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Czech Giving in the Times of Economic Crisis

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Acknowledgements:

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Author 1: PhDr. Miroslav Pospíšil started researching civil society after resigning from his positions in the nonprofit sector in 2001 and after completing a Research Fellowship at the Centre for Civil Society of the London School of Economics and Political Science in the academic year 2001-2002. His current research focus is on the functions and roles of nonprofit organisations, the operating environment of nonprofit organisations, the nonprofit sector in cross-national comparison, and philanthropy and foundations.

Abstract

To analyse the impact of the economic crisis on the Czech nonprofit sector is a complex task, for which there are not sufficient data available to date. In this paper I limit myself to a probe into the level of giving as an important indicator of the support for Czech NPOs. I use several indicators to estimate the impact of the current economic crisis on the funding for NPOs from private donors, ie. individuals and businesses, and for the sake of comparison I also look at the funding from the state. My data indicate that the support from individuals and from businesses has been largely unaffected by the crisis, or has only been affected very briefly, while the funding from the state has decreased, even though not very dramatically. I attribute the sustained level of private individual giving to the prevailing mode of giving by Czech citizens, their disregard for the financial aspects of giving and the continued process of emancipation of civil society and the nonprofit sector from the state since the regime change in 1989. By way of conclusion, I suggest that the crisis can not only be a threat but also an opportunity for Czech NPOs, especially in their efforts to emancipate themselves from too much dependence on the state.

Key words:

giving, economic crisis, nonprofit sector, Czech Republic

JEL classification: D64

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1. Introduction

It sounds like a commonplace to say that the times of economic crises will mean hard times for nonprofit organisations too. That there will be more people in social need but that there will be less public funding for the social safety net, which will increase the demands on nonprofit organisations (NPOs). That more people will turn to NPOs for help but that fewer people will be able to support them, with less money. That people will have other concerns than engaging in civic associations and less time to volunteer for them.

It is hardly surprising that a number of nonprofit leaders openly expressed these anxieties early on during the initial phase of the current economic crisis, the credit crunch and the crisis of the banking system 2007-2008. But were these early fears justified? Did the financial crisis and the ensuing global economic recession prove to be the disaster for nonprofit organisations that many had expected?

It can be reasonably presumed that the 2008–2012 global recession will have affected all society and all walks of life, including the private nonprofit sector. But in what way? Have the NPOs been able to sustain the extent and the level of their services and activities, to say nothing of extending and expanding them to meet the increased demand, or have they been forced to reduce them? Has the situation led to changes in their behaviour? Have the government, business and the public remained willing, and remained in a position, to continue to support NPOs or have their support inevitably declined?

Many other questions deserve attention, and to analyse the impact of the economic crisis on Czech nonprofit organisations fully will require future work, when more reliable longitudinal data become available and when more indicators can thus be included in the analysis. For the first tentative assessment of the situation, I limit myself in this paper to a probe into the levels of giving as an important indicator of the support that Czech NPOs have been receiving in the crisis years 2007-2011.

My research questions are very simple ones: How has the prolonged economic crisis that we have been experiencing since 2007 impacted the levels of private

philanthropic giving in the Czech Republic? What are the possible explanations for the changes if any?

2. Material and Methods

For assessing the impact of the economic crisis on the Czech nonprofit sector I focus on the developments in the giving environment for NPOs. What interests me in particular is private giving, i.e. financial support for NPOs by individual and corporate donors. For comparison, however, and to offer the full picture I also include grants by the state and by charitable foundations.

My basic method of collecting existing materials, research findings and their metadata was desktop research. The sources of data for individual giving used in this article were the Czech Donors Forum, which administers SMS Giving in the Czech Republic, and financial information about well-known public charitable appeals, extracted from the financial reports and annual reports of individual NPOs. Data on individual and corporate donors come from information from their income tax returns. These data were collected by Nadace Via. The source of data on public funding was the “Analysis of Funding for Non-State Nonprofit Organisations from Public Budgets”, which is prepared annually by the Centre for Nonprofit Sector Research and published by the Czech Government. Finally, data on foundations were taken from “Information about the activities of foundations that were recipients of funding from the Foundation Investment Fund”, which is prepared annually by the Czech Donors Forum and published by the Czech Government.

In a previous paper (Pospíšil et al. 2012) my colleagues and I presented some of the same data for the main sources of revenue for NPOs (individuals, businesses and the state) drawn from the Czech Satellite Account on Nonprofit Institutions (CZSO, 2009). As these revenue data (Transfers received - D.75) are consolidated (EUROSTAT, 1995, p. 106), in this paper I examine not only

these three sources of funding but also grants made to nonprofit organisations by philanthropic foundations.

