

# Public Benefit Annex of the European Center for Not-for-Profit Law - FY 2019

## 1. Data of the organisation

name:	ECNL Európai Nonprofit Jogi Központ Szolgáltató Nonprofit Korlátolt Felelősségű Társaság
seat:	1052 Budapest, Apáczai Csere János u. 17. I. em.
registration nr:	01-09-921425
name of representative:	Varga Judit, company director Hadzi-Miceva Evans Katerina, executive director

## 2. Description of the exact public benefit activities in 2019

The European Center for Not-for-Profit Law (ECNL) supports the creation of an environment that promotes fundamental freedoms and is supportive for the work of civil society in Europe and developing countries. ECNL provides expertise in the development of policies and laws that guarantee the enjoyment of fundamental individual and collective rights, specifically the freedom of association, assembly, and participation in public affairs. ECNL supports the elaboration and implementation of international development cooperation policies in Hungary and Europe, with special regard to the enabling environment for civil society organisations (CSOs). ECNL is engaged in countries of the Western Balkans, East-Europe, Asia, Middle-East and Africa which are target regions of the Hungarian International Development Cooperation [Strategy](#). ECNL's activities contribute to the development and consolidation of democratic systems through emphasizing good governance and respect of human rights and fundamental freedoms.

Key results in 2019 included:

### **Strengthening global standards for freedom of assembly**

Freedom of peaceful assembly is the backbone of an active civil society, enabling its members to effectively participate in public life and voice their opinions around issues. However, the enjoyment of this fundamental right faces several challenges: governments are introducing rules that limit the possibility to enjoy the right and are also trying to control online communication tools to hinder the organisation of physical or digitally mediated demonstrations. To counter this trend, ECNL supported the ongoing development of the General Comment on the right to peaceful assembly for the United Nations (UN) Human Rights Committee. As an authoritative legal interpretation, the General Comment provides guidance for the right's practical implementation to protect this fundamental right both on the national and local level: it will clarify States' obligations to facilitate assemblies and limit potential for arbitrary interferences. It is also an invaluable tool for future litigation.

ECNL supported the drafting process with a number of initiatives. We set up an informal coalition of over 20 CSOs to coordinate responses to the requests of the Committee to ensure that that our interventions and arguments are mutually helpful and complementary. ECNL conducted research and produced an online Library of UN and regional materials on freedom of assembly to provide the Committee members with a useful resource.

We also facilitated consultations between Committee members and CSOs so partners from Europe, Eastern Partnership and Middle East countries can directly share experiences and expertise; and hosted a meeting for the Committee on digital mediated assemblies with a view for standards to protect the use of new technologies as a tool to organise and hold assemblies. One Committee member noted: "[a]

*wonderful workshop with so many excellent experts. I think we all learned quite a bit — certainly I did, and it will serve us well on the Committee to have these reflections in mind when reviewing the text.”*

### **Supporting community engagement and local philanthropy**

As the philanthropic sector and the use of digital technologies have grown, so have opportunities for CSOs to adopt new fundraising practices from their communities. Questions about how to appropriately regulate these new practices are also increasingly pertinent. ECNL launched an initiative to enhance understanding of the respective roles that regulation and self-regulation play in fundraising.

With a core group of experts, in 2019 ECNL developed global principles affecting fundraising. Our research, underpinning these principles, identifies the common interests and intersections of the philanthropic sector, government, and other stakeholders in maintaining strong, well-resourced CSOs while also building public trust. We intend the Fundraising Principles to assist decision-makers from all sectors and at all levels to make informed decisions regarding the appropriate use of regulatory methods in their contexts, which in turn will enable CSOs to access philanthropic resources so they can successfully fulfil their missions. The Fundraising Principles are to be released in 2020.

### **Strengthening a community of CSOs and coalitions to counter negative effects of counter-terrorism and anti-money laundering measures**

ECNL has over years of direct experience working on countering negative effects of counter-terrorism, counter-terrorism financing and anti-money laundering (CT, CFT, AML) policies on civic freedoms and improving access to financial services (de-risking). Our approach is two-prong: (1) changing global and regional standards and narratives; and (2) building knowledge and resilience of national civil society actors to engage in and to advocate for enabling national laws and policies. In this process we also engage with government and banks to provide expertise and facilitate dialogue. In addition, we engage with the UN Human Rights Council, the UN General Assembly and other UN counter terrorism bodies around the implementation of the Global Counter Terrorism Strategy, and UN resolutions and their impact on civic space.

