

VISEGRAD / INSIGHT

Civil Society Futures in Central Europe



by Quincy Cloet
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ABOUT

Visegrad Insight is the main platform of analysis and media on Central Europe. It is organised by Res Publica Foundation in Poland, an independent NGO with 40 years of experience in thought-provoking journalism and analysis.

Under project theme DemocraCE it is fostering a regional dialogue that promotes and defends core democratic values in Central Europe. In this project, Visegrad Insight produces four scenario-based reports explaining Central European Futures and 100 articles in 12 national languages and publishes them in the region's key media outlets.

The reports and articles will address key issues such as the shrinking space for civil society, disinformation, and cybersecurity. The Foundation will also identify, strengthen, and link emerging pro-democratic opinion leaders in the region by holding Visegrad Insight Breakfasts - a series of networking events across the region.

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EXECUTIVE SUMMARY

Civil society needs to ready itself for a bumpy ride in Central Europe in the next couple of years. The slow but steady retreat of democracy makes it more difficult for organisations to fulfil their role as watchdogs. While economic growth has made the region wealthier, it has not improved the financial sustainability of a sector that delivers indispensable services to the community. The COVID-19 crisis exacerbates an already gloomy situation within civil society.

Part of this is the result of wider transformations, political and social changes - which have created a shrinking operational space for civil society. Much of the potential and opportunities since 1989 have been difficult to realise, not only because of exceedingly high expectations but also because of politicisation, polarisation and external pressures.

Before the pandemic crisis took its toll, democratic backsliding was occurring in most countries of Central Europe. Civil liberties were under pressure in Hungary and Poland, while Czechia and Slovakia were stagnating at best. In economic terms, little was done to diversify revenues and no capacity was built to deal with an unexpected, severe shock.

At the same time, the current predicament can be taken as an opportunity to do things differently. Central Europe has the chance to make the best of digital innovation, clear the path for a new generation of leaders who can change the means and appearance of civil society, for instance, by taking a daring and creative approach to donation campaigns and activities, but also in the sense of striking the right balance between independence and cooperation with either public authorities or private actors.

While there are several civil society futures, neither of them are mutually exclusive or to be taken as a given outcome. Much depends on how the sector responds to the current crisis and to what extent it can overcome the general declining trend with regard to civil society sustainability.

There are four scenarios, based on current patterns and shifting variables related to the operational space, financial outlook, generational gap, spatial dynamics and embrace of technology in the civil society sector in Central Europe. They highlight crucial decisions ahead and help to inform policy-makers in choosing the optimal outcomes.

In **Stifled Civic Space**, democracies in Central Europe run at half speed, because the insecurity about the COVID-19 crisis perpetuates a number of restrictions on civil liberties and fundamental freedoms. Although the state of exceptions is formally lifted, civil society is restrained in how it can function in ordinary situations and perform its watchdog function. Inspired by Budapest, emboldened governments are seizing the opportunity to marginalise independent voices and support loyalist organisations.

Civil society strikes a fragile balance in preserving its independence while pursuing closer state-cooperation after the pandemic. In **Independent Cooperatives**, authorities and NGOs work together to map structural problems and agree on a set of measures to create a more supportive legal and financial environment. However, fragmentation becomes a real challenge in the next years, because the needs of well-established institutions are prioritised over newer and more peripheral initiatives.

In **Embracing the Crowd**, organisations reduce dependence on the state and look for potential in the spheres of technology and digital innovation to remake civil society. Driven by a generation of tech-savvy leaders, the sector embraces crowdfunding platforms, hackathons and the digital office as the new standard for civil society. However, there is a gap between successful urban-based organisations and smaller civil society actors working in the countryside, struggling to turn around their organisations.

Unlike the previous scenario, in **Corporate Proxies**, civil society in Central Europe steers clear of the digital pathway but is forced to accept closer partnerships with the private sector to secure its financial survival. With professionalisation and cost-efficiency comes a personal and social cost to the sector, and reputational damage because of association with superficial agendas of corporate social responsibility.

Policy recommendations

- Measure the health of civil society and the size of civic space not on the basis of formal characteristics (e.g. number of organisations) but by looking at operational aspects to identify what limitations to independence are present and which forms of pressure are exerted on the sector
- Frame challenges to civil society not only as local or national in nature but also as regional phenomena to bring greater attention and structural funds from international donors back to Central Europe. The decline of civil society sustainability in one country has an impact on all neighbouring countries
- Do not leave crowdfunding to conventional 'charitable' causes but embrace the platform as an all-year-round strategy for civil society organisations to campaign for societal causes and all forms of injustice. The sector should adequately explain its need for financial resources and the purpose they serve as well as build up their social constituency
- In countries that rely on a state endowment for the civil society sector, consider diversification of revenue through the introduction of a tax-donation scheme
- Clear rules and agreements are needed when it comes to partnerships between civil society and the private sector, to guarantee all non-profit organisations their independence of action and to avoid reputational damage in the long run
- Draw lessons from hackathons and other digital innovation initiatives in the wider region and replicate these for the purposes of civil society organisations. Set up events aimed at finding technological solutions to common sectoral problems
- Barriers to entry should be kept as low as possible for a new generation and network of digital leaders who are able to help the sector in embracing technology and innovation and rethink activities online
- In exceptional circumstances, such as COVID-19, continued advocacy in public life and online are necessary to limit governments from overreaching. Particularly, civil society organisations should advocate against the transposition of exceptional measures into ordinary legal provisions. Basic freedoms should not be permanently limited for the sake of security
- In response to the pandemic crisis, official and more informal channels between state officials and civil society organisations are key in coming up with a coordinated response. A more formalised model of independent cooperation would allow a regular mapping exercise and work on a strategic plan for the future of civil society, whereby no part of the sector is left behind
- A practical approach to civic education to counteract limited voluntary participation in community life and civil society organisations in the region. While school classes have limited effects, a more direct form of contact and engagement with youth should be encouraged, to build a more lasting relationship with the community

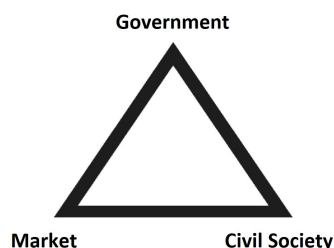
What is civil society?

Civil society comes with a degree of confusion about both its precise meaning and the boundaries of the term. Some of the difficulty is due to an obvious overlap with related terms such as civic society and civic space. While *civil society* comprises a plurality of public spheres, *civic society* generally focuses on the (mediating) role and activities of citizens in relation to the state. In a spatial sense, *civic space* is then “the political, legislative, social and economic environment which enables citizens to come together, share their interests and concerns and act individually and collectively to influence and shape policy-making.”[1]

Many of the activities of citizens and organisations, however, fall beyond the particular desire to influence and shape policy but exist to address community needs. To capture the variety of such organisational efforts, this report takes a broader approach and opts for the term civil society and its related organisational structures.

As a consequence, rather than perceiving civil society simply as mediators between the authorities and the public, it should be understood here as ***an aggregate of individuals and organisations that are neither directly within the sphere of government nor created for profit-seeking (or business) purposes.***

To illustrate the overarching purpose of civil society, one may see this sector as part of a *democratic triangle* comprising three distinct components: the government (for legal and regulatory matters), the market (for commerce and trade) and civil society (for meaningful structures).