By the time of writing, the data were available for the years up to 2011. Whenever possible, I show in the tables below a time series starting in 2005 so that any changes in the level of funding after the beginning of the current economic crisis will become visible.

3. The Crisis in the Czech Republic

The first phase of the current global crisis, the credit crunch and the crisis of the banking system, had very little influence in the Czech Republic. The Czech banking sector was healthy, after a crisis of its own in the 1990's, and Czech banks did not take part in the careless and inappropriate lending so typical of the US and other developed countries, especially in Western Europe. In 2007 and 2008 even the main macroeconomic indicators did not seem to signal any catastrophic future. However, when the banking crisis turned into a downturn in economic activity leading to the 2008–2012 global recession, the Czech Republic, as an open export-oriented economy, could not escape the impact of such a global crisis. Since the country is not a member of the Eurozone, it was spared some of the worst consequences of the instability of the European currency and the turbulences of the European sovereign debt crisis but the economy slowed down dramatically in 2009 nevertheless and has been struggling ever since. The state debt, which was bad enough by 2005, has since grown to dangerous proportions. These developments are clearly visible in the selected macroeconomic indicators in Table 1.

Table 1: Czech Republic: selected key macroeconomic indicators

Indicator		2005	2006	2007	2008	2009	2010	2011
Real economy indicators								
GDP	CZK bn, current p.	3 116,1	3 352,6	3 662,6	3 848,4	3 739,2	3 775,2	3 807,8
GDP	%, y/y, real terms	6,8	7,0	5,7	3,1	-4,7	2,7	1,7
Final consumption expenditure	%, y/y, real terms	2,7	2,9	3,1	2,3	0,8	0,6	-1,0
Household consumption	%, y/y, real terms	2,9	4,3	4,1	3,0	-0,4	0,6	-0,7
Gross capital formation expenditure	%, y/y, real terms	4,3	10,2	15,5	1,9	-20,8	5,9	-1,3
Gross fixed capital formation expenditure	%, y/y, real terms	6,0	5,8	13,2	4,1	-11,5	0,1	-0,9
Exports of goods and services	%, y/y, real terms	11,8	14,0	11,3	3,9	-10,0	16,6	11,0
Imports of goods and services	%, y/y, real terms	6,1	11,0	12,9	2,7	-11,7	16,2	7,5
ILO general unemployment rate	%, avrg.	7,9	7,1	5,3	4,4	6,7	7,3	6,7
Registered unemployment rate (new meth.)	%, avrg.	8,96	8,13	6,62	5,44	7,98	9,01	8,57
Fiscal indicators								
State budget balance	CZK bn	-56,4	-97,3	-66,4	-19,4	-192,4	-156,4	-142,8
State budget balance/GDP	%	-1,8	-2,9	-1,8	-0,5	-5,1	-4,1	-3,7
State debt	CZK bn	691,2	802,5	892,3	999,8	1 178,2	1 344,1	1 499,4
State debt/GDP	%	22,2	23,9	24,4	26,0	31,5	35,6	39,4
Notes: y/y = year-on-year change								
Source: Czech Statistical Office								

Under the impression of the global crisis and the threat of the state debt getting out of hand unless drastic measures were introduced, a new right-of-centre coalition government that was formed following the elections in 2010 announced a programme of severe austerity measures and reform of public finances, including the reforms of key welfare systems, above all the pension system and the health service. This would have been a very unpopular programme under any circumstances, but, rather surprisingly, the coalition parties won the election with it in the atmosphere of uncertainty and fear of the future that had gripped not only Czechia, but the whole of Europe. The new government introduced a radical programme of spending cuts in all public programmes in an effort to curb the deficit in public spending right away and has prepared the much needed reforms, which it finally pushed through the parliament in 2011 and 2012, albeit with much difficulty and against fierce opposition by the social democrats and the communists. It is early days to say whether or not the measures introduced by the government have been successful, and it is difficult to predict what the impact will be on civil society and the nonprofit sector if it is successful. What was predicted right away, however, by a lot of nonprofit leaders was that the draconic spending cuts

would impact the situation of NPOs, especially those in social services. They feared that there would be more unemployed people and more people with financial and social problems, while the funding available for social benefits would not increase. In this situation, how would the NPOs cope with the increased demand? Would they have enough funding to be able to sustain the extent and the level of their services and other activities? In the following pages I look at several indicators that might help us answer these questions.

