



# **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).**



- **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)**

# Sample of educational PBCs

	Region			Support		Total
	Prague	Bohemia	Moravia	No	Yes	
N	218	221	194	512	121	633
%	34.4%	34.9%	30.6%	80.9%	19.1%	100%
Density*	17.3	4.3	4.7			

*\* per 100,000 inhabitants*



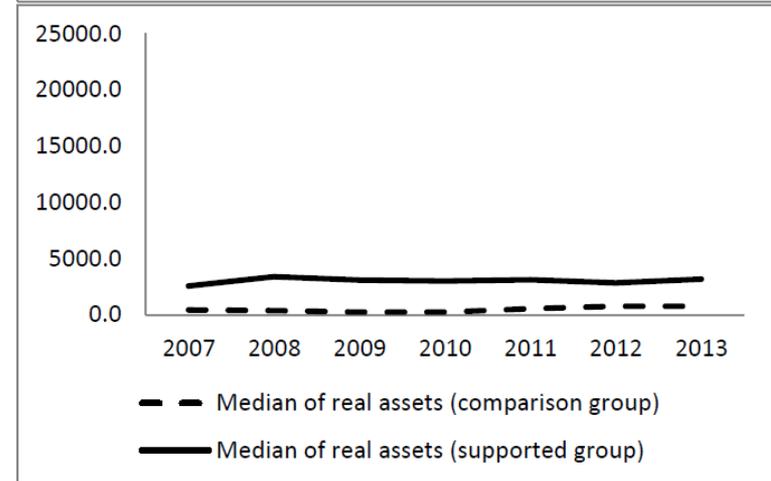
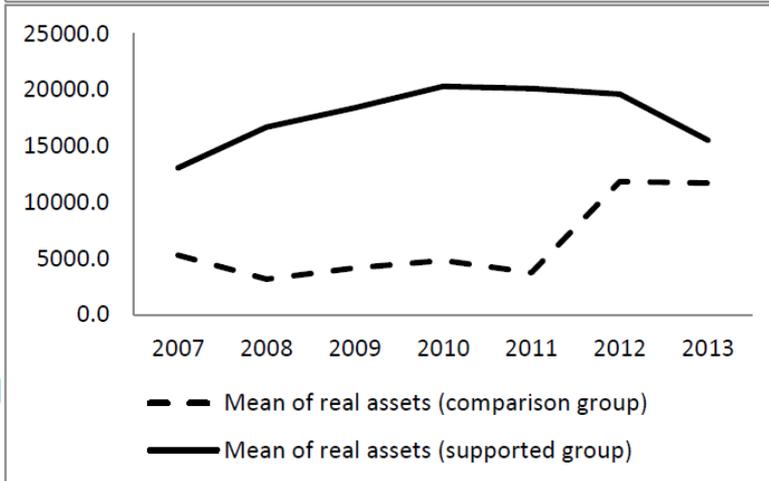
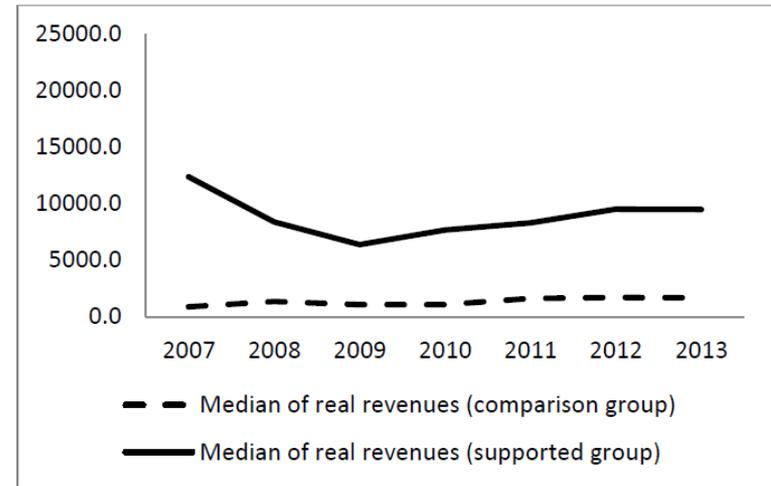
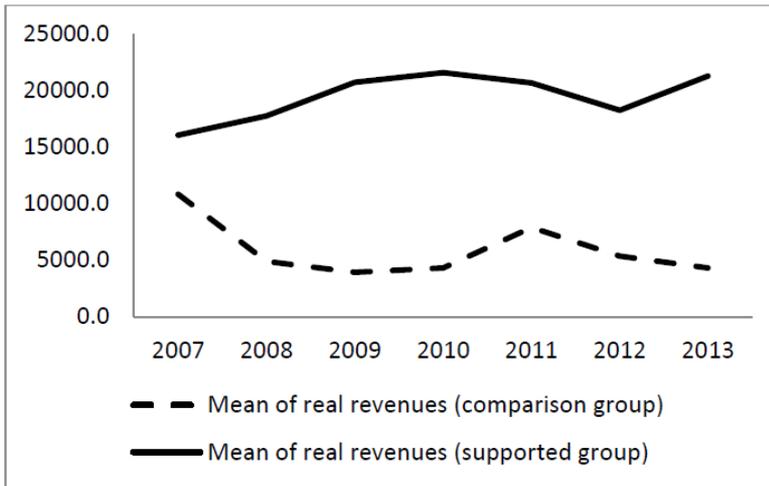
# Propensity score matching

- **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

	Mean Difference	Sig. (2-tailed)	N
Real revenues (2007)	5,191.5	0.419	57 supported 40 comparison group
Real revenues (2013)	16,938.9	0.01	55 supported 41 comparison group
Real assets (2007)	7,772.7	0.276	52 supported 39 comparison group
Real assets (2013)	3,805.1	0.697	54 supported 39 comparison group

# Financial development of PBCs



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



# Results

- **Lower revenues in comparison group: skills of managers; project class oriented to EU funding.**
- **Dependence on actual economic situation in the country: Economic downturn in 2008, 2009, and 2013 caused decreased revenues in PBCs.**
- **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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