While the issue of civil society is closely related to discussions about civil liberties, civic values and fundamental freedoms, these are only in part addressed in this report. In other words, the state of civil liberties, values and freedoms captures only a fragment of what is taking place in civil society.

Civil society in Central Europe - trends

In this region, the term civil society often seems to refer to a particular history and memory, one which is explicitly more normative and political because it is intrinsically linked to social and urban movements and the transition to democracy after 1989.

While interest and analysis of civil society in Central Europe have grown in recent years, the consequence of political developments but also the eruption of protests on the streets, there remains a lot to unpack about the structure and development of civil society in the region. This includes both common patterns and notable differences between countries in their pathways of transformation. However, larger analyses such as those conducted by the Erste Stiftung, tend to consider the Visegrad Group countries as a single cluster while neighbouring states are addressed separately.[2]

Nevertheless, it does not suffice to look at past common denominators – such as the communists' rule, the changes related to 1989 and EU accession in 2004 – to understand the civil society in a Central European context. To begin with, this report casts a wider net by looking at the situation across Europe and how it may relate to Central Europe.

In a study of the evolution of civil society organisations, the European Economic and Social Committee (an EU advisory body) has identified **major societal trends that have been affecting most European civil society actors** and will likely have an impact in the next years.[3] While these were elaborated before the COVID-19 pandemic crisis, they remain most relevant today:

- Demographic changes: higher demand for services while cost pressure remains. New players such as business and social economy enterprises enter the market. The problem of ageing of the civil society sector
- Economic crisis: decrease in public funding and difficulty to acquire new financial sources. The problem of mitigation of financial situation and development of new business models
- Digital technology: new media and social networks make civil society more resonant but also switch communication, organisation and activism online. The problem of an upgrade of activities and fundraising for a different type of activities
- Populism: fake news and disinformation have become ubiquitous in the digital age, diminishing of basic rights related to freedom of assembly and expression
- Shrinking civil space: basic freedoms are under threat because of limited public funding and restrictions to advocacy

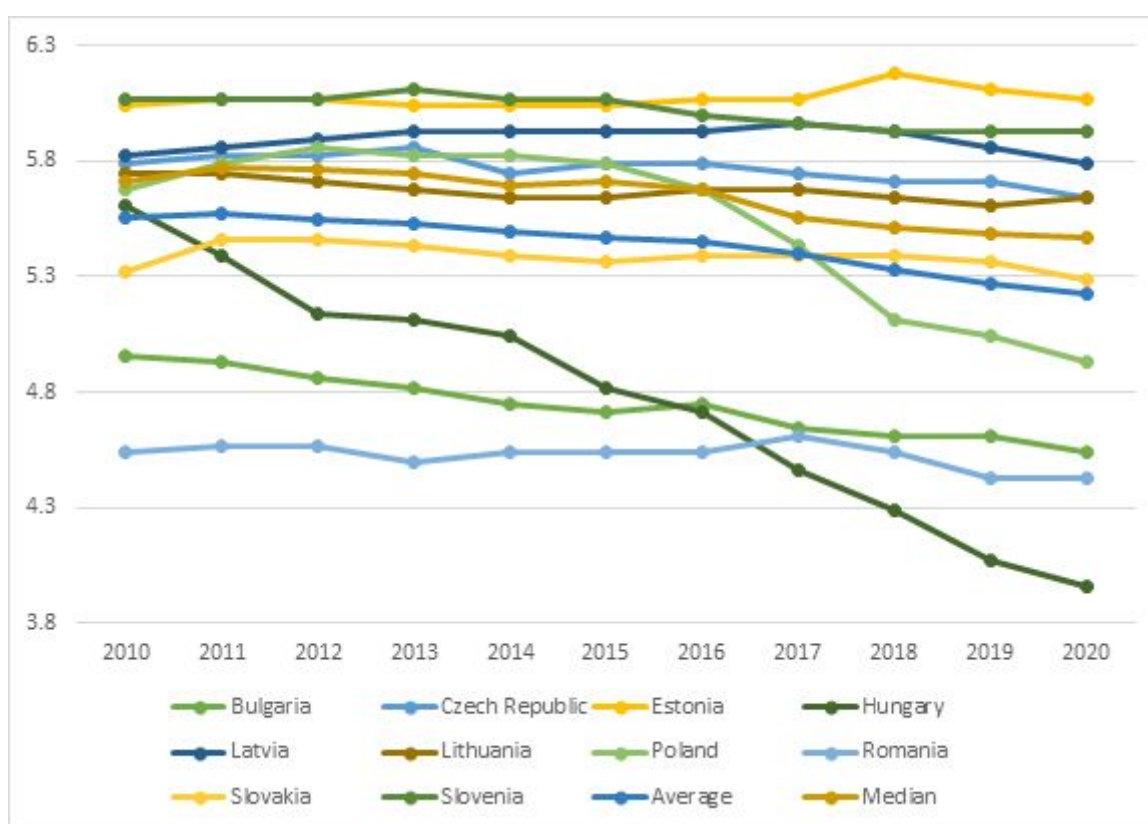
But what does this entail for Central Europe and how will these social trends have an impact on the futures of civil society in the region? In the sections below, the report discusses prevalent trends in the political, economic and social dimensions of the sector before providing a perspective on recent developments related to COVID-19. The insights

are based on conversations with civil society organisations and experts from the region as well as relevant international indicators.

POLITICAL DIMENSION

Democracy in Central Europe is not in great shape, according to most recent international indicators. While Slovakia and Czechia have either stagnated or witnessed a relative decline, the democratic disintegration in Poland and Hungary is most outspoken because of the attack on the Polish judiciary and power centralisation in Hungary, which cancels out all normal checks and balances.

Graph: Nations in Transit index (1=lowest, 7=highest in democratic progress)



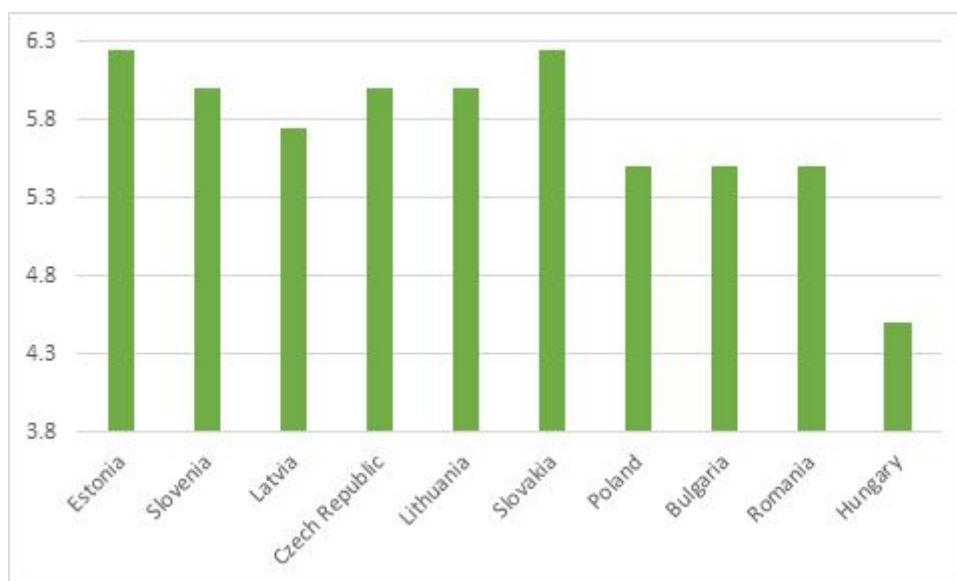
Source: Freedom House

The latest Nations in Transit report from Freedom House puts the data for the Visegrad region in a broader perspective: no country in Central and Eastern Europe has seen an improvement in the functioning of its democratic system in recent years.[4] The same message is echoed in the Global State of Democracy report, which states that more than half of the democracies in Europe have suffered democratic erosion in recent years.[5]

Although such indicators take a number of criteria such as democratic governance, electoral process, independent media and corruption into account, the state of civil society is equally important to measure the health of a country's democracy. And in practice, the

civil society score, part of the Nations in Transit indicators, closely aligns with the broader trend: whereas the damage to civil society remains limited in Slovakia and Czechia for now, the situation in Poland and particularly in Hungary is worrisome.