4. Developments in Funding for NPOs

4.1 Individual donors

There are no systematic statistical data on individual giving available in the Czech Republic. I have therefore looked at three separate indicators, which will not give us the full picture of individual philanthropy, but can at least indicate its trends in the past several years. First, Table 2 shows the income of selected well-known public charitable appeals and collections that collect money from individual citizens (and businesses too) and which are repeated annually and offer thus a time series indicating the willingness and ability of the public to give for public beneficial causes over time. The figures do not seem to indicate any clear pattern of change in giving in the past seven years. In fact, the total sums collected through these appeals has on the whole been rising between 2005 and 2011, even though not in each individual appeal.

Table 2: Income of selected public charitable appeals (CZK million)

Appeal	2005	2006	2007	2008	2009	2010	2011
Caritas: Twelfth Night Appeal (general humanitarian)	62,3	54,7	58,1	60,2	65,0	68,7	72,7
Children in Need (general children)	11,9	15,1	16,2	15,2	15,0	19,0	15,7
League against Cancer	12,6	11,6	13,6	14,6	14,6	14,8	14,2
Barriers Account (general health)	18,2	19,0	26,6	28,0	19,2	23,3	18,2
Paraple (paraplegia patients)	7,8	10,9	9,6	10,7	12,3	11,1	15,1
Světluška (the blind)	7,0	10,9	10,2	8,8	8,4	9,4	9,0
TOTAL	119,8	122,2	134,3	137,5	134,5	146,3	144,9

Source: Annual reports of the NPOs, table created by author

Table 3 offers a look at individual people's giving via SMS, which is at the moment probably the most popular way of making a donation. The sharp drop in the amount raised in 2011 against the total sum of SMS donations in the previous year might signal a change for the worse in people's willingness and/or ability to give but we would need to know the result for the following year to confirm this as a trend. If one looks at the whole time series, however, it is equally possible that 2011 was in fact a "normal" year, at the same level as the years 2006-2008. In other words, if we exclude the exceptionally "generous" years of 2005 (Indonesian tsunami), 2009 (floods) and 2010 (Haiti earthquake and floods in Central Europe), when people spontaneously reacted to big natural disasters, both the number of donors and the sum total of donations in the "normal" years have remained fairly stable over the past several years.

Table 3: Individual donations to NPOs through SMS Giving (CZK million)

Year	Number of SMS messages	Total amount raised
2004 ^{*)}	936 522	25,3
2005	3 270 413	88,3
2006	1 392 112	37,6
2007	1 336 806	36,1
2008	1 323 402	35,7
2009	1 796 096	48,5
2010	2 256 690	60,9
2011	1 429 025	38,6

^{*)} Inaugural (= not complete) year of SMS donations in the Czech Republic

Source: *Czech Donors Forum*

Finally, we can find some indication about individual giving in the statistics of the Ministry of Finance about applications by natural persons for tax deductions on charitable donations made to NPOs. Most individual donations in the Czech Republic are made to collection boxes in the street and through the SMS, i.e. without a consequent request for a tax deduction¹, but the time series could indicate a trend if there was one. The number of individual donors dropped

¹ Řežuchová (2011) found out that only 10 % of donors asked for tax deduction.

slightly in 2009, but has been rising again since. A similar drop in 2009 appears in the total sum donated, which has since returned to almost pre-2009 levels. All these changes are relatively small, however, so that the level of individual giving seems to have remained stable.

Table 4: Individual donations to NPOs by persons applying for tax deduction

Year	Number of donors	Total amount donated (CZK million)	Average amount donated (CZK)
2007*)	141 093	1 469	10 412
2008	110 614	1 425	12 884
2009	107 898	1 198	11 103
2010	112 272	1 387	12 354
2011	116 993	1 342	11 466

*) The last year of joint tax declaration of married couples

Source: Nadace VIA

The data for 2007 should be excluded because they are influenced by the fact that married couples were able to submit joint tax declarations, which made tax deductions on charitable donations more advantageous and may thus have influenced the total number of donations made. Without the year 2007, there is a drop in both the number of donors and the total sum donated in 2009 but both measures have since recovered.

