

Squaring the Circle or Question of a Way ?

**„On Some Questions of Role of Public Funding in Supporting
Civic Voice in Public Policy Making in Slovakia 1995 – 2007 “**

Collection of Studies and Essays

Boris Strečanský
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Comparative Country Studies on the Experience with the Issue of Public Funds and Advocacy, Watchdog and Public Policy NGOs from Czech Republic, Poland, Hungary and Croatia

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Costs and Benefits of NGOs in Slovakia: Selected Cases¹

Andrej Salner, MSc., Slovak Governance Institute, December 2006

Introduction

The role of non-governmental organizations (NGOs) in the reform decade in Central and Eastern Europe has been discussed in a number of academic and professional literature. There is a general feeling that post communist non governmental organizations are powerful illustrations of the critical link between democracy and development (Krastev, 2000) and implicitly it is understood that NGOs play a significant role in the society. It is this democracy building function that has encouraged foreign donors in investing into the NGOs of the region. Yet, activities conducted by NGOs are dependent on resources and commitment.

While the resources in earlier stages of transition came primarily from foreign donors, both private and governmental, progress of democratic consolidation reduces their availability. In Slovakia and in other CEE countries, public funding has either been proposed or tried as a form of financing NGO activities, mainly in service delivery but also including those in the areas of watchdog, advocacy and think-tank activities. In allocating public resources different criteria are applied: public expenditure should be justified by expected benefits as the best alternative of allocating public funding.

Watchdog, advocacy and think-tank organizations may perform a number of roles in the society (ranging from research to watchdog, activism and service provision), several distinctive organizational forms have come into being that differ substantially in terms of their operating style. In order to narrow the scope of inquiry, we limit ourselves to organizations that are a) independent of government, associations, businesses and universities; b) operate on a not-for-profit and non-profit basis; and c) their mandate is to contribute and influence policies in Slovakia. Such non-profit, independent and autonomous NGOs with respect to governments and political parties which are visible in the policy process are usually called independent public policy research institutes or simply think tanks (Smith, 1991). Thus, in our paper we will focus on such independent policy research institutes and advocacy NGOs (henceforth, simply „think tanks“).

This paper seeks to answer question on the extent to which these institutions became involved actively in various stages of the legitimate policy making process; and more importantly whether, it is at all feasible to specify how and quantify how much NGOs in Slovakia have contributed to society. In our view, quantifying the contribution to the public interest in the past is key to making a plausible argument in favour of supporting the work of these organisations with public funds in the future.

On the basis of case studies of a small sample of think tanks, advocacy organisations and watchdogs across Slovakia's regions and areas of specialization (see appendix for an overview) we will try to use facets of the cost-benefit analysis (CBA) framework to identify the cost and benefit sides of selected projects. The use of CBA has severe limitations in the view of the varied nature of potential effects of NGOs identified in literature. Nonetheless, it can offer justification and insight into possible design of public funding programs, which would reflect expected benefits of their work.