Graph: Nations in Transit – civil society score (1=lowest, 7=highest in category)



Source: Freedom House

Indicators show that civil society’s functioning in the democratic landscape of Central Europe is increasingly under pressure. However, what lies behind these numbers? It is helpful to look beyond regional reports, broad indicators and formal characteristics to get a more reliable appraisal of the sector in its actual functioning.

One example helps to demonstrate this. While many reports speak of shrinking civil space, this is difficult to read from the state of the civil sector at first sight. In Poland, the number of civil society organisations has never been as high (more than 100,000) with palpable indications of strong structures, institutionalisation, coordination and impactful public campaigns (in particular for charitable causes). Behind this façade, however, the picture is more convoluted.

Małgorzata Szuleka, who is a lawyer and advocacy officer at the Helsinki Foundation for Human Rights based in Warsaw, says we should talk about shrinking *operational* space for civil society organisations instead. “We cannot measure and rank it well, but we are faced with a greater number of ‘daily issues’ such as limitations to public consultation and litigation and reduced access to public media.”

She also speaks about an atmosphere of oppression which is not directly linked to the recent pandemic crisis but rather organisations such as the Helsinki Foundation and the Batory Foundation being the target of smear campaigns by politicians and government loyalists for a number of years.

Similar tendencies are apparent in Hungary, where the shrinking civil society is not visible in the number of organisations but in the government media campaigns aimed at the sector. Director of the Hungarian Environmental Partnership Foundation Veronika Mora speaks about politically oriented organisations being targeted and examples of harassing. Much of these activities are related to themes such as refugees, LGBT rights and the Roma community.

“In 2017, a coalition was set up to defend the civil space, not engaging in any particular issues but standing up for the sector itself. Yet, the government chooses to ignore such an initiative,” Mora adds.

In contrast, the situation appears more favourable in both Czechia and Slovakia. Civil society representatives from these countries could not identify trends in the political sphere that point towards the experiences in Poland and Hungary. “While there are some problems, authoritarian rule is not one of them,” states Grigorij Mesežnikov from the Slovakian Institute for Public Affairs.

“In political terms, the previous government was more opposed to civil society actors, although conflicts were chiefly symbolic – Robert Fico against certain individuals – and experts in the sector were left a free hand.”

Additionally, Tomáš Kriššák from the Open Society Foundation in Slovakia indicates how pressure on civil society mostly originates in an environment of disinformation. “There are a lot of sources and groups producing false narratives about civil society with many people falling for these stories.” He emphasises that the organisation is struggling to counter this negative image with news about all the good the sector is doing.

For Czechia, a recent report by Nadace Partnerství notes that the country is generally in line with developments elsewhere in the region, notably the challenge to communicate effectively about the beneficial role of civil society, although the infrastructure of the sector and ability to do advocacy remain largely intact.[6]

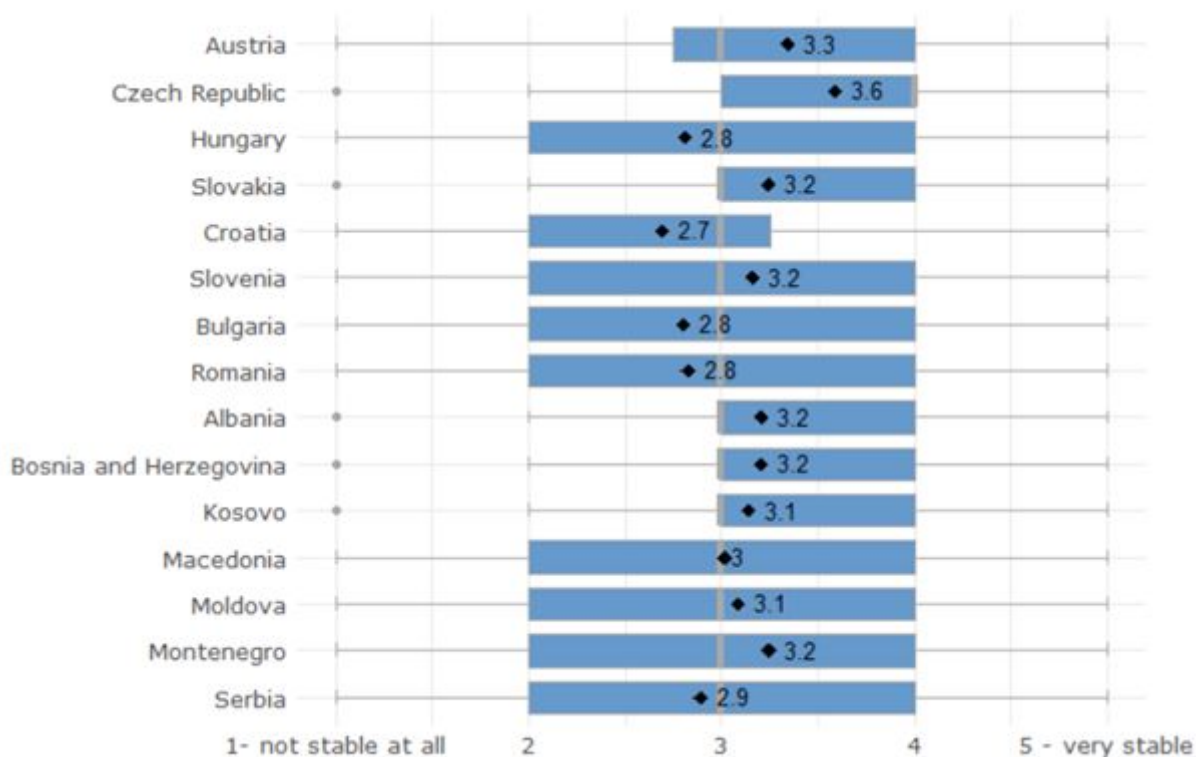
ECONOMIC DIMENSION

Civil society is heavily dependent on financial resources to pursue its activities. Moreover, the diversification of sources of revenue is crucial to avoid temporary setbacks and ensure long-term financial sustainability. For evident reasons, the current pandemic crisis has changed much of the recent data, however, it still helps to identify pre-existing trends that will have an impact on the future financial situation of the sector in the region.

According to a 2019 Erste Stiftung report, the financial sustainability of civil society organisations appeared stable in the majority of countries of Central and Eastern Europe – with the exception of Hungary, Croatia, Romania and Bulgaria.[7] Based on its extensive survey of organisations, the report notes how the perception of stability and the future

outlook is closely related to the freedom and reputation that the sector enjoys in the socio-political environment.