Figures 1 and 2 summarise the developments of the three indicators to individual giving between 2005 and 2011 in a graphic form:

Figure 1: Individual donations to Czech NPOs through public appeals and SMS giving 2005-2011 (CZK million)

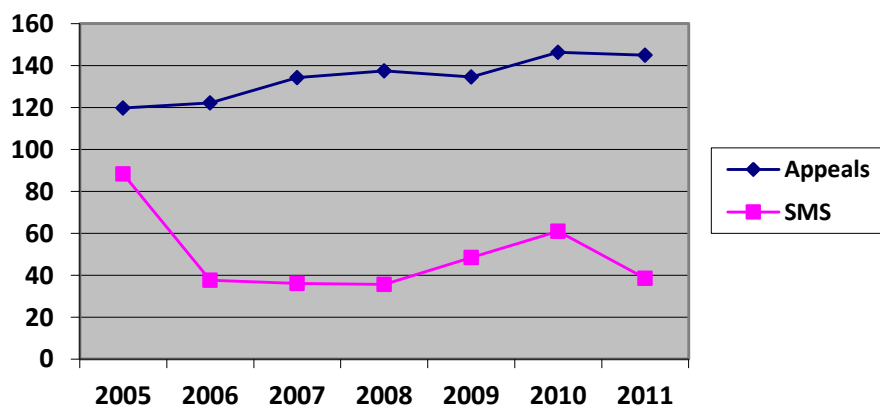
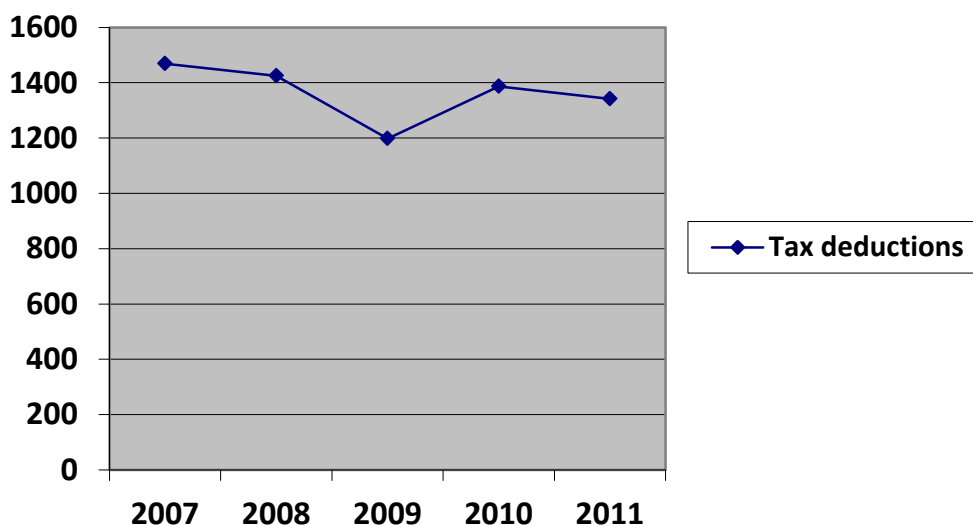


Figure 2: Donations to Czech NPOs by individuals that applied for a charitable tax deduction 2007-2011 (CZK million)



4.2 Corporate Donors

Several newspaper articles published towards the end of 2010 suggested that the level of corporate giving had been going down, by around 10 % between 2009 and 2010 (e.g. Czech TV 2010). This is very difficult to verify because reliable systematic information about corporate giving for NPOs in the Czech

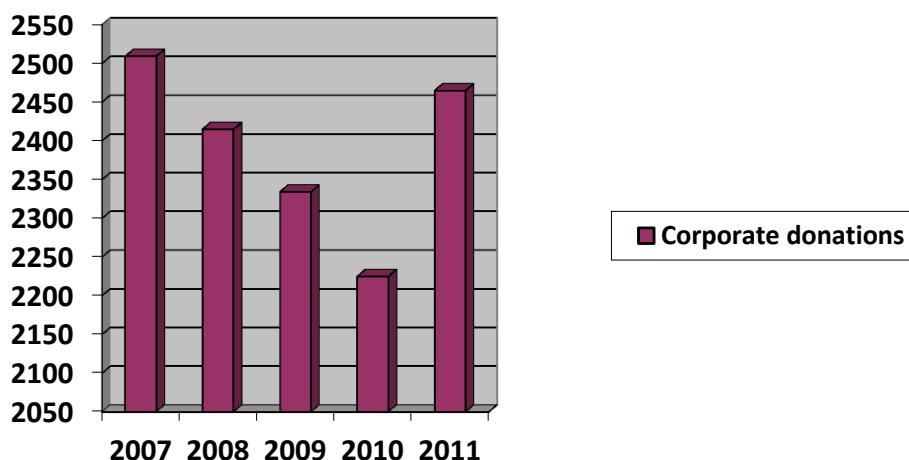
Republic is non-existent, but we can get some indication of the truth from the data provided by the Ministry of Finance, which records applications for tax deductions by companies that have given finances for public beneficial purposes. Not all donors ask for the deductions, not all the donations are for NPOs, and direct donations are only one way that companies use to support NPOs, besides corporate sponsorship, corporate volunteering, purchase of services, and others. But it is a good indicator of the overall tendency, and as is apparent from Table 5 and Figure 3, the total sum donated did go down between 2008 and 2010, by 12 %, but, to everybody's surprise, rose again in 2011, and by a large margin at that. What is interesting at closer look is that the number of corporate donors decreased after 2008, but the average donation increased quite significantly. It looks as if the years 2008 and 2009 represented a cleansing process in the community of corporate donors: a number of them stopped supporting NPOs, but those that made the decision to continue enhanced their commitment. If we only compare the two years 2007 and 2011 at either end of the time series, there is a drop in the total sum of corporate donations, but only a very marginal one of 1.8 %.

