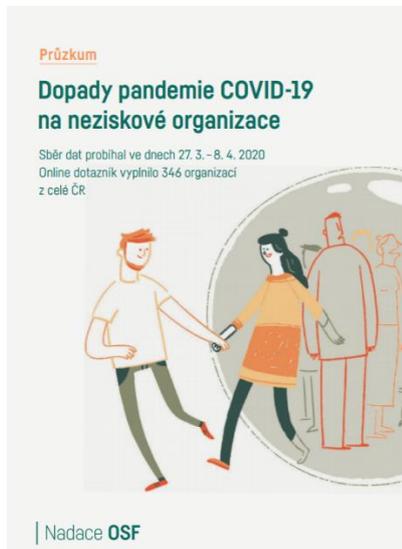


Survey: Impacts of the COVID-19 pandemic on NGOs, The Open Society Fund Prague



The data was collected from **27th March to 8th April 2020**

An on-line questionnaire was completed by **346 organisations from all over the Czech Republic.**

Summary:

According to the survey, the vast majority of NGOs involved in the survey fear running into financial difficulties as a result of the COVID-19 pandemic, and more than half of them say they will need or already need financial support. A great reduction in the services provided by NGOs can also be expected both now and in the future.

This can have a major impact, especially on the most vulnerable groups of the population. As a result, a significant reduction in the social service network, which no one is able to replace at the moment, may lead to an increase in the number of people who find themselves in difficulties. This

can result from the simple fact that, without help or counselling, these individuals will not be able to solve even minor financial problems, which may grow into greater problems such as the seizure of assets.

Many organizations also show strong concerns about the reaction of donors and the state administration to their current or future inability to meet the obligations that stem from grants and subsidies. This opens up a lot of space for private donors, who can flexibly and reasonably deal with the situation while not insisting on the implementation of projects at any cost. It must also be taken into account that a large number of organizations have often redirected their capacities to emergency assistance. For example, foundations and large private donors have already initiated a [commitment](#) to support the non-profit sector and call on others to be as accommodating as possible to their grant recipients in the most forthcoming manner possible.

However, the current situation also presents a great challenge for the public administration. A fundamental requirement of NGOs is to allow changes in projects that are supported by public funds or EU funds distributed by Czech ministries and whose schedules have been affected by the current crisis. This requirement towards the public administration is proving to be crucial.

The questionnaire shows that NGOs are doing their best in the crisis and, moreover, are helping the state tackle many problems for which it does not have the necessary expertise and to which it is unable to respond quickly. Nevertheless, they still do not experience a fair and partnership-like attitude from the state; on the contrary, many politicians are trying to dishonour them. This has most often been emphasized by organizations working with disadvantaged groups, despite the fact that these organizations substitute the role of the state the most. They clearly feel that the state shows no appreciation for them, which, on the contrary, is not surprising, as organizations promoting democratic values and ecology are often perceived as enemies by politicians.

Important findings:

→ **A total of 47% of organizations stated that their income has been radically reduced**, which may result in insolvency and non-payment of wages - the reason is often a decline or complete cessation of income from their own social entrepreneurship or a decline in financial support from companies and individual donors. 60% of organizations have cash-flow problems.

→ **A total of 83% of organizations expect they will be unable to meet their project commitments and obligations.** They are worried about how donors and the public administration will react to this and whether, for example, it might be necessary to return funding due to failure to meet project objectives.

→ **More than 80% of organizations believe they won't be able to continue providing services to their clients in the near future.** In the field of work with children, youth and families, it is as high as 95% of organizations - this probably reflects the great uncertainty and impossibility of planning future activities in detail with regard to the unclear loosening of restrictions in education.

→ **A total of 18% of the surveyed organizations consider it essential that the public administration treats the non-profit sector as a partner and is able to appreciate its work.**

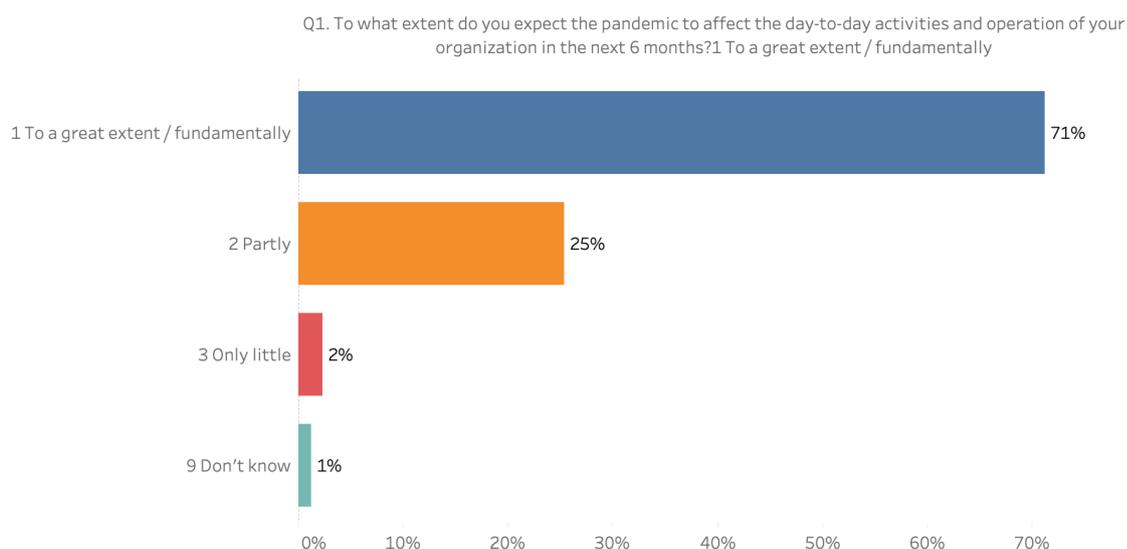
→ **A total of 24% of organizations have significantly reduced their provided services** - most affected are palliative, hospice and health care services (40%) and organizations working in disadvantaged communities (54%), which means that the most vulnerable groups of citizens now have limited access to care and support.