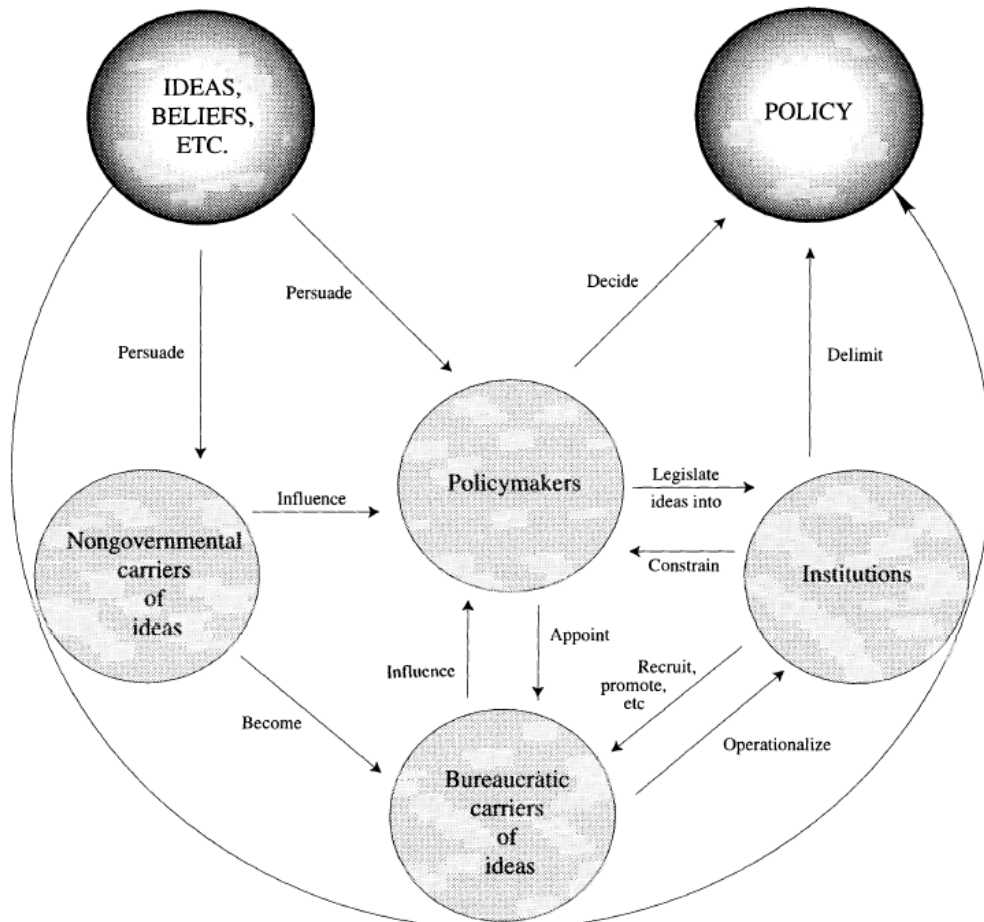
¹ This text has been produced as a part of the *Unfinished Business: Developing Arguments Space for Domestic Public Funding for Watchdog/ Advocacy/ Public Policy NGOs* project of Ekopolis Foundation and generously supported by the grant from the CEE Trust

Benefits and Modes of Influence

First, we will describe some benefits and modes and means of influence of think tanks as discussed in current literature and attempt to analyse them from the perspective of their measurability.

Knowledge production and utilization does not take place simply within public sector bureaucracies (see Figure 1). Instead many other sources of information exist, such as university-based academic or research centers, international agencies, interest groups. Increasingly non governmental organizations and non state actors are becoming influential knowledge producers and providers. Moreover, demands for information that can be used in policy making increasingly fostered the development of independent public policy research organizations – think tanks. In the position of knowledge providers, the output of think-tanks can be relatively easily quantified – if analytical or other knowledge-generating work is directly demanded by state actors, it is quite feasible to draw up contracts for specific tasks.

Figure 1: Influencing of Government Policies and Decision Making



Source: Albert S. Yee (1996), "The Causal Effects of Ideas on Policies," p. 87.

NGOs and think tanks are thus important players **in influencing policies and decision making** with their ideas and beliefs. Diane Stone (1996) makes a distinction between two different ways in which think tanks may exert influence on the policy making process: First, direct influence on the work of governments (central, regional, local) and Parliament; second, general policy debate and thus changing the prevailing consensus or existing climate in a broader sense of the influence. Further, when influencing policies and decision making directly, there can be identified two roles of think tanks (see Figure 1):² a) by influencing policy experts and central decision makers; b) by influencing institutions and bureaucratic carriers of ideas.

