Effects of external financial support on capacities in educational non-profit organisations

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Official Development Assistance (ODA)

Some issues of ODA:

- **ODA induces transfer of money in national budgets** (Collier & Hoeffler, 2007).
- **Dependency of target organizations on ODA** (Heyneman & Lee, 2016) and their low capacities.
- **Implementation of non-indigenous knowledge** (Breidlid, 2009).

Market and government failure theories:

- **Important role of private philanthropy and NPOs as stakeholders.**
Research Questions

- Do the problems of ODA apply also in richer countries?
- How does the international assistance influence local NPOs?
- Do the NPOs have sufficient capacities to achieve their missions?
The NPOs’ capacities in the Czech Republic

- The Czech Republic belongs among the richer countries: It stands at the place 40 of 189 countries (Gregson, 2017)
- Vast inflow of external funding from the EU
- Financial capacities as the crucial condition for the NPOs’ activities.
- NPOs’ got about 3.4% of the EU funds allocation (0.56 of 16.7 billion EUR)
- Success rate of NPOs of 31.7% means “wasted effort” on more than 6,000 applications (HOPE-E.S., 2012; MRD, 2014).
Data

- JUSTICE.CZ records about Public Beneficial Corporations (PBCs) financial statements (financial variables, age)
- Database Albertina (region, specialization – CZ-COPNI including education)
- CEDR III, Monit7+ (subsidies and EU funds support)
## Capacities in educational NPOs

### Sample of educational PBCs

<table>
<thead>
<tr>
<th>Region</th>
<th>Support</th>
<th>N</th>
<th>%</th>
<th>Density*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prague</td>
<td>No</td>
<td>218</td>
<td>34.4%</td>
<td>17.3</td>
</tr>
<tr>
<td>Bohemia</td>
<td>Yes</td>
<td>221</td>
<td>34.9%</td>
<td>4.3</td>
</tr>
<tr>
<td>Moravia</td>
<td>Total</td>
<td>194</td>
<td>30.6%</td>
<td>4.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>512</td>
<td>80.9%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>121</td>
<td>19.1%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>633</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

* *per 100,000 inhabitants*
Propensity score matching

- Region (three main regions);
- Year when a PBO was established (year);
- Support in the period 2004-06 (1/0);
- Assets in 2007 (in CZK);
- Revenues in 2007 (in CZK).
### Estimation of the impact

<table>
<thead>
<tr>
<th></th>
<th>Mean Difference</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real revenues (2007)</td>
<td>5,191.5</td>
<td>0.419</td>
<td>57 supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>40 comparison group</td>
</tr>
<tr>
<td>Real revenues (2013)</td>
<td>16,938.9</td>
<td>0.01</td>
<td>55 supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>41 comparison group</td>
</tr>
<tr>
<td>Real assets (2007)</td>
<td>7,772.7</td>
<td>0.276</td>
<td>52 supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>39 comparison group</td>
</tr>
<tr>
<td>Real assets (2013)</td>
<td>3,805.1</td>
<td>0.697</td>
<td>54 supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>39 comparison group</td>
</tr>
</tbody>
</table>
Financial development of PBCs

Source: Own elaboration based on the data from justice.cz; All values are in thousands CZK

Capacities in educational NPOs
Results

- Lower revenues in comparison group: skills of managers; project class oriented to EU funding.
- Dependence of the supported PBCs on EU funding: Changes in funding available are projected in revenues of these PBCs.
- Stable assets in PBCs. They are neither increasing nor decreasing.
Conclusions

• The problems and principles of ODA in low-income countries are very similar with these in a developed country.
• No significant effect on long-term financial capacities, but on short-term viability.
• Building long-term capacities would enable increase efficiency of the ODA and private philanthropy.
Thank you for your attention!

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