→ **A total of 20% of organizations said they had expanded services and freed up capacity to start helping people affected by the crisis.** In the area of social services in disadvantaged communities, this is up to 45% of organizations - it can be said that they have basically replaced their standard project activities with the provision of humanitarian aid.

1. Impact of the Epidemic on Day-to-Day operation and Activities

- a. **A total of 97% of organizations are concerned about the impact on their day-to-day activities, regardless of their thematic focus or size.** Over 70% of organizations are afraid of a fundamental impact; this, however, applies less to environmental organizations.

1. Impacts of the pandemic on day-to-day operations and activities



2. NGOs' Response to the COVID-19 Pandemic

Summary:

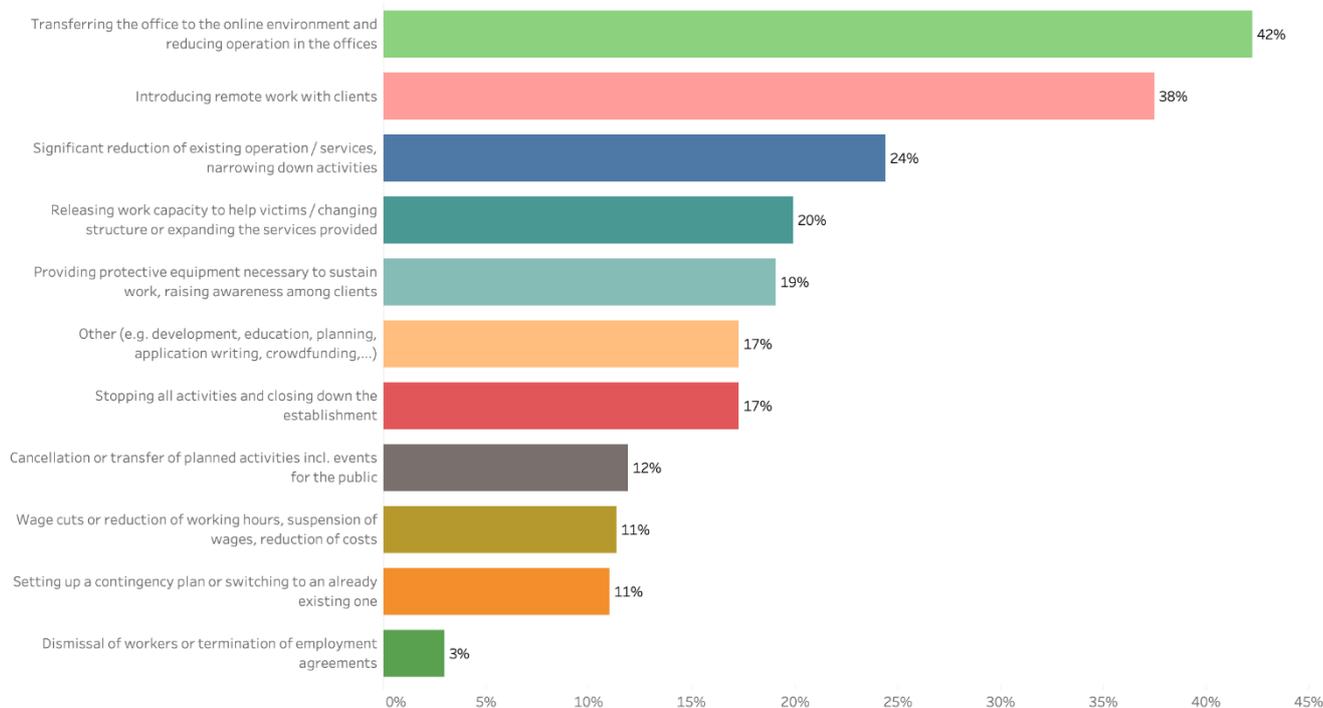
A large part, i.e. a total of 42% of organizations, have voluntarily reduced their physical presence in the office as recommended by the government, and 37% of organizations have introduced remote work with clients. This presents one of the biggest challenges in which organizations would welcome support.