Graph: Stability of funding in Central and Eastern Europe (2018 survey)



Source: Erste Stiftung

A closer look gives a more detailed picture of funding sources and revenue profile of the civil society sector in the V4 countries (Poland is not included). The Czech civil society sector relies on a fairly diversified set of funding sources, including government funds, individual donations, proceeds from firms, funds from domestic foundations and EU funds. In Hungary, organisations can rely significantly less on government funds and depend mostly on individual donations and EU funds to some degree. The picture in Slovakia is more mixed, with resources coming from individual donations, public authorities and to a lesser degree the EU and foreign or domestic foundations.

In terms of revenue profile, civil society in Czechia and Slovakia appears dominated by larger organisations (in the category 100,001 – one million euros) while in Hungary small organisations are most prevalent (up to 5,000 euros and up to 50,000 euros).

However, when the data is triangulated with other information, it becomes clear that even a stable financial situation is not without challenges. Nadace Partnerství indicates in its report how even in Czechia the main topic of concern is financing, because of declining support of the state (usually through an endowment for the sector on a competitive basis) and the

need to target more individual donors. Especially local initiatives have limited options because they lack the administrative capacity to pursue grants and individual fundraising.

One deficiency of the Czech case is due to the fact there is no scheme in place that allows tax-paying residents to donate a fixed percentage (one or two per cent) of their income tax to an NGO registered as a public benefit organisation. Such systems exist in Poland, Slovakia and Hungary and are relied upon to various degrees to help and diversify the revenues of the civil society sector. Boris Strečanský, who is a senior expert of the Centre for Philanthropy in Bratislava, goes as far as calling it “critical funding mechanism of civil society organisations in the region.”

For Hungary, Veronika Mora indicates that about 25,000 organisations benefit from the tax donation scheme on a yearly basis, some significantly while others only for very small sums of money. “While it is relatively small it is an important source of income, although organisations have to campaign now and will only see the returns in September or October.”

Małgorzata Szuleka believes there is a general tendency in Poland to support charities rather than rights organisations and watchdogs. Nevertheless, she adds that “time and effort to campaign for this and other types of fundraising do pay off.”

Table: Civil society in Central Europe - key indicators

	Population (millions)	CSO value-added as % of GDP	Share of employment in CSOs (%)	Active CSOs per 1000 capita	Volunteer engagement (%)
Czechia	10.65	1.77	2.09	12.13	26.8
Hungary	9.77	1.55	3.70	6.47	12.2
Poland	37.97	1.40	0.90	2.08	8.5
Slovakia	5.45	0.98	1.45	9.70	13.5

Source: Meyer, M., Moder, C., Neumayr, M. et al.

Civil society organisations in Central are increasingly reliant on their own fundraising and grant-making activities because state subsidies have either diminished (in Czechia) or are not perceived as being fairly distributed (in Poland and Hungary). The Czech approach is based on a well-functioning system with an independent commission that decides over the endowments.

In contrast, Veronika Mora explains that the problem generally boils down to a lack of transparency in Hungary: “There is a fund to help with the operational costs for the civil society but grant decisions are not presented in a searchable format and only available for a

limited time. Investigative journalists have already highlighted how funding is geared towards government-friendly organisations.”

Also in Poland, there are signs of lavish amounts of money going to preferred civil society organisations. Last year, questions were raised about the financial excesses at the Polish National Foundation (PFN), an NGO close to the ruling government whose budget is provided by state-owned companies.[8]

The issue of fundraising is exacerbated by the fact that many international donors that were active in the past in the region have left because of changed or more pressing priorities elsewhere. “We saw American money drifting away in the early 2010s when it appeared the job was done but now we are back to square one and foreign donors are not yet realising the urgency of the situation,” warns Szuleka.

A similar story in Slovakia, where donors left six or seven years ago and since then the issue of underfunding has become more visible. “It is difficult to pay volunteers and professionalise in such circumstances,” says Tomáš Kriššák. In Hungary, donors have only started to show interest again since 2017 when further legal restrictions on the civil society sector were implemented by the government.

When it comes to the sector having to rely on its own efforts, one area of potential growth is crowdfunding. FHI360 has noted the use of both international (Indiegogo, Kickstarter and others) and local crowdfunding platforms in the wider region.[9]

Equally, the Centre for Alternative Finance notes that the region traditionally has a dominance of donation-based crowdfunding, in comparison to other types of equity or investment-based crowdfunding, with Poland as a driving force in terms of volume.[10] This is evident from the high number of platforms active on the Polish market, such as Zrzutka.pl, Siegpomaga.pl and Polakpomaga.pl. Large, ongoing campaigns are often related to personal charities and good causes but draw in large amounts of funding, somewhere between 100,000 and 200,000 euros.

Such willingness of citizens to support laudable projects leaves room for more active engagement by the civil society sector and to raise awareness about its purpose. Several years ago, a project supported by the Visegrad Fund and supported by the Res Publica Foundation looked into the untapped potential of funding social and cultural activities by means of crowdfunding as a convenient tool to enable greater civic participation.[11]

SOCIAL DIMENSION

The wider trend of an ageing population in Europe does not leave the civil society sector unaffected. A higher degree of seniority among staff is generally accompanied by more rigid management structures and a slower embrace of innovation, in particular the use of modern technology and communication to fundraise, advocate, build a public image and sustain a resilient network with society.

The table below collected for an academic study on civil society and its institutional context, gives some indication of this because it focuses on the average years of work experience in an organisation (14.5 years for the wider region).[12] The samples for Hungary and Poland suggest that employees spend a significant part (20+ years) of their professional career within this sector, their continued presence perhaps creating a barrier to younger entrants.

Moreover, the same survey highlights there is a continued involvement of founders or directors of organisations, which makes leadership succession and internal promotion difficult (especially within smaller institutions).

Table: Professional experience in civil society - sample characteristics

Country	Respondent characteristics		
	Sample size	Years of work experience (average)	Co-founder or director of CSO (%)
Albania	25	14.12	60.0
Bosnia and Herzegovina	30	16.30	83.3
Bulgaria	17	14.82	88.2
Croatia	33	12.88	75.6
Czech Republic	23	12.00	82.6
Hungary	36	20.69	83.3
Kosovo	14	8.36	85.7
Montenegro	25	14.64	100.0
Poland	11	20.82	45.4
Republic of North Macedonia	31	12.94	96.8
Romania	32	11.50	78.1
Serbia	30	10.50	86.6
Slovak Republic	28	13.21	78.6
Slovenia	26	20.19	65.3

Source: Meyer, M., Moder, C., Neumayr, M. et al.

What about young individuals who are willing to engage with civil society activities and consider professional development within the sector? A 2018 report by NDI sees the legacy of the 1989 revolutions as crucial to the region but at the same time raises the alarm bell: “For Central Europe's young people, who didn’t experience communism first-hand,

history's echoes are more faint." While many have been active in protests in recent years, because of dissatisfaction with government and the political class, their experience of democracy and civil liberties is also different to the generation that lived through the post-1989 transition process.[13] For example, among the youth, some are willing to accept limitations on democratic cornerstones such as civil liberties and human rights to ensure a higher standard of living or to protect national security.

If there is a generational gap within the civil society sector, it may also be due to the changing perception about what should be the biggest societal challenges for the coming decades. Jakub Zaludko from Ambrela, a platform for development organisations in Slovakia, suggests that "climate change is increasingly seen as the key driving issue among a young generation, while the older guardians of the 1989 generation are all about anti-corruption and professionalisation."

