

# Public Benefit Annex of the European Center for Not-for-Profit Law - FY 2018

## 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 2018

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 2018 included:

### ▪ **Supporting better national laws and policies for CSOs**

In 2018, ECNL continued to focus on supporting the improvement of the legal environment for CSOs through engaging with partners from civil society, government and parliament.

In **Kosovo** ECNL supported the government and CSOs in the ongoing drafting process which resulted in a new, progressive NGO law through providing expert comments, sharing international examples and facilitating dialogue between CSOs and state authorities. Through this we increased local partners' capacity to engage in the reform. As one of them [wrote](#) "*All inputs were built in partnership with the ECNL, one of the key expertise institutions in this field in Europe and beyond.*" As a result, an enabling law was adopted in 2019 shortening the registration period for CSOs and extending the list of public benefit activities.

In **Moldova** ECNL worked with CSOs and government so that the draft law regulating the legal framework for CSOs supports CSO activities, access to funding and provides improved provisions about the relationship between the government and CSOs when it comes to CSO work. The draft law was adopted in the first Parliamentary reading.

ECNL also continued its long-running support through legal assessments and comments on draft legislation and policy level documents: in **Armenia Georgia and Ukraine**. In Armenia for example our efforts supported CSOs in their dialogue with state authorities on how to regulate CSO reporting requirements in a satisfactory way for all stakeholders.

### ▪ **Strengthening effective participation and CSO-government cooperation**

On the global level, ECNL supported the United Nations Office of the High Commissioner for Human Rights (UN OHCHR) to develop standards on participation. The [Guidelines on the Effective Implementation of the Right to Participate in Public Affairs](#) were adopted in September 2018. These guidelines are particularly important: as a first such document on a global level, they can be essential to **enforce and protect this fundamental right** both on the **national and local level**. They provide

practical recommendations to both states and civil society, outline the right's basic principles and emphasise the need to provide a safe, conducive environment for people to participate freely. ECNL was key partner to OHCHR: (1) we provided conceptual and substantial input to the draft document in various stages; (2) helped OHCHR design and implement a highly inclusive [consultation process](#), and (3) brought in national experts to regional consultations in five countries to enable local CSOs from **Asia, Middle East, Latin America and Africa** to directly share their experiences, which were then integrated in the final draft.

On the regional level, ECNL continued to support the Council of Europe (CoE) on how to enhance and widen the implementation of the 2017 CoE [Guidelines for Civil Participation in Political Decision Making](#) that we had helped to develop as an expert.

On the national level, ECNL supported the process of developing the new **Moldova Civil Society Development Strategy 2018-2020**. ECNL provided comparative information on practices from other countries to leverage change, and also helped **integrate international participation standards in the Strategy**. Adopted in March, it is a crucial document setting priorities for reform with regard to CSO environment: one being the strengthening of civil society's participation in developing public policies and monitoring the way they are implemented.

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

In 2017 the European Parliament adopted a resolution on "[Addressing Shrinking Civil Society Space in Developing Countries](#)", as part of the EU's **international development cooperation agenda**. The resolution encourages the European Commission (EC) to develop **guidelines on assembly and association**; and calls for the establishment of monitoring mechanism. In 2018 ECNL continued to discuss how best these recommendations can be implemented together with EU Devco, EU Parliament and member states and to contribute to EU and EU member states **support to fundamental freedoms and enabling environment in developing countries**.

- ***Linking global, regional and national work on anti-money laundering and counter-terrorism financing laws***

In 2018 ECNL set up a global *Expert Hub on anti-money laundering and counter-terrorism financing* (AML/CFT). The Hub is a resource group of local CSO leaders and activists committed to lead initiatives in their own countries in this field. The Expert Hub collects good practices, monitors and alerts on trends, contributes to peer learning, information-sharing and the development of guidance. The Hub links global, regional and national level work, its members come from 16 different countries and represent nearly all regions of the world.