Table 5: Corporate donations to NPOs by companies applying for tax deduction

	2007	2008	2009	2010	2011
Number of companies applying for tax deduction	18 845	19 251	16 732	15 634	16 296
Total amount donated (CZK million)	2 509	2 415	2 334	2 225	2 465
Average amount donated (CZK thousand)	133	125	139	142	151

Source: Nadace VIA

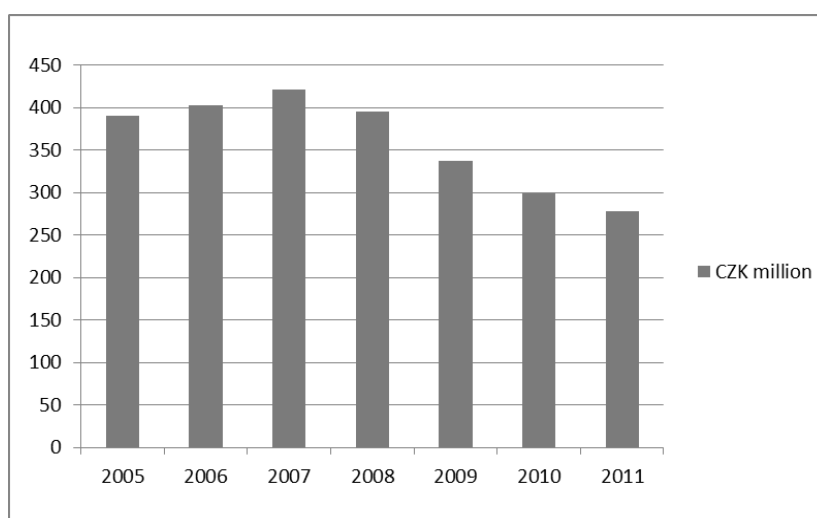
Figure 3: Corporate donations to NPOs by companies applying for tax deduction (CZK million)



4.3 Philanthropic Foundations

Income from foundations only makes up a small fraction of Czech NPOs' total income, but it is an important source in some activity areas and for some types of NPO. Foundations have been affected by the crisis quite badly, above all because due to the fall of the financial markets the revenue from foundation assets is so low that foundations have very little pay-out money to make grants to NPO applicants (see Figure 4).

Figure 4: Annual Payout of 65 Largest foundations 2005-2011



Source: Czech Government, *Information about the activities of foundations that were recipients of funding from the Foundation Investment Fund 2010, plus preliminary data for the year 2011*

4.4 Public Funding

In this paper I am interested in private giving, but since funding from public budgets is the most important source of finances for Czech NPOs, I also include basic information about it for the sake of comparison. Besides, the development of funding by the state is one other important indicator of whether or not NPOs have been impacted by the economic crisis and the ensuing austerity measures introduced by the government.

Table 6: Public funding for NPOs (CZK million)

	2005	2006	2007	2008	2009	2010	2011
State budget	3 509	5 569	6 600	6 311	5 701	5 767	5 741
Regional budgets	1 413	1 931	1 094	1 483	1 578	1 419	1 612
Municipal budgets	N/A	N/A	3 165	3 731	2 672	2 579	2 727
State funds	N/A	N/A	300	179	225	574	782
TOTAL			11 159	11 704	10 176	10 339	10 862

Source: Czech Government, Analysis of Funding for Non-State Nonprofit Organisations from Selected Public Budgets in 2005-2010, plus preliminary data for the year 2011

Table 6 shows that there is indeed an approximately 9 % decline in government support between the years 2007-2008 and 2009-2011. This does not appear very dramatic, but if we also consider the inflation rate, which was 2.8 %, 6.3 %, 1.0 %, 1.5 % and 1.9% respectively for those five years, the decline represents a considerable drop in NPOs' income. Figure 5 shows this development in a visible way.