Whatever their preferences, young people may be less inclined to take part in an organised structure and as a result, dedicate their time to building civil society infrastructure. A Flash Eurobarometer from 2018 on European youth and their participation in organised voluntary activities paints a bleak picture for the EU but Central Europe in particular, with involvement in some areas of civil society activity below the EU-28 average and a low number of volunteers in Slovakia and Hungary.[14]

Graph: Involvement in organised voluntary activities in the EU



Source: Flash Eurobarometer 455

Yet, the engagement of a new generation of socially engaged citizens will be crucial to ensure a healthy dose of new energy and innovation in the sector.

In the upcoming years, a lot will hinge upon the degree of digitalisation in the sector, whether civil society organisations can reach out to new audiences while reducing costs by

moving part of their operations (such as team meetings) online. In general, many of the daily interactions – whether it is among staff or with citizens – will move onto digital infrastructure. In this context, the European Economic and Social Committee notes that the development of the sector’s business model “will be based on digital recruitment of constituency, volunteers, etc., also taking advantage of the new technology, such as blockchain.”

It has become evident already that a number of organisations will struggle to embrace such a digital transition and in the meantime re-invent their communication strategy and regular activities.

There is a generational divide also present here, thinks Tomáš Kriššák because older organisations are still used to relying on international donors and means of communication not adapted to the ubiquity of social media. “It is hard for them to adjust to these changes. Fewer young individuals want to work for them, so the organisations get older and are struggling with new technology.” Meanwhile, younger organisations seize every available opportunity to accelerate the digitisation process.

Boris Strečanský argues there are both ups and downs to these changes in civil society: “The online has been playing an important role, both in a positive sense by allowing for fast communication and networking and using technology for positive social change. But also in a negative sense – by making for many interactions too shallow, focused on click-bait and outward visibility.” New initiatives may emerge, but they do not always have the organisational structure to extend their life-span beyond a single, time-limited issue.

Networks are crucial to the success of the sector, however, and this is one of the areas where digitalisation can make a palpable difference by reducing the distance between different contexts and allow for greater cooperation and joint-solutions to societal problems. Between 2014 and 2017, New Europe 100 was run as a yearly initiative and sought to identify civil society leaders as well as entrepreneurs who embraced the digital world for social outreach.[15]

Finally, there are different trends and dynamics at play depending on the urban or rural context in which civil society organisations operate. While there is limited data available on differences and similarities, there are examples of regional differences and difficulties experienced by local community organisations as opposed to larger capital-based civil society organisations.

Proximity to donors matters a great deal, suggests Tomáš Kriššák, who adds that organisations in Eastern Slovakia are struggling because of limited access to resources. “Many feel they are only asked to the table after Bratislava has already passed by.” Also, Jakub Zaludko from Ambrela speaks about a centre-periphery dynamic, with smaller, depoliticised projects in the countryside but a lack of external communication to explain their approach.

WHAT COVID-19 HAS CHANGED

Many of the fundamentals of the civil society sector and mid- to long-term trends have been shaken by the unexpected outbreak of COVID-19 and several of the emergency measures and restrictions that were taken as a response to the pandemic crisis. The economic impact of reduced output and a tight lockdown in the first half of 2020 will undoubtedly leave their traces on the overall character of the sector in Central Europe and the type of activities in the future.

The economic consequences of the pandemic are yet to be fully felt. At the same time, there is very little reliable data available to understand the overall impact on civil society organisations. It remains to be seen whether pre-existing trends will be exacerbated, or the crisis will represent a larger paradigmatic shift in the sector. The previous sections have sought to identify relevant trends that were present before the crisis and will continue to affect the sector, while this section presents a status of how Central Europe – and its civil society – is responding to the present crisis.

Several organisations in the region expressed worries about the fact that a severe lockdown and emergency measures (which in some cases permitted to rule by decree and limited parliamentary and civil society oversight) would have a negative impact on civil liberties and be disproportionate to the situation.

Some of these restrictions were necessary to stop the spread of contamination. Jozef Smida from the Open Society Foundation in Czechia indicates how in the social services sector, some organisations had to be closed due to COVID-10 and could not exercise their job. “This was paradoxical because the vulnerable needed these services more than before.” Several basic freedoms related to movement and assembly are limited and have an impact on the work of NGOs.

However, there is also a lot of understanding of many of these measures. Jakub Zaludko admits that he does not feel comfortable with criticising the Slovak government because the situation is so new and unique. “I think the government, as well as our institutions, need space and time to handle the situation first and then we can start evaluating in more detail.”

In other contexts, there are more worries about the underlying intentions of certain measures. For instance, Veronika Mora sees the Hungarian government response as a means to further its own goals – in particular, to consolidate its power. “Solving the crisis appears to be of secondary importance, because of the absence of support to the most vulnerable groups. There is little or no support for remote areas and unemployed persons. Moreover, the wage compensation scheme is very limited in its scope.”

In Hungary and elsewhere, the plight of civil society has not always received enough attention. In Poland, the civil society sector has dropped off the radar in terms of government support. At the same time, work on the protection of fundamental rights has

increased. “Providing assistance to victims of domestic violence or people deprived of social support is a lot more difficult right now,” says Małgorzata Szuleka.

Much of the uncertainty relates to how the financial situation will develop. “With the expected fall in economic activity in 2020, the tax revenues – used as the base for designation – will be significantly lower,” stresses Boris Strečanský. Additionally, governments may be tempted to reallocate resources primarily to the health sector and keep small enterprises afloat in order to combat the economic crisis instead of supporting crucial community activities.

“The fact is that many organisations were forced to stop, postpone or refocus their activities or move them online. In some instances, this was followed by serious issues from the point of view of project management and financial management. Some organisations will likely consider laying off their employees,” according to Ivana Kohutková from Via Iuris.

Right now, Josef Smida says that “the hardest impact is felt in the social services sector and other helping professions in general.” This is especially due to their dependency on a specific and very difficult and fragmented system of financing from different institutional levels in Czechia.

In Slovakia, there have not been any major cuts of funding so far despite limited communication from the government about this issue. Jakub Zaludko does not presume there will be massive cuts to funding for organisations in the near future after the pandemic. “The crisis has shed light on vulnerable groups of society in Slovakia, which will be much harder to ignore after the crisis.”

Overall, Slovakia appears to be handling the situation well – not only in terms of cases of COVID-19 but also in searching for a coordinated response to the situation. “The sector has established its own Crisis Management Centre for NGOs that includes experienced leaders of the sector who follow the developments,” says Ján Orlovský. Among others, they look into the impact on the financial situation of civil society organisations:

A recent survey conducted by the Chamber of Non-Profit, Nongovernmental Organizations in early April showed that 78 per cent (n=208) expected a drop-out of income. 41 per cent of them expected drop-out of earned income, and 31 per cent from subsidies. Over 50 per cent of CSOs signalled problems with cash-flow, and over 60 per cent mentioned that repurposing and adjustments of already received grants would be necessary.[16]

One of these leaders, Boris Strečanský, is playing an important role summarising possible policy proposals in regard to COVID-19 situation. Their recommendations have been presented to the prime minister’s office and high-level government officials.

Overall, there is an adequate degree of coordination between the state and the civil society sector in Slovakia, not only visible during the crisis but also through joint initiatives such as a mapping exercise on the state of civil society – which will be published later this year. The

country's plenipotentiary office of the government for civil society has been particularly active in this regard.