ECNL supports the Hub through providing trainings on core AML/CFT standards and procedures. We also offer mentoring to participants in drafting country level engagement strategies. ECNL also support partners to address restrictive proposals in national laws in the name of AML/CFT, as we did in **Sri Lanka** or **Bulgaria**. In **Kosovo** we supported CSO engagement in the sectoral risk assessment and mutual evaluation process. In **Moldova**, we helped set up an informal coalition of CSOs and provided them with expertise to prepare for the **FATF/MONEYVAL** evaluation. In **Tunisia**, we work with governments and CSOs to develop constructive risk assessment process.

Finally, ECNL connects the issue of civic space and AML/CFT with global initiatives. For example, with our consortium partners we held a side event on the margins of the **G20** meeting in Argentina and participation in session at the **FATF Private Consultative Forum** in Paris on the topic of bank de-risking. We shared how the practice of financial institutions restricting financial services to CSO clients due to high risk affects their ability to deliver legitimate humanitarian aid and development activities to women, children and other endangered groups of society, and how G20 governments can help address this issue.

- **Monitoring enabling environment for fundamental freedoms**

ECNL worked with local partners to create a tool to monitor **the environment in which CSOs operate in the Eastern Partnership countries** (Armenia, Belarus, Georgia, Moldova, Ukraine). In 2018 we developed a set of standards and indicators to help evaluate CSOs' legal framework as well as the situation in practice in 10 areas, including 1) Freedom of association; 2) Equal treatment; 3) Access to funding; 4) Freedom of peaceful assembly; 5) Right to participation in decision-making; 6) Freedom of expression; 7) Right to privacy; 8) State duty to protect; 9) State support; and 10) State-CSO cooperation. The tool, called CSO Meter, will be piloted in 2019.

As a separate initiative, we also continued to advance enjoyment of the **right to free assembly in the Western Balkan and Eastern Partnership region**. We supported our network of local partners in 11 countries (Albania, Armenia, Belarus, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Kosovo, Serbia and Ukraine) to monitor local laws, observe protests, report challenges and engage in the legal reform process to protect and promote this fundamental right. The [2018 assembly monitoring reports](#) explore issues that are of relevance for all the participating countries. The reports also look at the role of civil administration, policing, criminalization of protesters, as well as the overarching issue of accountability manifesting in all of these aspects.

- **Undertaking research to increase knowledge on the supportive legal environment for civil society**

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.

For example, ECNL published a [Handbook on Registering a Civil Society Organization](#), a resource that provides easy-to-use information on laws regarding incorporation and operation of CSOs in selected countries in **Europe and Middle East and North Africa** region. The Handbook is available in English, Arabic and Russian. We are currently developing further country studies to include in the expanded version of the Handbook, and to provide some guidance to CSOs.

ECNL also conducted a research on [Data Protection Standards for CSOs](#) exploring how the right to protection of personal data may intersect with other fundamental rights. The paper helps raise awareness of the implications of the EU General Data Protection Regulation CSOs in Hungary and elsewhere need to consider.

Our research on [How can civil society effectively engage in counter-terrorism processes?](#) available in English and Hungarian, aims to help CSOs better understand FATF processes after the country evaluation is final and the country needs to implement FATF recommendations.

- **Supporting standard setting for trustworthy Artificial Intelligence (AI)**

In 2018 ECNL launched an initiative to address the impact of AI on civic space. We aim to understand how the development and use of AI-led technologies may impact civic freedoms but also how CSOs themselves can use AI to be more effective. We therefore engage in **European level standard-setting efforts** as members of the **European Artificial Intelligence Alliance** and as observers at the **Council of Europe (CoE) Committee of Experts** on Human Rights Dimensions of automated data processing and different forms of artificial intelligence. We also consult with the CoE Human Rights Commissioner, member states of the United Nations (UN) Human Rights Council and the UN Special Procedures to advance this field and ensure protection of human rights, including civic freedoms in AI-led technologies.

### **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 (OHCHR, UN HRC), 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 2018 ECNL worked in 26 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 22 events and conferences convening almost 600 people to discuss specific legal issues affecting civil society organisations.

More than 2,500 people have accessed its resources, and over 240 people utilized the knowledge gained at 10 capacity building trainings we held.