In 2016, ECNL, with a coalition of CSOs achieved a transformative change: the narrative, previously enshrined in the global standard of the Financial Action Task Force (FATF) that all CSOs are particularly vulnerable to terrorist abuse, was changed. Now the new standard requires countries to identify if and which CSOs are at risk and to adopt proportionate measures, which is a progressive step towards support development and counter-terrorism efforts. To aid implementation, ECNL and its partners convened a global Expert Hub of 36 activists from 26 countries on AML/CFT, committed to lead initiatives in their own countries in this field. ECNL trains them on how to apply the new standard, protect their operations and how to engage with banks to avoid closure or suspension of CSO bank accounts. Hub members now build their own coalitions, document the effects of AML/CFT measures in their own countries, develop strategies and reform laws. With our support, Hub members in **Kyrgyzstan, Tunisia** developed joint government-CSOs risk assessments, a best practice which is attracting global interest. In Tunisia, this process transformed the relationship between the CSOs and the government, with the latter convening a working group to consider relevant legal issues.

### **Empowering CSOs and coalitions to protect their spaces to assemble**

The rights to assemble, demonstrate and gather together in public space, are central elements of a democratic society and a crucial means of citizens (and others) to collectively express their views, contribute to social, cultural and political discourse, and hold the authorities to account. In a new era of mass protests, people are routinely confronted by obstacles to their fundamental right of peaceful assembly such as violent policing, surveillance, criminalization of protesters or technological controls.

ECNL helps activists protect their rights by working with a network of partners from 12 countries (**Albania, Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Montenegro, Kosovo, Serbia and Ukraine**) to research the levels of protection for the right to freedom of assembly, monitor protests and advocate for reform.

In 2019 we worked further with our informal group to further increase their capacity to observe assemblies so that they can gather more primary data which can be used for evidence-based local advocacy. With the OSCE Office for Democratic Institutions and Human Rights (ODIHR), we delivered a training to give our partners the skills to connect with other activists in their countries and start building up their own network of monitors to track infringements in a more systematic and sustainable way. ECNL also released a user-friendly [briefer on the basic principles of monitoring](#): this is a quick rundown of key issues human rights groups or individuals have to consider before, during and after monitoring public assemblies. As one of the immediate follow up steps, ECNL supported an ad-hoc international monitoring mission, which allowed our partner in **Belarus** to monitor the Sarajevo Pride. With Bosnia and Herzegovina being the last country in the Balkan region to host such a parade, the Pride was a high-profile event of symbolic importance for the local LGBT community – in Belarus authorities routinely ban such marches.

#### **Co-creating tools and platforms for civic action**

Over 3 years, ECNL and 7 local partners from **Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine**, in consultation with over 800 CSOs produced the [CSO Meter](#) – the first locally owned monitoring tool on enabling environment and fundamental freedoms in the region. The Meter provides a methodology to monitor and analyse how laws and practices enable or restrict CSO operation, funding and advocacy in the countries. Based on this, our partners produce country reports that highlight good practices, civic space restrictions and provide recommendations for change. The pilot monitoring in 2019 focused on identifying solutions: in the reports local partners formulated a total of 273 recommendations under the 10 enabling environment areas that provide a baseline for future advocacy on how the environment could and should be improved in the EaP countries. As an immediate impact, our partner in Armenia could rely on the CSO Meter findings to successfully argue for better reporting requirements (see below for details).

#### **Undertaking research and developing guidance for legal reform and operations**

Through research and analysis, ECNL seeks to share comparative information, but also to identify new trends that affect civil society sustainability and engagement. Our materials, often translated into local languages, help our partners compare CSO law and practice across countries, and support their efforts to propose legal improvements in their own contexts.

The demand for the [Handbook on Registering a Civil Society Organisation](#) was an inspiration for ECNL to scale up this initiative. This resource provides easy-to-use information on laws regarding incorporation and operation of CSOs, and with Volume Two published in 2019, it now provides guidance on legal frameworks in 17 countries in **Europe and Middle East and North Africa and Latin America**. We deepened partnership with pro bono lawyers to create access to legal expertise. We are currently working with lawyers to further expand the list of countries, but also to make available template documents for CSOs to use when registering.

#### **Contributing towards Artificial Intelligence (AI) standards that consider civic freedoms**

ECNL continues to map how digital technologies and AI have the potential to improve lives but also restrict civic freedoms. To address emerging needs around use of tech and AI and its impact on civic space, ECNL engaged in initiatives that help set standards, generate knowledge and understanding

about the issues and launch discussion about actions to take to make the use of AI but also prevent potential negative impact on civic freedoms.