In contrast, there are only limited signs of coordination in Poland and Hungary between the government and civil society. "Consultations do not happen very often and if they do, short deadlines are given, and they seem to have little impact on decision-making," indicates Veronika Mora about Hungary. Polarisation in the Polish context has also made extensive coordination difficult – the government appears keener to investigate the funding of some civil society organisations than cooperate with them.

While there are signs of asymmetrical effects of the crisis – between countries and regions – the sector agrees about the impact COVID-19 is having on the digital transformation of civil society. "For many organisations, it is a blessing of some kind, because it helps to accelerate the process," highlights Tomáš Kriššák.

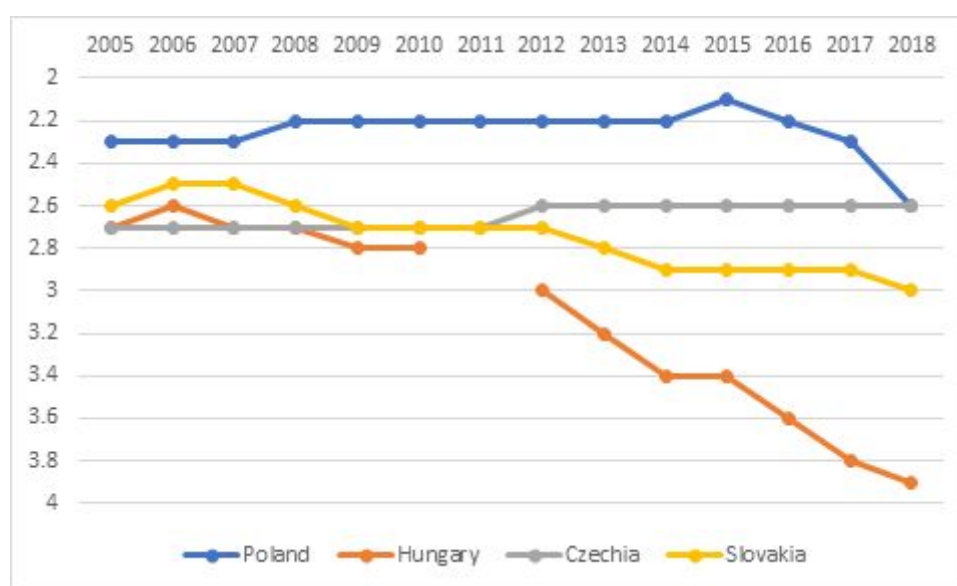
A lot of digital initiatives are emerging out of the community, with hackathons and digital events taking place on a regular basis. Estonia, in particular, has been an important example for the wider region with its rapid embrace of digital innovation and hackathons in response to the COVID-19 crisis (e.g. The Global Hack in April). While hackathons are more oriented towards immediate humanitarian relief, it could also be taken up by civil society to think how to make its role as watchdog more effective or to redesign social support services and cultural activities.

Not all of this will be without challenges. "Major organisations have quite smoothly moved online but when it comes to working together with the countryside and grassroots community groups, successes have been limited in this new format," concludes Veronika Mora. "Despite the huge success in the last two months, it also shows there are many problems in the educational system when it comes to acquiring digital skills," adds Josef Smida.

Scenario 1: Stifled Civic Space

Temporary limitations to civil liberties and fundamental freedoms will endure in light of the perpetuating effects of the COVID-19 pandemic crisis. Fears for a second and even a third peak of contamination push governments in Central Europe to favour extensive security and lockdown measures over the freedom of movement and assembly. With democracy at half speed, Hungary's efforts to shrink the operational space of civil society becomes a pattern replicated in other V4 countries.

Graph: Civil Society Sustainability Index (1=highest, 7=lowest)



Source: USAID/FHI360

Civil society depends on a permissive and encouraging legal and political environment to allow the sector to organise activities, provide services and advocate against societal injustices. This environment is contracting in most countries of the V4. Czechia remains stable, while Poland and Slovakia are declining but remain within the category of an “enhanced” civil society. Hungary, however, has witnessed a rapid decline over the years and already moved to the “evolving” civil society category.[17]

Changes of government in the region are having an easily discernible impact on the sector. News about a shrinking civic space has become common under Fidesz and Law and Justice. In Slovakia, almost a decade of power for SMER-SD has come to an end recently, with visible results on the state of civil society. Large demonstrations in response to a weakening of democracy, have been commonplace in the last couple of years.

Much of this present setting is only exacerbated by the COVID-19 pandemic crisis. Challenges to the judiciary in Poland and the increase of control over the economic and societal levers in Hungary has continued unabated during the past few months. With civil

society forced in lockdown, means to protest and organise activities are greatly restricted. Creative forms of expression – relying on car honking to protest against Fidesz in the streets of Budapest – face financial reprimands.

Moreover, governments are struggling to deal with criticisms concerning the imposed lockdown measures as well as about finding an appropriate balance between basic freedoms and a necessary degree of security to contain the spread of COVID-19. Hungary's brazen language and a tough stance against any independent actors in society is an easy-to-copy recipe for the other countries.

With the pandemic crisis unlikely to be resolved before the end of this year, the temptation to keep a set of limitations in place – thereby reducing civil society's capacity to organise itself and to perform its watchdog function – or quickly go back to a state of exception are actively considered. There may not be an intentional strategy everywhere to erode the weight and function of civil society, but it could be an unintended consequence of these measures or part of a deliberate strategy to consolidate power in the region.

In Hungary, the solution appears to be a speedy end to the state of emergency but the transposition of exceptional measures into the conventional legal apparatus. In time, a constrained civil society in the V4 reduces the amount of scrutiny on decision-makers and the capacity to organise a response to misdemeanour and major breaches of the law.

Examples of minor and major excesses of the past few months are exacerbated in the coming years: irregularities with the state of exception and its compliance with constitutional provisions, the use of measures to discriminate against minorities (imposing a quarantine on Roma settlements), overstepping legal boundaries in the organisation of an election, and access to services (e.g. abortion) are made practically impossible.

Attacks and smear campaigns against chosen sections of civil society – those protecting the rights of LGBT, women, refugees and the environment – continue if the sector is limited in its capacity to respond to unjustified criticism and public harassment. Following the current trends in the political and legal environment, civil society struggles to counter the growing tide of disinformation – not only from abroad but from domestic actors as well.