In addition, however, they have become significantly involved in resolving the crisis situation. Not only have many organizations freed up their capacity to enable their employees to engage in voluntary work, they have also expanded their target groups to be able to help those who have run into problems as a result of the crisis. This included services such as financial, legal or psychotherapeutic consultations and counselling. A number of organizations have taken part in producing protective equipment and awareness raising. It can be said that a significant part of the non-profit sector has largely replaced their standard project activities with the provision of humanitarian aid. This is despite the fact that organizations did not have resources set aside for this and their own projects and programmes are at risk.

- a. **A total of 18% of organizations have used the time for their own development, self-education, preparation of strategic planning, etc.**
- b. **A total of 24% of organizations have significantly reduced the services provided.** This mostly affects organizations providing palliative, hospice and health care services and organizations working in disadvantaged communities. As a result, the most vulnerable groups now have limited access to care and support.
- c. **A total of 20% of organizations said they had expanded services and freed up capacity to help people affected by the crisis.** This amounts to 45% of organizations providing outreach services in disadvantaged communities.
- d. **A total of 19% of organizations have been involved in the production and distribution of protective equipment in connection with the dissemination of information on the necessary measures.** This applies significantly more to organizations that are active in services, where the number was more than 40%.
- e. **Only 2% of organizations said they had laid off employees or terminated agreements, although half of the organizations stated they would not be able to pay out wages.**

2. NGOs' Response to the COVID-19 Pandemic

Q8. Please indicate what measures your organization has taken these days and what measures you are planning to implement in the coming days in connection with the COVID-19 pandemic?



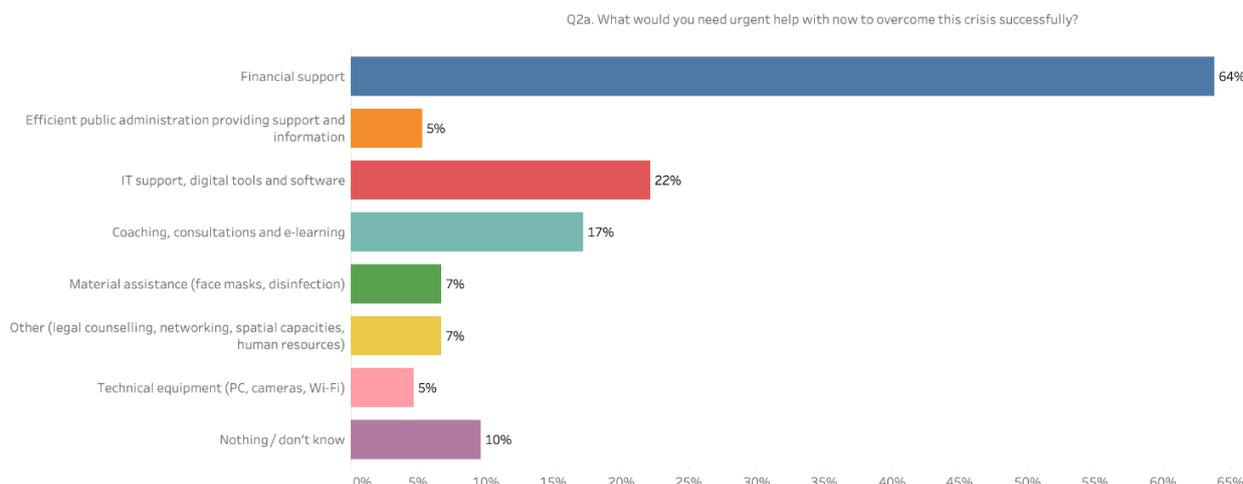
3. Urgent Needs of Help to Overcome the Period of Crisis Successfully

Summary:

To overcome the crisis, organizations will clearly need funding. This concern is shared by most NGOs which participated in the questionnaire survey. The business world in particular could help here, not only through financial support or the provision of the necessary software or applications, but also with its knowledge – e.g. through consultations on how to set up digital tools or the temporary provision of e-learning platforms. Organizations also need help with setting up a remote control system and home-office, which opens up space for HR consultations as well. Large organizations should also think about engagement of and collaboration with smaller NGOs, who may feel isolated - networking will obviously be of great importance here. The technical equipment of organizations is probably not a great problem. Most organizations are not yet able to specify the area of support they might need due to unclear future developments in the non-profit sector. However, across organizations, there is a clear need to help in transferring work with clients and the provision of services to the online environment. The demand for material support such as masks or disinfectant was surprisingly very small among the respondents, which is also due to the fact that 19% of organizations (in social services even over 40%) have been involved in their production and distribution themselves.