At the 2019 [Mozilla Festival](#), ECNL launched a discussion about the impact of algorithms on our freedom to assemble and protest with a group of lawyers, activists, technologists and academics. We agreed that for potential solutions legal and human rights professionals must develop broader networks to merge knowledge, experience, ideas and peer connections by a diverse group. ECNL continues to explore this field so that we can protect and advance civic freedoms and by combining law and tech.

In parallel, as regional and global institutions debate how to ensure an ethical and legal framework for the design, development and use of algorithm-based systems, we continue our efforts to integrate the **protection of civic freedoms in AI related regulations**. In Europe, the **Council of Europe (CoE)**, in particular, has taken several steps towards providing Europe-wide standards for the responsible development and use of AI. ECNL became actively involved in the process early on and two CoE documents: [Recommendation on the human rights impact of ADMs](#) and the [Commissioner for Human Rights' Recommendation on AI](#) include our recommendation that any development of technology should have systems to assess potential threats to civic freedoms. ECNL also became one of the two CSO representatives in the CoE [inter-governmental committee](#) working to identify legal frameworks for responsible development and use of AI.

On the EU-level, as members of the [European Artificial Intelligence Alliance](#), ECNL provided input in the development of the EU [Ethics Guidelines](#), which reflects many of our recommendation. The Guidelines explicitly recognize that a trustworthy AI must be grounded in fundamental rights and that the protection of freedoms of association and assembly contribute to forming a basis for such trustworthy AI.

#### **Furthering European Union policies to help shape an enabling environment for civil society in developing countries**

ECNL continued engaging with the European Commission, EU member states and members of the European Parliament Committees on Development (DEVE) and on Civil Liberties, Justice and Home Affairs (LIBE) on the need to follow up with the implementation of the European Parliament 2017 Resolution addressing enabling environment in developing countries, as part of **the development agenda and cooperation policy of the EU**. In January, ECNL and its European partners had a meeting with European Commission DG DEVCO representatives to discuss and propose ways to effectively implement the recommendations of the EP resolution; it also met with Dutch members of parliament and government officials to provide analysis and help them formulate their on development agenda on enabling environment as well as actions with the EU development policies. Two specific recommendations included in the resolution are especially important for an enabling civic space: drafting EU guidance on freedom of assembly and association and developing "early warning" mechanisms to monitor their effective implementation. ECNL also liased with small colaition of Europe based CSOs to put forward the request for these issues to be addressed in the EU policies and actions. Ultimately, in March 2020, the EU adopted the action plan on human rights and democracy, which specifies the need to develop tools to detect and respond to early signs of closing civic space and space for civil society, including the use of digital technologies and counter-terrorism measures, building on best practice and support efforts to counter it, as well as tools to monitor opportunities of opening civic space.

### Supporting national level actions

ECNL also continued its long-running support through legal assessments and comments on draft legislation and policy level documents concerning freedom of association: in **Armenia, Kosovo and Ukraine**.

Financial sustainability is a key challenge for the non-profit sector in **Moldova**, where more than 80% of funding comes from foreign sources. ECNL worked with partners to support their advocacy for an improved environment for philanthropy so that CSOs can raise more funds locally in line with the Moldova Civil Society Development Strategy 2018-2020 whose development ECNL had supported. In 2019 we supported the creation of a new CSO platform that seeks to be a common voice of organizations in the field of philanthropy. The platform has brought together the most active organizations to promote the need for law reform, but also improve self-regulation standards for organizations that engage in public fundraising. Launching the platform ensures that there is a group of local stakeholders that can push for future reforms ensuring that CSOs have a strong voice in any future discussion on philanthropy in the country.

In October 2018 the Government of **Armenia** published for consultation amendments to the Law on Public Organizations. The amendments aimed to increase annual reporting obligation for all CSOs and require data that would violate privacy of individual donors, founders and staff. ECNL supported the partners in their advocacy efforts. Together we developed arguments to help decision makers put forward progressive solutions, prepared comments from comparative perspective noting how international standards in the area of reporting and transparency regulate the field and developed a comparative overview showing what the practices in other countries on CSO reporting are. As a result of these efforts, in August 2019 a new version of the proposed amendments to the law was published without the restrictive provisions. In March 2020, despite being in a state of emergency, the Parliament adopted the proposed amendments which now require all CSOs to provide annual report but it is not burdensome or threatening the privacy of donors.