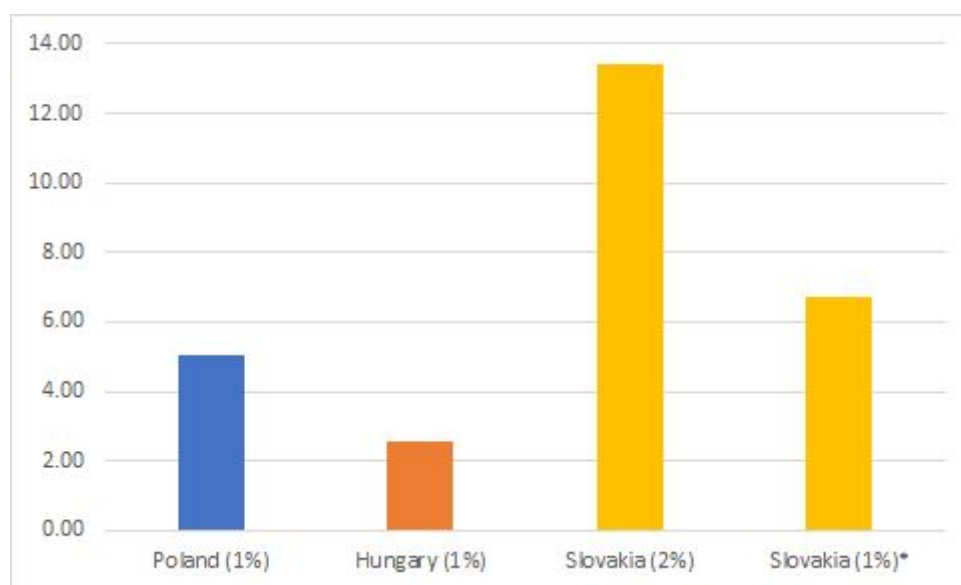
The outcome in a couple of years is either emboldened governing parties that consolidate their base of support by marginalising opponents and restricting independent voices or a high degree of polarisation in situations where political power is divided between multiple camps. In this case, further politicisation of certain civil society actors becomes likely, with vital services cast in an ideological light.

A stifled civic space is increasingly reliant on the financial support and the whims of those in government. In the absence of scrutiny, loyal organisations get higher support while others are left to their own devices. Over the next years, the number of civil society organisations in the V4 region either drops significantly or they are diminished to empty shells. Those few successful albeit loyal actors receive the means to crowd out all independent and other forms of messaging – leaving the majority of the sector marginalised.

Scenario 2: Independent Cooperatives

A significant drop in revenue and the growing financial instability of civil society organisations following COVID-19, forces Central European governments and the sector to come up with a common approach to plug the gap, after having side-stepped the issue during the health crisis. Slovakia's model of close cooperation with the state while retaining a degree of independence offers a way forward but entails a fragile balance with a risk of fragmentation along urban-rural and centre-periphery lines in the civil society sector.

Graph: Per capita tax donation to civil society (in euros)



Source: Polish Ministry of Finance, Hungarian Ministry of National Development and Slovak Ministry of Finance

The financial sustainability of civil society depends on a diversified source of income. Initiatives such as the tax donation scheme in Poland, Hungary and Slovakia provide a modest yet significant revenue type that helps to stabilise erratic cash flows (because of grant-based funding). On per capita terms and adjusted between countries (with different per cent donation rates), Slovakia appears to be a particularly successful case of community support to civil society through tax donation.

However, the COVID-19 crisis reveals how such cyclical schemes – based on the size of personal income tax paid each year – may significantly hamper the financial situation of the sector without any additional support for local or national authorities. A sharp increase in the unemployment rate and the widespread use of reduced working hours means there will be fewer and smaller incomes to be taxed following the pandemic crisis.

Also, crowdfunding initiatives are expected to take a hit because of the current situation, according to an early impact assessment conducted by the European Crowdfunding

Network.[18] Taken together, the financial future of civil society in Central Europe looks bleak for the upcoming years.

One likely source of financial support will be the state, which hitherto has been preoccupied with designing spending packages for small and medium enterprises, healthcare systems and other mechanisms to absorb the sudden economic downturn.

Slovakia shows some promise in a coordinated and cooperative approach between the authorities and the sector in coming up with solutions to plug the financial gap – based on a legacy of interaction. Especially bigger NGOs based in Bratislava have a working relationship with state officials, which could lead to measures destined to create a supportive legal and financial environment for the sector.

There are few signs such a model is catching on elsewhere in the region so far, but the severity of the financial mismatch in civil society will encourage other V4 countries to look at Slovakia for inspiration. A first step is likely to be a mapping of the state of civil society and come up with policies that can be discussed in a dispassionate context with the government.

Close cooperation is not without risks. States may use the opportunity to introduce greater control over how the sector is managed and who sits on the boards of organisations, which can lead to interference with activities. As a consequence, the independent nature of civil society goes lost in order to preserve the biggest and most recognisable institutions.

Even if such a scenario is avoided, state support based on coordination with well-established institutions will see their needs met first, with only a remnant of support for civil society organisations working in the periphery, far away from the capital, or which do not have the social capital to bargain for more.

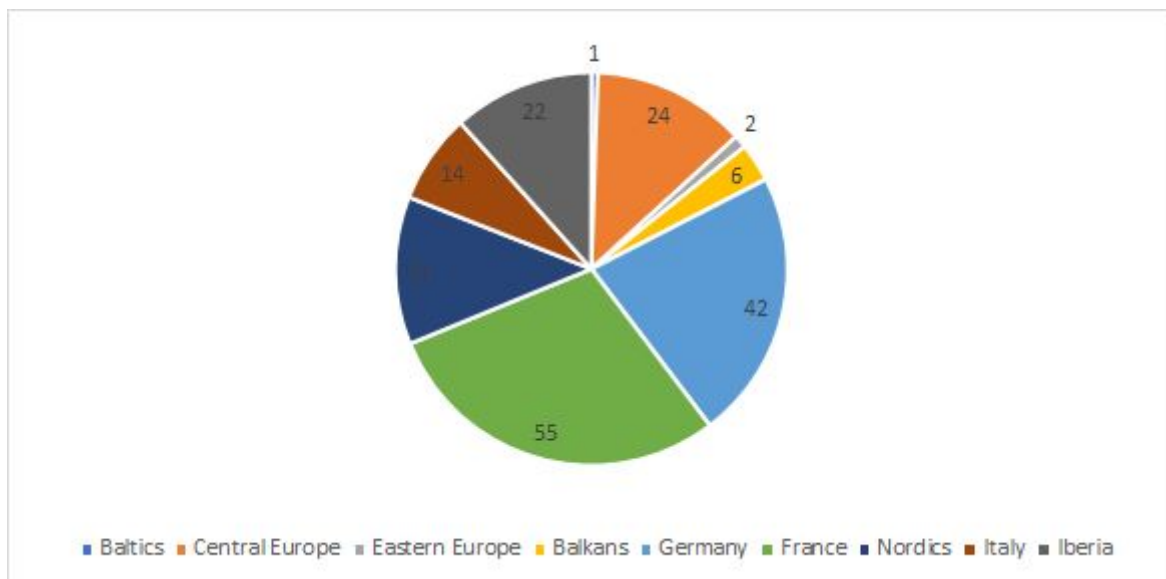
Asymmetrical effects will not only put a strain on the primarily urban-rural gap but also see discrepancies along generational lines. State-reliance comes with reduced interaction with society for money and voluntary support, especially young people who bring fresh ideas to the table and changes to rigid structures.

As a consequence, greater fragmentation of the sector is a plausible outcome of what was a well-intended attempt to improve coordination and cooperation between the government and civil society.

Scenario 3: Embracing the Crowd

The COVID-19 crisis brings one sobering message to the forefront: civil society can only overcome the present challenge by remaking itself, adapting to the digital age and making the best use of crowdfunding platforms, social media and online campaigning tools available to them. The transition will be driven by a younger generation, who is familiar with modern tech, hackathons and participatory events in the digital sphere. A solid, existing foundation of donation-based crowdfunding will bring about a boom in the next few years.

Graph: Non-investment based crowdfunding in 2018 (in million dollars)



Source: Centre for Alternative Finance (Cambridge University)

In the likely scenario that the current COVID-19 crisis will mean a significant financial downfall for the civil society sector in Central Europe, it also presents an opportunity to shake up how organisations campaign for individual donations in the upcoming years. With reduced funds coming from public authorities and a drop in tax donation revenues, civil society organisations will have to get more creative about initiating their own sources of revenue in challenging times.