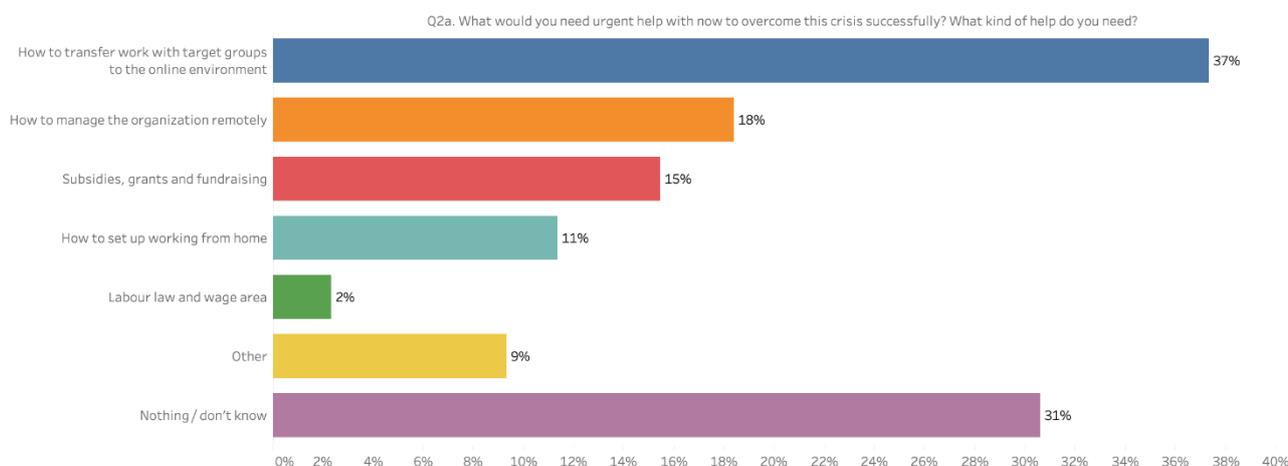
- a. What kind of help do you need? Funding, counselling, e-learning, digital tools or something else?
 - i. **A total of 64% of organizations especially need financial support**, with smaller and medium-sized organizations having a slightly greater need. Large organizations tend to have reserves and are better able to distribute the "shock" connected with the crisis among several projects.
 - ii. **A total of 22% of organizations need IT support, digital tools and software**; the larger the organization, the greater the need (slightly). This may be due to significantly higher demands on various tools when managing large teams.
 - iii. **A total of 18% of organizations need support in the field of consulting and e-learning**; here too, this need increases slightly with the size of the organization. This hardly applies to voluntary organizations.
 - iv. **Smaller organizations, especially those on a voluntary basis, feel a stronger need for sharing, networking, mutual assistance and legal counselling**. This is logical, as large established organizations possess this know-how already and have larger networks of cooperating organizations. They are then able to mobilize this "social capital" during a crisis.
 - v. **Contrary to expectations, even organizations operating in the field and in social services did not have a strong need for support in terms of material security**; this applied only to about 13% of organizations operating in these areas. As these organizations are often large (in terms of budget and number of employees), this need was logically higher for large organizations. Overall, only 6% of organizations expressed the need for material support.

3a. Urgent needs of help to overcome the period of crisis successfully



- b. What do you need help with? Is it working from home, remote organisation management, communication with target groups or something else that is important for you?
 - i. **About 1/3 of the respondents are not yet clear about a specific need, or they don't need anything.** However, this number is almost double among organizations working in the area of environmental protection. We can conclude from this that they do not yet know exactly how the situation will develop and what lies ahead.
 - ii. **A total of 40% of organizations need help with transferring work with target groups to the online environment** and setting it up in a systematic manner. This problem is most acute for organizations working with socio-culturally disadvantaged groups (52% of organizations).
 - iii. **A total of 18% of organizations** would welcome help with managing the organization remotely.

3b. Urgent help necessary to overcome the period of crisis successfully



4. Problems organizations face as a result of the COVID-19 pandemic¹

Summary:

The decline of income leading to insolvency and non-payment of wages was mentioned as a major problem by 47% of organizations. There is already a decline in corporate fundraising (previously arranged activities are either cancelled or postponed indefinitely) and this is connected with reduced or cancelled income from partners in the private sector. There is a decline or complete cessation of income from their own social entrepreneurship, a reduction in the activities of their membership base and thus a cessation of income from members, while the obligations and costs remain.

Unfortunately, it is often almost impossible for non-profit organizations to access resources such as commercial bridging loans. Organizations are also concerned about further developments, as they are unable to meet the commitments and obligations arising from grant or subsidy agreements.