### 3. Introduction of the public benefit activity (per activities)

#### Description of the public benefit activity

Protection of the fundamental individual and collective rights, with special regard to freedom of association and assembly, the support of the improvement of civil society and public participation in local and national level and in the level of international development cooperation.

#### Public tasks and legal provisions connected to the public benefit activity:

1. **International development cooperation** (international development cooperation activity, the development of legal regulations pertinent to international development cooperation, the development and implementation of the international development cooperation policy, the coordination and direction of international development cooperation activities): **subsection (1) and (2) of Section 8 of the Act No 90 of 2014 on international development cooperation and international humanitarian assistance; and subsection (1) e) and (2) la) and lb) of Section 141 of the Government Decree No 94 of 2018 (V.22.) on the tasks and competence of the members of the Government.**
2. **Promoting the enforcement and protection of fundamental rights, with special attention to the rights of children, interests of the future generations, rights of nationalities, rights of the members of mostly endangered groups of society** (Review and analysis of the status of the fundamental rights; opinioning draft legal regulations and proposal to develop or amend legal regulations; promoting the enforcement and protection of fundamental rights; awareness raising activity to shape the social attitude and cooperation with organisations and institutions that aim to

further the protection of fundamental rights): **points a,b,c,d, of subsection 2 of Section 1, Section 2 of the Act No 111 of 2011 on the commissioner for fundamental rights**

3. **Supporting the communities self-organized by the citizens, cooperation with these communities and supporting the wide social participation in the local public affairs: point a of Section 6 of the Act No 189 of 2011 on the local governments of Hungary**

**Target group of the public benefit activity:**

CSOs,

governments, parliaments, state authorities (fiscal and tax authorities), public institutions, local governments,

financial institutions (banks),

Intergovernmental bodies: UN bodies (Office of the High Commissioner for Human Rights, Human Rights Council, Human Rights Committee, Special Procedures), FATF, Council of Europe, OSCE ODIHR; EU institutions, Community of Democracies, G20

donor community, citizens, academics, international experts, activists

**Number of beneficiaries of the public benefit activity:**

In 2019 ECNL worked in 28 countries and in 5 different regions, as set out in the Hungarian International Development Cooperation Strategy, towards a more enabling legal environment to strengthen civil society.

ECNL organized 17 conferences convening 600 people to discuss specific legal issues affecting civil society organisations.

More than 4,700 people have accessed its resources, and close to 200 people utilized the knowledge gained at 7 capacity building trainings we held.

Through delivering presentations at 22 international, regional or national events reaching over 3,000 people, ECNL contributed to raising awareness among a wider range of beneficiaries about safe and enabling operating and legal environment for civil society, the importance of public participation and international development cooperation.

ECNL's work on a more enabling legal environment indirectly benefited thousands in the establishment, and operation of associations and foundations in an effective and financially sustainable manner.

ECNL representation in social media through its Twitter account increased to 1,700 followers from 1,300 last year, has an average of 32,000 impressions a month, with a continuous Twitter presence of 2-3 tweets a day. 31,000 visitors searched for information on its webpage last year.

**Main results of the public benefit activity:**

ECNL contributed to widening the knowledge base and comparative know-how of fundamental rights with 13 regional researches and comparative papers, 3 guidelines and handbooks sharing international good practices and standards with CSOs and decision-makers and 8 other publications. ECNL supported the operational environment of CSOs by developing 5 expert opinions and policy papers, and by submitting its comments and opinions to 4 draft laws and 7 policy-level documents.

**Statement of non-reimbursable funding to perform public benefit activity (in thousand HUF)**

Name of donors	Supported objectives	Amount of support		
		Previous year	Current year	Following year
Funding received from founder	Protection of fundamental rights, supporting civil society development and public participation on the local and national level, and in international development cooperation.	52 065	123 081	85 354
Amount awarded by tenders	Protection of fundamental rights, supporting civil society development and public participation on the local and national level, and in international development cooperation	179 299	95 141	145 753