However, for directly influencing government policies and decision making, the potential impact of NGOs is limited to the opportunities or 'access points' (Abelson, 2000), defined in terms of structure, environment and timewise. Krastev (2000) argues that post communist policy institutes were most influential in the first reform years due to the weakness of the other players (low capacity inside governments and bureaucracies, decline of funding for research activities, lack of trust in traditional research institutes, marginality of the academic community, radical change of policy agenda) rather than the strength of the centers. It is believed that the presence of principles of

² Goldstein (in Yee, 1996) made an analysis of effects of ideas on policies and distinguished between ideas that affect policy through policy makers and through institutions as ideas are embedded in institutions.

developed democracy, such as permanent civil service, well funded academia and developed political parties limit opportunities for think tanks and other NGOs to influence policy making (Abelson 2000). Thus, ‘first generation influence’ (Krastev, 2000) had its limitations in time and structure and chances to influence governments have decreased with time although the centers have grown stronger and more professional. The necessity of access points is particularly hard to capture in analyzing the influence on policies and decisions by institutions. Without an appropriate access point a think-tank may be unable to realize its influence on policy regardless of its funding situation.

In the sense of influencing institutions and bureaucratic bearers of ideas, we cannot neglect the **labor supply** by NGOs and think tanks. Most of the think tanks founded in CEE came as an alternative to the old (non-functioning) research units (Krastev, 2000) or as a substitute and instrument for structures that were yet not fully functional (e.g. independent media). Thus, judged by their personnel, think tanks are refugee camps for academics, public service oriented people, populated by young and middle aged researchers, some of them with western education utilizing rigorous social science methods. NGOs represent a significant channel for the international movement of ideas, policy and transfer, particularly by supply of highly qualified personnel with strong policy analysis skills and expertise. Several NGOs in CEE region have been able to assemble pools of professionals for incoming governments from which senior positions have been filled in (Krastev, 2000). Moreover, NGOs utilize voluntary work via which skills and expertise is transmitted. In addition, working on joint projects between NGOs and bureaucrats is the best option for training and reforming whole units and institutions as through **socialization process, internalization of ideas and beliefs occurs**. Education and skills acquisition are major elements of policy learning and policy transfer that has impact on institutions and bureaucratic culture. This constitutes a benefit that arises spontaneously and naturally – it is not formalized into a system, while potentially benefiting the society significantly.

Nevertheless, besides direct influencing of policies, **shaping public debate and dialogue** is of utmost importance to NGOs. This ‘atmospheric mode of influence’ (James, 1993) involves influencing the general climate of thinking about policy, and as a result changing the framework of reference of policy-makers. These more advocacy driven activities relate both to expertise as well as media work. Civil society institutions provide alternative sources of policy information than that by the state and as such may lead to potential critics of government policy. Think tanks play an important role as facilitators of a broad policy dialogue. However, this type of effects and benefits are very difficult to systematically describe or capture in a quantifiable way.

The White Paper on European Governance stressed the importance of involving these organisations in its consultation processes. The Commission particularly encourages a coherent approach to representation of civil society organisations at European level. This European perspective on the importance of civil society implicitly calls for support of civil society by states, if civil society does not exist in sufficient strength to meet these tasks.

White Paper on European Governance

“Civil society plays an important role in giving voice to the concerns of the citizens and delivering services that meet people’s needs. [...] Civil society increasingly sees Europe as offering a good platform to change policy orientations and society. [...] It is a real chance to get citizens more actively involved in achieving the Union’s objectives and to offer them a structured channel for feedback, criticism and protest.”

However, in a polarized environment (ideological, ethnic, religious or other lines), it is unlikely to be taken by policy makers, the press, and the public as neutral and independent and any research or standpoint is likely to be perceived as guided by a hidden partisan or ideological agenda (McGann, Weaver 2000). Thus, any influence may take place only within one social, partisan or ideological group rather than across social divisions. This poses a major problem for any analysis of actual

benefit of the work of think-tanks, watchdogs or advocacy organizations to general public good: in many situations, what some portions of society may perceive as benefits others may see as useless or even harmful. This leaves a researcher with no way to quantify the effects without taking sides within such debate.