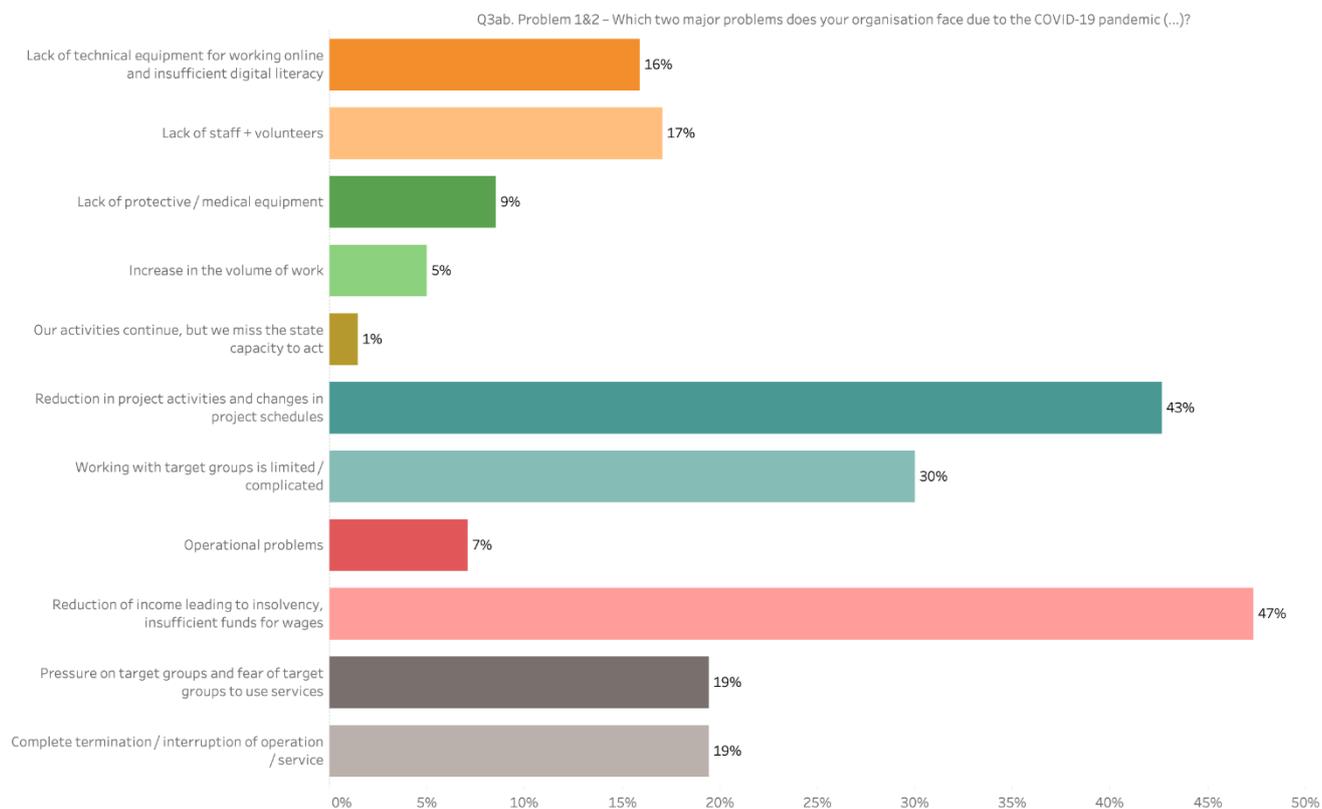
There has been a significant reduction in the work of NGOs, and a total of 43% of respondents said that they had reduced projects and the activities connected with them.

- a. **The decline in income affects all organizations regardless of their area of activity** (however, this is most often stated by environmental organizations) and the size of the budget. In terms of the number of employees, organizations working on a volunteer basis are better off.
- b. **A total of 42% of organizations have been forced to reduce their project activities and make changes in project schedules.** This has the greatest impact on environmental organizations (65%), and the least on organizations operating in socially disadvantaged environments (26%) - there is more than a twofold difference between these two groups.
- c. **For 30% of organizations, work with target groups is limited or complicated;** environmental organizations and organizations dedicated to the development of civil society and the strengthening of democracy are an exception to some extent. This is logical, as their projects usually target society as a whole and often do not have a specific target group.
- d. **One-fifth of organizations are afraid of the increase in pressure on target groups** (lack of money for living costs, aggravation of their problems, increase in social pressure) and the resulting fear of target groups to use their services. This concern is most pronounced in the area of support for socially disadvantaged groups, hospices and palliative care.
- e. **Organizations working with children in the field of education, culture and sports have had to resort to a complete termination or interruption of their services most often** - 1/3 of them have reduced their work to a minimum. From a budget perspective, there are also obvious differences between organizations - organizations with a budget over CZK 15 million have mostly continued working (only 9% have interrupted their work), while 32% of organizations with a budget lower than CZK 1.3 million have stopped their activities completely. 36% of volunteer organizations have interrupted or terminated their activities as well. This may imply that, in

¹ Merged question.

terms of budget or numbers of employees, smaller organizations do not have the resources and capacity to look for other methods.

