpool in the UK. The report by L. Kučerová, Z. Kozovská and R. Bohovič named ‘CD133+ subpopulation derived from drug-exposed human medullary thyroid carcinoma xenografts in vivo retains chemoresistant memory to 5-fluorouracil’ was presented in the Cancer Cell and Model Systems Section, and the authors were invited to join a panel discussion.

The results obtained from this research, which was carried out using the analytical laboratory equipment purchased by the Institute through the foundation’s grant, were published in two publications – one Slovak (Onkológia 2013), and two international (Thyroid, Volume 24, Number 3, 2014, BMC Cancer 2013, 13:535). Based on these published results, foreign partners approached the team for their cooperation in the TRANSCAN program aimed at translation research. The results of the research are still in experimental mode and have not yet been certified for clinical use.

Projects engaging the public’s interest in research

The Tatra banka Foundation, which is a corporate foundation active in the area of education, designed the program called ‘E-Talent.’ The goal of this program is to support research and innovation in the field of applied and industrial informatics. Applicants can be students, academics or researchers.

The program is open to teams from Faculties of Informatics, Information Technologies, Industrial Informatics and Electrical Engineering at various Slovak universities. The teams must consist of students and PhD students, and the submitted projects must focus on research and scientific activities with practical outcomes. In 2012, nine projects were supported with a total amount of EUR 30 000.

Examples of the projects supported by the program:

An online laboratory for student research is a project of the Institute of Controlling and Industrial Informatics at the Faculty of Electrical Engineering and Informatics at the Slovak University of Technology in Bratislava. The team is attempting to set up a base for a computer lab for student research. The activities of the Institute are focused on evolutionary computing (evolutionary algorithms, genetic algorithms), so the aim of the project is to build a computer cluster that can include at least 50 processes in the first phase, and to design a software suitable for the parallelisation of evolutionary calculation which ensures the planning, operation and distribution of tasks between multiple users in Matlab.
EyeBlink – PC users’ anti-blink detection rate is a project of the Institute of Applied Informatics at the Faculty of Informatics and Information Technologies at the Slovak University of Technology in Bratislava. The applied research will result in the development of the original application capable of detecting computer user blinks with the webcam. The information gained will be evaluated and used to help to treat ‘dry eye syndrome,’ which affects around a quarter of computer users. During intensive work with computers people have a tendency to blink less, which causes their eyes to lack moisture and protection. EyeBlink’s application will calculate the frequency of the user’s blinking and will encourage them to blink consciously. The students are working with experts from an ophthalmological clinic, and the application prototyp will be tested there.
5 Conclusions

5.1 Main conclusions
The real contribution of private philanthropy in research funding in Slovakia is rather limited. There are only a few examples, and for most of them R&I is not their main mission.

The main feature of R&I foundations in Slovakia is their orientation towards the corporate sector or fundraising from the public. Endowment (asset)-based foundations active in this field are non-existent in Slovakia.

The levels of expenditure in Slovakia on R&I are small by international standards. The trend of the last five years is that R&I’s share of the GDP is rising. There is a dominance by the public sector in R&I funding, and an increase of foreign funding. The share of the nonprofit sector in R&I expenditure in Slovakia is negligible.

There are up to 20 nonprofit organisations (including foundations) that support or operate R&I activities. For many, R&I is a complementary activity, and not their core one.

Founders of these institutions are sometimes corporations, sometimes independent organisations and sometimes individuals with affiliations to other public or semi-public research institutions.

The role of nonprofit organisations and foundations in supporting R&I is perceived as being unequal – for some there is no role at all, while others, especially the representatives of foundations and non-profits, see their role as necessary.

Given the small number of relevant entities, it is hard to make a generalisation about their behaviour in providing support or in strategic management. However, the entities engaged in R&I are larger organisations by Slovak standards in terms of financial turnover.

In terms of R&I orientation there is a slight inclination towards natural science and technology.

Besides the research activities themselves, the most significant activities performed by these organisations is the dissemination of research and science communication.

The EU is perceived as a source of funds and as a stimulator of activities due to the possibility of investment opportunities.
Despite the limited number of examples, those that were surveyed demonstrated that grantmaking foundations follow the procedures of open competition or calls for proposals, but are not directly engaged in research per se.

In terms of roles, there is a shared understanding and perception of nonprofit organisations’ and foundations’ roles in R&I support/operations as being complementary or substituting (in the sense of applying project management tools to ensure or increase the likelihood of good results).

The orientation of Slovak R&I foundations is towards a) the promotion and support of young scientists and research, b) corporate social responsibility, and c) support for research through the donation of technical equipment.

There is a specific group of nonprofit organisations that provides services in the area of research to the private and public sectors.

5.2 Strengths and weaknesses of the R&I foundation sector in Slovakia

There are very few strengths of the R&I foundation sector in Slovakia, as it is extremely small and its contribution to R&I is negligible.

The specific strengths of several R&I foundations are in their methodology in creating a framework where project management tools and procedures are used most often in environments (universities) where such approaches are not widespread.

There was also visible corporate involvement in a couple of cases (as a founding role) in terms of funding and pressure for the application of research results.

The main weakness of the sector is its low level of development and that it is unknown in the R&I environment. Given the weak financial status of foundations, they are not envisaged as being possible partners or supporters by the research community.

5.3 Recommendations

In order to strengthen the role of private philanthropy in research funding in Slovakia it is important to establish an incentive system that would stimulate philanthropic investments into research.

There are efforts to expand the role of private business investment into research funding through a system of stimuli; however, this is not the same as private philanthropic investment.

To stimulate the latter, it is necessary to establish appropriate fiscal incentives for individuals and companies to support philanthropic institutions as such, and to implement awareness raising among policymakers and the business sector about the specific role of philanthropic organisations in funding research alongside business, or public investment into research.
6 References

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11. [http://www.usig.org/countryinfo/slovakia.asp](Association of Research Organizations of Non-Profit Sector)

List of the 17 foundations and non-investment funds that are the subject of the analysis:

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<tr>
<th>Name of organisation</th>
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<td>1 Anton Tunega Foundation</td>
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<td>2 Cancer Research Foundation</td>
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<td>3 Ekofond, non-investment fund</td>
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<td>4 Ekopolis Foundation</td>
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<td>5 Foundation of Brain and Spinal Cord Injuries</td>
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<td>6 Habitat for Humanity International Foundation</td>
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<td>7 HTA Slovakia Foundation</td>
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<td>9 Innovative fund, non-investment fund</td>
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<td>11 Ján Jessenius' Non-investment Fund for Heart Research</td>
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<td>14 Open Society Foundation</td>
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<td>15 Pontis Foundation</td>
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<td>17 Štefan Luby Foundation</td>
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