Figure 5: Public funding for NPOs 2005-2011 (CZK million)

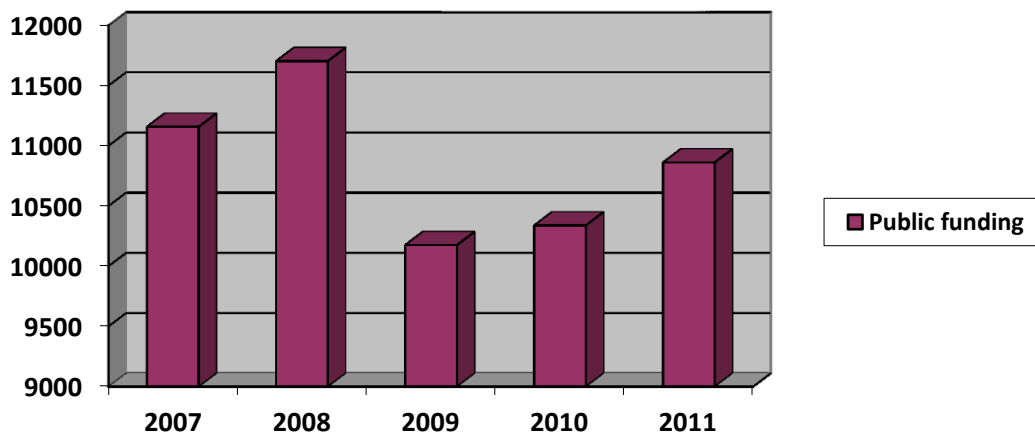
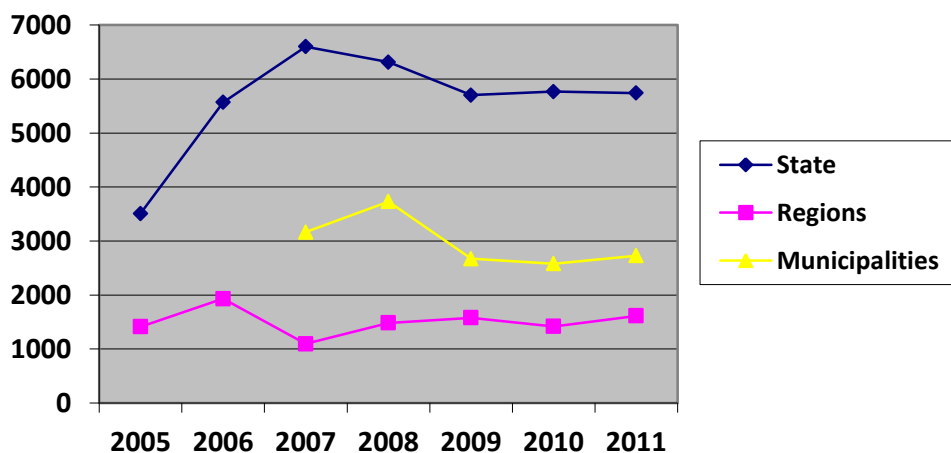


Figure 6 illustrates the fact that the decline in public funding took place particularly in the grants awarded to NPOs from central (state) and municipal budgets after 2008, while the financial support from regional governments has remained largely unchanged in the referenced period.

Figure 6: Public funding for NPOs from various levels of government 2005-2011 (CZK million)



5. Summary of Findings and Discussion

I have only looked at giving as one indicator of the impact of the economic crisis on NPOs, but giving is an important one, which very likely reflects the overall

trend in the availability of funding and maybe also other support for NPOs. From the data introduced above, however sparse they are, it is possible to make some tentative conclusions I believe:

- (i) The impact of the crisis in the Czech Republic was delayed until after the beginning of the global economic downturn in 2009, when the Czech economy did slow down and has struggled ever since. The unemployment rate rose in 2009-2011 against the figures for the years 2007-2008, but has not surpassed the levels of the years before the crisis, 2005-2006.
- (ii) The response of the government, business and households was similarly delayed: the government introduced austerity measures and started a programme of reforms in 2010; the business community did not report serious problems until 2009, when, however, it started economising on all sides; and the households started saving rather than spending in 2009 too.
- (iii) Against this background, the (mediated) impact on the levels of financial support for the nonprofit sector was not perceptible until 2009-2010 either.
- (iv) Funding from the state for NPOs has decreased, but not dramatically.
- (v) There seems to be no significant downturn in private giving by individuals or companies: after a slight "hesitation" in/around 2009, the aggregate figures show that both individual citizens and businesses have continued to contribute as much funding for NPOs as before.
- (vi) A significant financial shortfall has only occurred in the total amount paid out to NPOs by charitable foundations. Due to the crisis, the revenue of foundations from endowments and other financial assets has decreased quite dramatically between 2007 and 2011 so that the total payout in grants made by Czech foundations in 2011 was only 66,04 % of that in 2007.

These findings seem to contradict the fears expressed by some nonprofit leaders several years ago, when it was becoming apparent that the credit crunch was developing into an economic crisis. Admittedly, my findings are only based on crude aggregate figures and it is easily possible that there are NPOs and/or areas of nonprofit activity that have suffered financial shortfalls, but the overall trend seems to be continued support for NPOs from private donors, both individual and corporate. What are the possible explanations?

All the four recent studies of Czech giving (Frič et al. 2001; Frič, Pospíšilová et al. 2010; Hladká, Šinkyříková 2009; Řežuchová 2011) confirm the fact that most Czechs give spontaneously, in a non-systematic manner, above all in response to emotional appeals in the media or into collection boxes in the street, rather than in a planned and well thought-out way. In my data, this is clearly visible in the increased generosity of SMS donors (Table 3 above) in those years when major natural disasters took place in the country or elsewhere in the world. It means that people's donations are not pre-meditated, based on informed choices of charitable causes and nonprofit organisations and on financial analysis of their domestic budgets. It is hardly surprising, therefore, that they will continue to reach out for their mobile phones or into their pockets in the street as they had done before.

The giving of Czech people is motivated by other factors than financial analysis. Frič and collaborators found out that people were mostly motivated by emotional response to news of disasters or people in need (41 %), personal experience including influence of family and friends (30 %), and moral, religious or other normative imperatives (29 %) (Frič et al. 2001: 54-57). Notably, none of their respondents ventured any financial reasons for a donation (surplus wealth, payment for services received free of charge, tax deduction, etc.).

The average Czech individual donation is low: one SMS donation message generates 1 Euro, the average donation of those that had asked for tax deduction in the years 2008-2011 was 460 Euros. It is reasonable to expect that

the donations of those that did not bother to ask for a tax deduction² would be even lower. It does not, therefore, hurt one's domestic budget to make a small donation or two for a charitable cause even in times of economic hardship.

One additional piece of evidence that Czech people continue to have the capacity to invest in nonprofit causes is the steady growth of the number of organisations, illustrated by Table 7.

Table 7: The numbers of selected types of registered Czech NPOs (2000-2012)

	<i>Associations</i>	<i>Foundations</i>	<i>Funds</i>	<i>Public Benefit Companies</i>
2000	42 302	282	735	557
2001	47 101	299	784	701
2002	49 108	330	825	762
2003	50 997	350	859	884
2004	53 306	362	898	1 038
2005	54 963	368	925	1 158
2006	58 347	380	992	1 317
2007	61 802	390	1 048	1 486
2008	65 386	411	1 095	1 658
2009	68 631	429	1 168	1 813
2010	72 111	449	1 205	1 958
2011	75 627	455	1 269	2 126
2012	77 801	468	1 278	2 183

Source: Czech Statistical Office (CZSO), Neziskovky.cz

Even if we take into consideration the fact that the Czech Republic is still a society in transition from a totalitarian communist regime to a democracy and that the growth is a function of this transformation and of the gradual emancipation of the civic sphere from the overdependence on the state, it is remarkable that the growth of NPOs in numbers has continued uninterrupted and unperturbed by the current economic crisis. The establishment of new organisations, and not only of associations but also foundations, funds and public benefit companies, i.e. organisations that require an initial investment of

² Frič and collaborators found out that 97 % individual donors in their sample did not ask for a tax deduction (Frič et al. 2001: 54). In Řežuchová's sample it was 90 % (Řežuchová 2011: 12).

financial and non-financial capital, cannot but mean that Czech continue to be willing to invest time and resources in public benefit causes.