4. Problems organizations face as a result of the COVID-19 pandemic



5. Challenges for the next six months

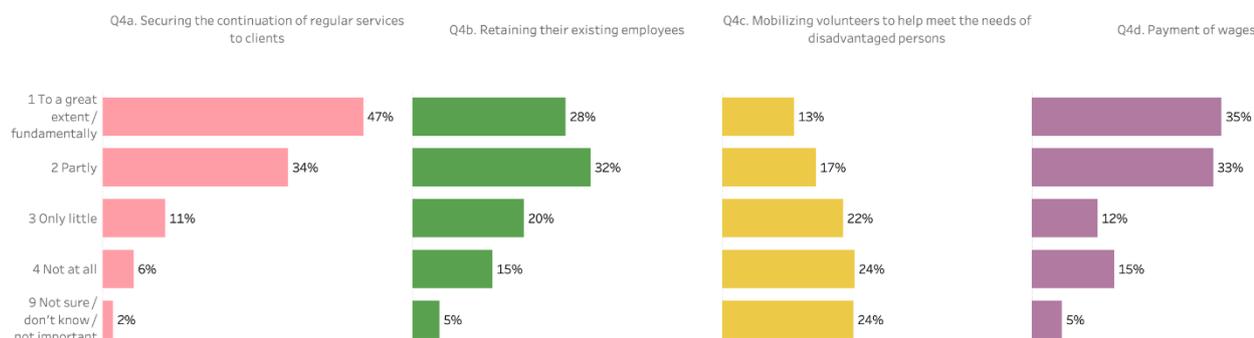
Summary:

All the organizations contacted are afraid that they will not be able to provide regular services to clients. 95% of organizations that work with children, young people and families share this concern. 60% of organizations are concerned about retaining existing employees. 70 % of organizations perceive as a significant problem the payment of wages (logically the problem is not strongly felt by the volunteer organizations). Organizations also fear that they will not be able to pay health and social security benefits for employees. 60% of organizations expects problems with cash flow and the coverage of current operating costs. A total of 83% of all the organizations surveyed stated that they would not be able to comply with existing obligations and commitments arising from their projects and contracts.

On the contrary, non-profit organizations do not perceive as a significant problem mobilization of volunteers, their solidarity was not affected by the crisis. Unlike business, they also do not consider payment of other state taxes to be a major problem (real estate, property tax, VAT, etc.).

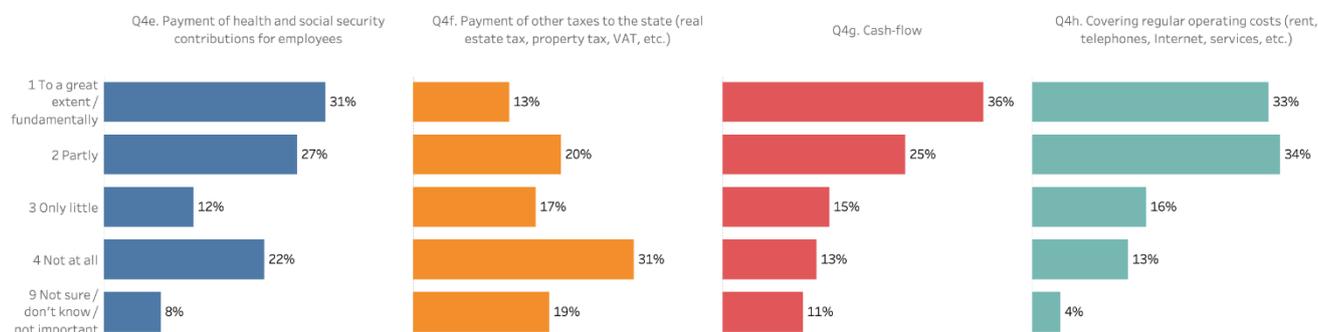
- a. **Securing the continuation of regular services to clients is perceived as a problem by all organizations**, especially those working with children and in education, culture and sports, as well as medium-sized organizations (employees). In the field of work with children, youth and families, up to 95% of organizations are concerned about this. Apparently, this reflects a great uncertainty about future development – schools are to be the last to open, information is constantly changing and the Ministry of Education, Youth and Sports has "closed itself up" and is basically not communicating.
- b. **A total of 60% of organizations fear not being able to retain their existing employees**; this goes mainly for environmental organizations (79%). Naturally, this concern is smaller among volunteer organizations.
- c. **Mobilizing volunteers to help meet the needs of disadvantaged persons - organizations do not see this as a major problem**, as solidarity has remained unaffected by the crisis. Volunteer based organizations show the greatest concern, although not very significantly. This is probably connected to a long-term perspective, in which people may stop volunteering as they will have to solve their own economic problems.
- d. **A significant problem is the payment of wages, which applies to nearly 70% of organizations** (logically, the problem is not strongly felt only by fully volunteer based organizations). In some areas of the non-profit sector, up to 80% of organizations perceive this problem, especially environmental organizations and organizations with a medium number of employees. On the whole, it is obvious that environmental organizations are much more concerned about the medium term than the current situation.