**Statement of funding awarded by tenders (in thousand HUF)**

	Name of donors	Supported objective	Funding accounted for		Funding transferred in the current year	
			Previous year	Current year	Previous year	Current year
	<b>Total</b>		<b>155 906</b>	<b>92 648</b>	<b>165 805</b>	<b>94 335</b>
1.	Funding received from central governmental budget		0	0	-	-
2.	Funding received from local governmental budget		0	0	-	-
3.	International funding received		155 906	92 648	165 805	94 335
3.1	Project partners	Reimbursement of travel costs	-	-	-	-
3.2	OSF	Promoting and ensuring safeguards for freedom of association and assembly with regards to the implementation of counter-terrorism measures	-	150	-	-
	<b>Támogató megnevezése</b>	<b>Támogatott cél</b>	<b>Elszámolt támogatások</b>		<b>Tárgy évben folyósított támogatások</b>	
			<b>Előző évi</b>	<b>Tárgy évi</b>	<b>Előző évi</b>	<b>Tárgy évi</b>

3.1 2	EU MATRIX		54 245	61 565	74 601	90 206
3.1 3	OSF/HSC Derisking		1 951	-	915	-
3.1 4	Council of Europe		-	207	-	207
3.1 5	Sigrid Rausing Trust		21 782	5 434	39 388	-
3.1 6	FFF Hungary		4 536	-	3 733	-
3.1 7	OAK		19 842	-	-	-
3.1 8	General support		-	-	-	-
3.1 9	OSF 0021		20 228	21 370	156 836	-
3.2 0	FF Hungary 9049		921	-	921	-
				-		
	<b>4. Funding received from other entities</b>		-	-	-	-

### **Obligation to provide data**

The Government Decree No. 350 of 2011 (XII.30) on Certain Issues of CSO Financial Management, Fundraising, and Public Benefit Status requires public benefit organisations to provide data. We wish to comply with this obligation on the basis of Annex 1.

**31 March 2019**

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Head of organisation (Representative)

## Annex 1

1. Data of the organisation		
Name:	ECNL Európai Nonprofit Jogi Központ Szolgáltató Nonprofit Kft.	
Seat:	1052 Budapest, Apáczai Csere János utca 17. 1.em.1.	
Nr of registration decree:		
Registration number:	01-09-921425	
Name of representative:	Varga Judit	
2. Description of the exact public benefit activities in current year		
Described in narrative section		
3. Introduction of the public benefit activity (per activities):		
Description of the public benefit activity:	Described in narrative section	
Public tasks and legal provisions connected to the public benefit activity:	Described in narrative section	
Target group of the public benefit activity:	Described in narrative section	
Number of beneficiaries of the public benefit activity:	Described in narrative section	
Main results of the public benefit activity: Described in narrative section		
5. Statement of designated funding		
Description of designated funding	Previous year*	Current year*
Designated funding provided by the organisation	5 582	21 418
6. Remuneration of executive officers thousand HUF		
Position	Previous year (1)* thousand HUF	Current year (2)* thousand HUF
Allowances for executive officers	27 157	9 362
Allowances for members of the Supervisory Board	0	0
A.Total of remuneration of executive officers:	25 157	9 362
7. Indicators detemining public benefit status		
<i>Basic data</i>	<i>Previous year (1)* thousand HUF</i>	<i>Current year (2)* thousand HUF</i>
B. Annual revenue	251 771	222 909
of which:		
C. Amount received based on Act CXXVI/1996 on the Use of Specified Amount of Personal Income Tax in Accordance with the Taxpayer's Instruction	0	0
D. Revenue from public service	0	0
E. Normative support	0	0
F. Support from the European Union Structural Funds and the Cohesion Fund	0	0
G. Adjusted revenue [B-(C+D+E+F)]	251 771	222 909
H. Total expenditures	248 341	221 468

I. Personnel expenditures	89 019	38 428
J. Public benefit expenditures	248 341	221 468
K. After tax financial result	3 430	1 441
L. Number of volunteers (per person according to Act LXXXVIII/2005 on Public Interest Volunteer Activities)	0	0
Indicators of adequate resources	Indicator met	
Ectv. 32. § (4) a) $[(B1+B2)/2 > 1.000.000, - Ft]$	yes	
Ectv. 32. § (4) b) $[K1+K2 \geq 0]$	yes	
Ectv. 32. § (4) c) $[(I1+I2-A1-A2)/(H1+H2) \geq 0,25]$	no	
Indicators of adequate public support	Indicator met	
Ectv. 32. § (5) a) $[(C1+C2)/(G1+G2) \geq 0,02]$	no	
Ectv. 32. § (5) b) $[(J1+J2)/(H1+H2) \geq 0,5]$	yes	
Ectv. 32. § (5) c) $[(L1+L2)/2 \geq 10 f\ddot{o}]$	no	

Supplement:

*Indicators of adequate resources*

At least one of the conditions has to be met

*Indicators of adequate public support:*

At least one of the conditions has to be met.