While crowdfunding is likely to face a temporary setback because of the pandemic crisis, positive developments in this field over the last couple of years should not be ignored but taken as a signal by the sector to dedicate resources to its development. Contrary to other regions of Europe, Central Europe compares reasonably well when it pertains to non-investment-based types of crowdfunding, such as donations and gifts in return for rewards.

The current COVID-19 crisis exemplifies the importance of engagement and active participation in community-led activities but also the continued need for social interaction, whether it is in physical form or online.

Interesting developments in the tech sphere, whether it is hackathons, such as “Hack the Crisis” organised in Slovakia in April to find solutions for societal problems, or actors who develop civic engagement through the Internet and new technologies, as with the ePaństwo Foundation in Poland, the potential for remaking the sector is not limited to niche purposes.

As a consequence, international donors are additionally incentivised to support concrete, measurable project plans designed by the sector that would see organisations develop their online services, come up with innovative ideas for digital advocacy and embrace technologies such as blockchain, augmented reality and the digital office in daily activities.

In addition, crowdfunding becomes a key area of focus and investment in capacity, with targeted campaigns on social media all-year-round.

Legacy institutions in the civil society sector initially struggle to overturn the current trend of an ageing staff. But when they implement a human resource strategy that is geared towards young graduates, passionate for community work and who possess IT skills, they stand a chance to overcome the difficult aftermath of the COVID-19 crisis.

In the next years, civil society in Central Europe overcomes the financial downfall because it remodels itself for the 21st century. Organisations become more versatile and quicker to try out new recipes instead of resorting to past methods.

New digital leaders choose civil society over the private sector and become a common appearance among larger organisations. Civil society takes greater presence in the digital sphere and on social media, with eye-catching campaigns and offering individuals different ways to donate, advocate issues, engage online and contribute to the civic sphere.

Although the transformation begins to pay off for the sector, with sizeable growth of revenue from crowdfunding activities and digital projects supported by international donors, there is a gap between urban-based organisations and smaller rural-based activities - despite the increase of connectivity.

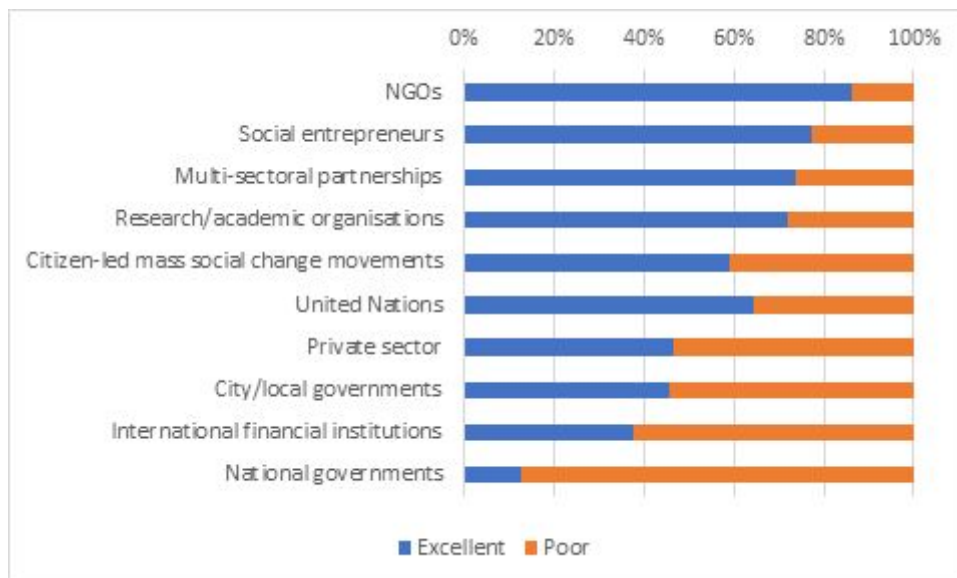
Organisations based in the larger cities continue to attract greater visibility and thereby public support for activities, while those in the countryside are dwindling because of a lack of local, new recruits and a limited capacity to turn around their strategy.

Scenario 4: Corporate Proxies

The opportunity of adapting civil society to the digital era is missed in Central Europe. Legacy institutions are slow to embrace change and continue to guard the sector for new entrants. However, outsiders will increasingly step in to reimagine the sector, bringing commercial and tech-savviness from the private sector. Businesses are keen to build closer linkages with civil society, to improve their corporate social responsibility and promote their sustainable development agenda. Over time, civil society suffers from reputational damage as greater professionalisation also brings utilitarianism and a dilution of value-based activities.

Instead of embracing the Internet and new technologies, civil society plays it safe and muddles through the pandemic crisis with the help of state funds and a scaling down of core activities and staff. Legacy institutions in the sector continue to be managed by an older generation who wishes to stay true to the post-1989 recipe of communication, services and events. Meanwhile, a younger generation of civic-inspired individuals opts for employment elsewhere, either in the public or private sector, where financial rewards and the ability for personal development is more significant.

Graph: Institutional leaders for sustainable development (perception as a per cent)



Source: CSR Europe

Yet, civil society continues to retain a solid reputation in the region when it comes to its role as guardians and to issues such as social responsibility and environmental sustainability. They are perceived as most exemplary in dealing with societal challenges of the next decades, whether it is climate change, growing inequality or the rule of law.

Financial resources are diminishing because income from tax donation and charity are limited in the next few years, while international donors are looking elsewhere for fields with greater promise of development and societal impact.

Stagnation is a significant risk for the overall health of civil society in Central Europe. In response, outsiders are eager to seize an opportunity for greater involvement given the sector's relative infrastructural weakness and limited resources.

On the one hand, state support is increasingly tied to impact assessments and quantification of activities, forcing NGOs to be run like businesses. On the other hand, the private sector spots the benefits of partnering up with the civil society in order to signal its adherence to corporate social responsibility and obtain a reputational dividend.

Depending on the area of activities, this growing proximity between business and civil society organisations is used to greenwash a company's image or raise corporate visibility.

Although the sudden cash flow improves the financial stability and outlook for the civil society sector and introduces a greater degree of professionalisation of daily practices and reporting on their activities, while expanding the range of events and resources devoted to communication and public outreach, there is a flipside to cooperation with the private sector.

With the help of corporate lawyers, partnership agreements are framed to be most favourable to businesses, whereas a high burden is placed on civil society organisations to meet all conditions for financial support.

Business leaders and senior management take over boards of civil society organisations. They impose more streamlined activities and changes in the structure of NGOs, which helps to shape things up. At the same time, these newcomers introduce measures aimed at cost-efficiency and greater benefit, which come at a personal and social cost.

Civil society organisations are slimmed down and reduced to corporate proxies with the primary aim to set up impact-generating activities (to the advantage of the private sector partners) rather than providing more intangible services to the community.

In the end, closer cooperation does not bring greater corporate social responsibility to the private sector but instead diminishes civil society to being instruments of utilitarianism. Tainted by association, civil society organisations are no longer perceived as just and independent actors in the public sphere.

While the sector overcomes the financial impact of the COVID-19 pandemic crisis, it forsakes its ethical leadership and role as society's guardian to hold other actors in the democratic triangle to account.

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