A number of authors has highlighted the progressive potential of **networks**. Due to their informal character, networks of professional among NGO and think tank community are often more effective at incorporating a wider range of stakeholders than public sector bureaucracies in policy development and delivery (Stone, 2003). Furthermore, networks are seen as an alternative mode of policy learning and transfer, encouraging dialogue and experimentation among similar or neighbouring 'recipient' countries with donors concerning 'best practice'. To that end, foundations, think-tanks and non-governmental organizations are helpful in mediating between the local needs and experiences and the general knowledge available (Stone, 2001). Many foreign advisors sought policy institutes as partners that became bridges of advice. Thus, NGOs assume additional role in **policy learning and policy transfer** – that of mediator, editor and interpreter of global knowledge to modify 'best thinking and practice' to suit local arrangements and cultural expectations.

In addition to knowledge production and dissemination function, NGOs and their staff are becoming **policy entrepreneurs**, or „people who seek to initiate dynamic policy change“ (Mintrom, 2001) and bring about innovations by engaging in a variety of strategies to win support for ideas, such as providing rhetoric, the language, scholarly discourse, building networks in policy circles, shaping policy debate and building coalitions to give substance and legitimacy to certain preferred positions. The 'advocacy tanks' (McGann Weaver, 2000) operate alongside official actors such as bureaucrats, politicians and political appointees in transferring policy practices. They are staffed by nonacademics who are less interested in basic research but who act on the basis of belief. The products are advocacy pieces on a particular policy issue. In general, we can assume that where policy entrepreneurship is successful it meets a real need within society. Possibly, however, the independence from the state (including independence in funding) may play a role in whether such entrepreneurship can effectively arise.

How much of an impact or influence NGOs may have in policy-making and in shaping the society and environment is a question that scholars studying these institutions continue to struggle with. Some effort has been made in tracking the performance of these institutions, such as references in the media, staff appearances in front of governmental bodies and authorities (e.g. parliament, ministries, committees and working groups), number and diversity of publications and other indicators. Knowledge utilization and dissemination, access and participation in policy networks, production of knowledge and engagement in 'entrepreneurial' activities requires time, commitment and resources, while providing benefits that are hard to systematically measure.

PART II: Case Studies Analysis

Cost-benefit analysis allows for comparative assessment of (monetized) benefits or costs of a project over a defined period of time (Moore, 1995). The requirement to express costs and benefits in money make the technique a disputed one. While its private-sector counterpart – profitability accounting works with market-generated prices, rigorous use in the public sector would require assigning prices to many benefits such as those outlined above where it is not practicable.

The basic principle of CBA lies in comparing the full cost of an action with its benefits. As a general (and greatly simplified) rule, actions where expected costs exceed expected benefits should be rejected as inefficient. The relevant CBA question in our context is: govern the track record of NGOs in generating benefits compared to the costs, would it be justified for the state to fund these organisations or their activities in expectation of future benefits outweighing costs?

The usual scale for cost-benefit analysis would be a single project. We use as the unit of analysis the organisation itself – perceiving its operation as a single „project“. Our analysis will review the inputs and outputs of the organisations studied over an extended period of time, along with an effort to identify whether and how potential public financing would promote or hinder continued accrual of these benefits.

It is based on fully enumerating the costs associated with a selected alternative and its benefits and comparing the two to allow analysts to judge the efficiency of an alternative. It is therefore primarily used in an ex ante context – to help evaluate future policy alternatives. However, it can be used in a retrospective, ex post view where availability of information is even greater. An important warning is that ex post CBA may not lead to the same conclusions that ex ante CBA would have resulted in given the differences in available information in the two periods.

The methodological foundation of cost-benefit analysis rests with the Hicks-Caldor compensation principle pioneered by the combination of work of two economists. In simplified terms, the principle states that a decision should be taken if winners from the decision would be willing to pay a sufficient amount to compensate the losers from the decision.

The key shortcoming of the Hicks-Caldor principle is the fact that it is completely oblivious to distributional issues – it ignores the social situation of potential winners and losers and simply looks at their subjective valuations.