Through delivering presentations at more than 25 international, regional or national events reaching over 1,800 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 1,340 followers from 1,000 last year, has an average of 32,000 impressions a month, with a continuous Twitter presence of 2-3 tweets a day. 21,000 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 16 regional researches and comparative papers, and 6 guidelines and handbooks sharing international good practices and standards with CSOs and decision-makers. ECNL supported the operational environment of CSOs by developing 2 expert opinions and policy papers, and by submitting its comments and opinions to 4 draft laws and 6 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	50 939	52 065	146 678
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	301 170	179 299	269 628

**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>138 927</b>	<b>155 906</b>	<b>301 170</b>	<b>165 805</b>
<b>1.</b>	<b>Funding received from central governmental budget</b>		<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>2.</b>	<b>Funding received from local governmental budget</b>		<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>International funding received</b>		<b>138 927</b>	<b>155 906</b>	<b>301 170</b>	<b>165 805</b>
3.1	Project partners	Reimbursement of travel costs	34		34	
3.2	FHI Development 360, LLC	Strengthening Moldovan CSOs by improving advocacy capacities and promoting coopeartion between CSOs, citizens and the government.	39 033	53 550	33 335	47 168
3.3	EU Belarus	Improving freedom of association and the overall legal framework for CSOs in Belarus to protect fundamental human rights.	432		432	
3.4	OSF	Promoting and ensuring safeguards for freedom of association and assembly with regards to the implementation of counter-terrorism measures	35 985		29 969	
3.5	TIA Transparency	Improving enabling environment for CSOs in Armenia, creating mechanisms that improve transparency	6 742		6 593	

		and accountability.				
3.6	Balkan Civil Society Democracy Network BCSDN	Creation of a monitoring matrix and related toolkit for monitoring enabling environment for civil society development.	2 199		2 199	
3.7	EU Matrix	Creating a monitoring matrix to monitor and promote an enabling environment for civil society in the Eastern Partnership region.	26 484	54 245	79 717	74 601
3.8	OSF/HSC Derisking	Research on bank derisking and the implementation on anti-money laundering and counter-terrorist financing policies.	8 589	1 951	9 625	915
3.9	Fund for Global Human Rights	Technical assistance and mentoring to a Nigerian local partner's research and advocacy work.	2 051		2 321	
3.10	Sigrid Rausing Trust	General support grant.	4 506	21 782	13 847	39 388

3.1 1	FFF Hungary	Strengthening CSOs to promote freedom of association, assembly and expression.	9 932	4 536	8 421	3 733
3.1 2	OAK Foundation	Expertise and guidance for CSOs globally on anti-money laundering and counter-terrorist financing standards.	2 456	19 842	44 904	-
3.1 3	General support.		484	-	69 773	-
3.1 4	OSF 0021	General support.		20 228		156 836
3.1 5	FF Hungary 9049	Strengthening CSOs to promote freedom of association, assembly and expression.		921		921
<b>4.</b>	<b>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.	
Nr of registration decree:		
Registration nr:	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	11 624	5 582
6. Remuneration of executive officers thousand HUF		
Position	Previous year (1)* thousand HUF	Current year (2)* thousand HUF
Allowences for executive officers	25 416	27 157
Allowences for members of the Supervisory Board	0	0
A. Total of remuneration of executive officers:	25 416	27 157
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	197 143	251 771
From this:		
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)]	197 143	251 771
H. Total expenditures	194 403	248 341

I. Personnel expenditures	83 219	89 019
J. Public benefit expenditures	194 403	248 341
K. After tax financial result	2 740	3 430
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	yes
Ectv. 32. § (4) b) $[K1+K2 \geq 0]$	yes	yes
Ectv. 32. § (4) c) $[(I1+I2-A1-A2)/(H1+H2) \geq 0,25]$	yes	yes
Indicators of adequate public support	Indicator met	
Ectv. 32. § (5) a) $[(C1+C2)/(G1+G2) \geq 0,02]$	no	no
Ectv. 32. § (5) b) $[(J1+J2)/(H1+H2) \geq 0,5]$	yes	yes
Ectv. 32. § (5) c) $[(L1+L2)/2 \geq 10 f\ddot{o}]$	no	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.