5. Challenges for the next six months I

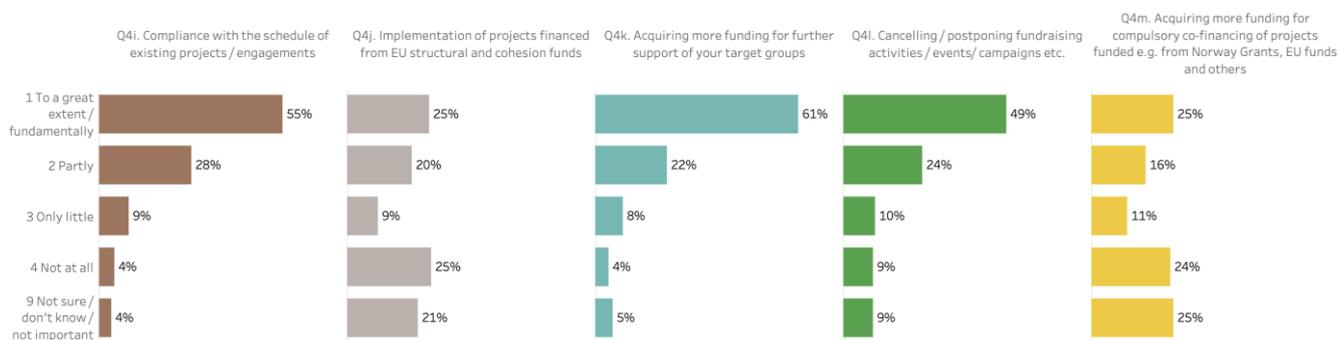


- e. **More than a half of organizations fear that they will not be able to pay health and social security contributions for their employees.**
- f. **Unlike businesses, NGOs do not consider the payment of other taxes to the state (real estate tax, property tax, VAT, etc.) to be a major problem.** However, they are concerned about whether they will receive state support (specifically within the Covid II programme) if they do business as associations or institutes and thus do not legally qualify as small businesses.
- g. **A total of 60% of organizations expect greater or more minor cash flow problems.** As expected, exceptions are volunteer based organizations, where this problem is expected by about 40% of organizations.
- h. **A total of 60% of organizations are concerned about covering their regular operating costs** (rent, telephones, internet, services, etc.), and surprisingly up to 80% of organizations working with children.
- i. A total of 83% of all surveyed organizations stated that they would not be able to meet their existing obligations and commitments. Up to 90% of organizations with a budget of up to CZK 1.3 million are concerned.

5. Challenges for the next six months II



Challenges for the next six months III

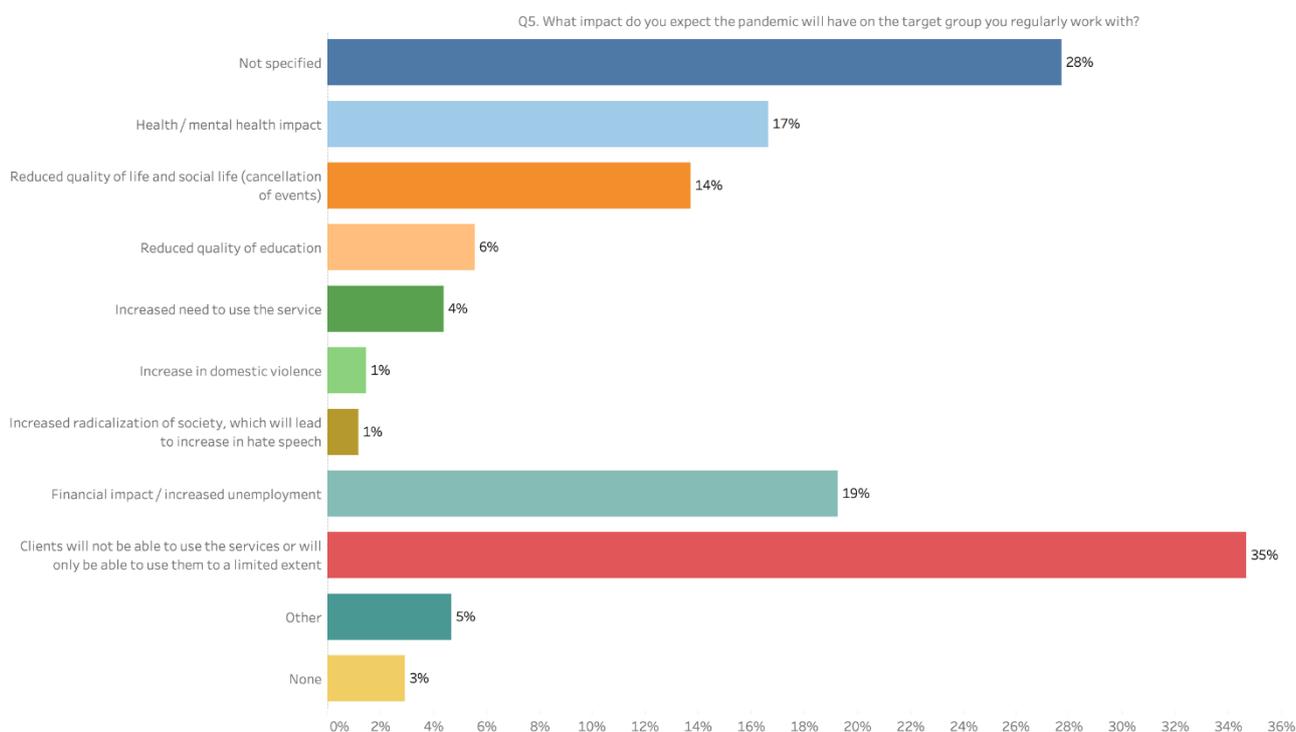


6. Expected effects of the pandemic on target groups

Summary:

Less than 30% of organizations fear that the current situation will have a negative impact on their clients, although they cannot yet specify its consequences. A slightly greater number of organizations are afraid that, for various reasons, clients will not be able to use their services. 19% of organizations are concerned about the economic impact on clients (19% of organizations, in Prague up to 28%); organizations are also concerned about the negative impact on the mental and physical health of clients.