In the context of the work of think-tanks and watchdog type organisations cost-benefit analysis can be most easily applied with respect to specific projects to compare the direct inputs and other indirect costs (including possible harm to any societal actors) with the full set of benefits.

The issue of scaling up the analysis to the level of the organisation is a difficult one. Essentially, the objective would be to compare the full costs associated with the organisations existence with the full societal benefits from its activities.

If we are able to fully enumerate the inputs into the work of these organisations and the benefits of their activities, we may arrive at a fictitious rate of return notion.

This would be meaningfully accompanied by a sensitivity analysis looking at which factors determine such rate of return.

An additional consideration reviewed here has to do with the possible use of public funds. A number of perspectives could be employed to judge the appropriateness – in addition to a cost-benefit perspective, this could be analysed from a legalistic perspective as well as in a number of ethical frameworks. These types of analyses are beyond the scope of the present exercise.

NGOs, including think tanks, have proliferated after the fall of communism. Since it is extremely difficult to establish any causal links between the ideas, beliefs and work products of these think tanks and their effects on the differentiated policy result we will limit our analysis to the potential observable (and preferably quantifiable) benefits brought about by selected think tanks in the form of immediate outputs, outcomes and assumed impacts. These will be put in contrast to costs as related to quantifiable inputs. This strategy although not explaining any causal links will provide information on the general balance between costs and benefits of these institutions' work.

Methodology

Based on the database prepared in earlier work, we selected a small sample of five NGOs to cover a cross-section of organisations in the database. The subset selected included a traditional policy think tank based in Bratislava, a foundation involved in service delivery, as well as advocacy work with the Roma, a social sector forum, a women's issues organisation and an environmental NGO.

We carried out a semi-structured in-depth interview with a senior representative of each of these organisations focused on the following topics:

1. Mission of organisation
2. Most significant contributions to the public good
3. Funding history
4. Human resources
5. Experience with public financing and views on potential future public financing

Results of interviews were analysed using the framework outlined above.

COSTS

The essential methodology of cost benefit analysis calls for the inclusion of both direct and indirect costs. Direct costs are the obvious direct inputs into a policy, programme or project such as staff wages, rent costs. Indirect costs are a trickier category: they must include opportunity costs – the costs or benefits of the next best option for deployment of resources.³

Taking this idea to the issue of NGOs such as watchdogs and think-tanks we must keep in mind the alternative uses of resources including human resources. The experience especially of the mid-1990s shows that this type of NGOs employed human resources, which were in short supply in other sectors – government, university and business.

It is beyond the scope of this study to examine and compare wage levels in the NGO sector with those in the government and commercial sectors, as well as in international organisations.

On the costs side, we focused on financial expenditure of NGOs from donor funding. Clearly, in addition to financial inputs, NGOs provide additional inputs in the form of human and knowledge capacities, powers and mechanisms that enable possible causes to produce effects. The relevant

³ A simple illustration can be provided: If you own a lot in the centre of a large city and use it as a commercial parking space your direct costs will include wages of staff, cleaning and maintenance costs, costs of equipment. But indirect costs would include the opportunity cost of for instance using the land for another more productive purpose. Thus if you are making an accounting profit on the parking operation but could be making a significantly larger profit using the plot as construction site for an administrative building, the foregone profit must be included among the indirect costs in a cost benefit analysis.

additional question we explored in interviews was whether these resources would remain at their disposal as inputs once the sources of financing change.

Direct costs are most easily captured through budgets of NGOs under scrutiny. Information on budgets is notoriously difficult to collect and may come from two sources: the institutions themselves and their donors.

Donor-side information in Slovakia is not available in appropriate breakdown to allow us to separate expenditure on think tanks and watchdog NGOs from other types of organisations. In our study we therefore simply asked respondent on the levels of budgets of their organisations.

The size of our sample and its specifics would not allow us to generalise to the level of the full sample. However, we found consistently that these small NGOs had budgets to the tune of several million to about 10 million Sk per year.

The direct costs entry into the cost benefit exercise would therefore be a figure of approximately several million per organisation.