The data, mine and other authors', as well as the research into the motivation and behaviour of Czech private individual donors suggest that the sustained level of private individual giving in the Czech Republic should be attributed to

- (i) the prevailing spontaneous, emotional mode of giving, which does not get affected by financial analysis,
- (ii) the small size of individual donations that people can easily dispense with,
- (iii) a disregard for financial aspects of giving,
- (iv) the prevailing motivations for giving, which are non-financial and non-fiscal,

against the backdrop of the continued transformation from totalitarianism to democracy, in which the process of the emancipation of civil society has only taken the first steps and throughout which people get more and more disenchanted by the government and the political elites.

In the case of corporate donors, there has unfortunately been no research undertaken to date into the behaviour and attitudes of business in the Czech Republic that would help us explain the changes in their funding for NPOs in the years 2007-2011. In the three years 2008-2010 the level of corporate funding was gradually sinking (see Table 5 and Figure 3 above) so that it was possible to presume that corporate support for nonprofit activities was dwindling in parallel with the worsening economic situation of the country and the ensuing difficulties of individual companies. Even though there were some uncertain and modest signals of the beginning of recovery (or at least the end of the downturn) in some macroeconomic indicators in 2010 and 2011 (see Table 1 above), it still seems surprising that corporate funding picked up again in 2011 at the high rate that it did: the total sum donated to NPOs in 2011 almost equalled the total of corporate donations in 2007. It seems that vis-à-vis the onset of the crisis, the

companies had to adopt a cautious approach to their financial management, but after a while, when they had adapted to the new situation, they were ready to return to their corporate responsibility policies and to re-fill their “charitable” budgets. It would be necessary to obtain the figures for the year 2012 to see if this was a trend, and targeted research is needed into corporate social responsibility and corporate philanthropy to begin to understand the motivations and the behaviour of Czech businesses towards charitable causes and NPOs.

6. Conclusions

Even though they are far from comprehensive, my probes into Czech giving in the years 2007-2011 indicate that the willingness and the capacity of Czech private individual donors to support financially the services and activities of NPOs has remained largely unchanged during the years of the economic crisis 2007-2011. Similarly, corporate donors, after a short period of two or three years 2008-2010, when they withheld a small portion of their annual financial contribution to NPOs, returned to pre-crisis levels of funding for charitable causes. Of the private donors, it is only foundations that paid out much less to NPOs due to their losses from investments.

These findings are also supported by reports in the media and by anecdotal evidence by nonprofit leaders. Recently, several articles in national media bore titles such as “The amount of money collected for people in need does not drop, in spite of the crisis” (Czech Radio 2012) or “After a few years of downturn, giving in the Czech Republic is back to the pre-crisis level” (Czech TV 2012), which contrasts sharply with titles such as “Donors hit by the crisis: they donated less” (Czech TV 2010) that were appearing at the beginning of the crisis, echoing the concerns and fears of nonprofit leaders then. Several nonprofit leaders that I informally interviewed for this paper in April and May (14 telephone conversations with CEOs or board members of 9 associations, 2 foundations and 3 public benefit companies) reported that they had had some shortfall in the income of their organizations, but that, with the exception of the

foundations, it was not very serious and that they had not felt a very serious impact on their ability to provide their services and implement their planned activities.

The sustained support for NPOs from private donors is good news, above all for those Czech nonprofit leaders who believe that the crisis is an opportunity, not a disaster, for the nonprofit sector. There is a large group of nonprofit leaders that see the crisis and the resulting decreased support from the state as a chance to deal with two related phenomena that they perceive as ills and weaknesses that have accompanied the re-birth of the Czech nonprofit sector and civil society after the regime change in 1989. They say that the continued support for NPOs from private individuals and businesses is a chance to improve the relations with the public and the corporate world, to attract more citizens and companies to nonprofit activities, to win more participation and support from them and to increase the level of civic engagement. And if the nonprofit sector can no longer rely on state support to the same degree as before (and if it manages to get more support from individuals and businesses at the same time), it is a chance for Czech NPOs to build a strong, autonomous civil society and nonprofit sector, which would be a real partner to the state, overcoming thus the legacy of the pre-1989 paternalistic state, in which NPOs only play a subservient role and are far too much dependent on the state. Finally, a time of crisis is also a unique chance for NPOs to demonstrate their worth; they can show how much they can do for society in hard times, boosting thus their self-confidence as well as their image in the eyes of the public. It will be very interesting to see in the next few years if these arguments of the nonprofit leaders have fallen on fertile ground and if the chance that the crisis offers will have been taken up by Czech NPOs.

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