6. Expected effects of the pandemic on target groups



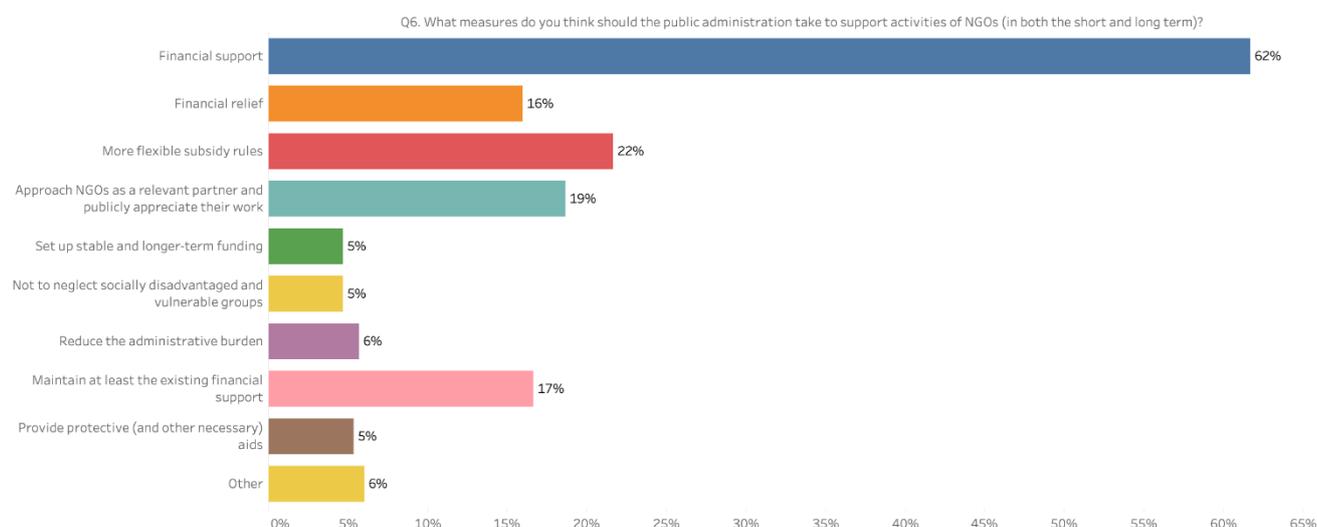
7. Measures that the public administration should take according to non-governmental organizations to support their activities

Summary:

A total of 62% of organizations said they would need financial support from the public administration to deal with the consequences of the crisis. 22% of organizations believe that the public administration should set up more flexible subsidy rules (e.g. long-term contracts) and communicate measures they plan to apply to changes of project activities that have been cancelled or reduced in connection with COVID-19. Furthermore, it is necessary to take into account the complications in drawing subsidies according to the original schedules and possibly postpone the end of project activities. The organizations also said that the state should ensure the same conditions for NGOs as for commercial entities. Moreover, NGOs would appreciate it if the state perceived them as partners and made use of their knowledge.

- a. **A total of 18% of organizations would welcome the government’s approach to them as a relevant partner and publicly appreciate their work.** This was most often emphasized by organizations working with disadvantaged groups, which are among the entities that take over the role of the state.
- b. **The state should also provide financial relief** (e.g. suspension of employee health and social security contributions, refund of VAT to non-VAT payers, suspension of the Electronic Records of Sales, reduction in taxation of social enterprises) and maintain financial support at least at the current level.
- c. **Surprisingly, only a very low percentage of organizations (less than 5%) stated that the state should set up stable and longer-term funding.** This is with the exception of organizations working with socio-culturally disadvantaged groups, where almost 15% of organizations stated this expectation.

7. Measures that the public administration should take according to non-governmental organizations to support their activities



8. How can the business sector, individual donors and others mitigate the negative impact of the pandemic on non-governmental organisations

Summary:

Similarly to the state, companies and private donors can support the non-profit sector by increasing their financial support (response of 77% of organizations surveyed) or via material assistance, greater flexibility in grant rules and, last but not least, job creation (e.g. by purchasing social enterprise services and products). There were no obvious differences among organizations on this issue in regard to their size or their focus.

- a. **A total of 77% of organizations** believe that the business sector, individual donors and / or institutional donors can help by increasing their financial support.
- b. **According to 17% of organizations**, the provision of material assistance and volunteering, including pro bono consultations, is important.
- c. **A total of 16% of organizations** would welcome more flexibility in the provision of aid – e.g. announcing quick grants, reducing co-financing by the NGOs, etc.

8. How can the business sector, individual donors and others mitigate the negative impact of the pandemic on non-governmental organisations