Across the sample, we found financial inputs in the range of single-digit millions of crowns per year for general work of these institutions. It was clear from interviews that the most difficult to come by funding sources were those of unrestricted (institutional) funds, which had been provided in the period of democratic consideration by foreign foundations but generally ceased to be available in the 2000s, especially with the approach of EU membership.

The case studies have showed that a think tank employs only very few full time staff, ranging between three to maximum of 20 people. The number of full time employees has been reduced considerably with the entry to the EU due to the drastic reduction of funding opportunities. Some of the think tanks employ also part time people, mostly for support services such as clerical and accounting.

As far as the amount of funding is concerned, this varies from year to year and from think tank to think tank but in all organisations studies ranged between 1 and 10 million SKK per year.

Importantly for our analysis, only a small portion of this funding, if any, came usually in the form of unrestricted funds – majority of funding related to specific projects and some portion of it to the production of specific measurable outputs such as reports.

BENEFITS

However, all of the think tanks studied have a wide range of network among professionals in various fields of expertise, educational background, institutions and countries. This network enables the think tanks to utilize additional human resources if necessary, such as legal advice, or seek additional opinion and brainstorm or reference to experience in a different country. For example, Alliance of Fair Play has a permanent body of 10 to 20 experts who meet regularly or on ad hoc basis, depending on the issue, to put together a proposal, piece of legislation or to simply brainstorm on topics of focus. This pool of professionals (lawyers, economists, political scientists, journalists) are working free of charge approximately 15-20 hours monthly. The network does not have to be professionals solely, some of the advocacy think tanks are capable of utilizing volunteers to do most of the field work either in basic research, implementation of a project or awareness campaigns. In this way, People and Water bring together annually up to 200 volunteers to work on projects, such as summer schools for pupils on environmental issues or directly manual work of re-forestation, water cascades building, etc. Some of the volunteers then replicate the acquired skills further on, e.g. they become

leaders of subgroup of networks. Some think tanks, on the other hand, in addition of being in a network also create a network. Council of Advice for Social Work has created a network of professionals working in institutions providing social services that meets together regularly and discuss newest trends in the provision of social care, possibilities for improvements and the Council even organizes informal trainings and seminars for this network of professionals.

All of the think tanks interviewed utilized in one or the other way experience, knowledge and capacities from international network of experts in the relevant field of expertise. This took place in the form of initial trainings (e.g. Alliance Fair play took over the methodology of political finance monitoring and got trained in this methodology by a think tank in Latvia and Argentina, Council of Advice in Social Work has regular contacts with a similar think tank in Czech Republic and jointly develop quality standards in social work), conferences and seminars where new ideas and possibilities for action are discussed, or simply contacts with experts all over the world who can be consulted if needed at short notice (professional chats, informal emails, for example People and Water have a constant email discussion with leaders of environmental NGOs and think tanks in European countries and when needed expert support is provided).

Two modes of influencing public policy (directly policy makers and institutions and indirectly through media and public debate) have different outputs. The former one often takes the form of reports, books, parliamentary standings or expert opinions (McGann, Weaver, 2000), whereas the later one that of pamphlets, journal articles, press releases, press conferences and interviews (James, 1993). Outputs, however, can mix the two modes of influencing by taking the form of seminars, conferences, etc.

All think tanks use both approaches, but the degree to which they rely on one rather than the other varies greatly. For example, Alliance Fair Play uses direct influencing of policy makers, mostly members of parliaments and parliamentary committees as the main activity. The number of days or hours spent in the Parliament depends on the “season” and topics discussed, it can range from 3 to 4 days weekly to 3 months of not approaching anybody. Usually, Alliance succeeds to pass 4-5 amendments annually via MPs. On the other hand, Simecka Foundation or Council of Advice do not typically approach policy makers unless their very field of expertise is being discussed. Rather, they work in working groups and civil servants responsible for their particular issue. The difficulty is that unless the idea meets with some response from policymakers it may stay unseen. So think tanks have to seek access points as discussed in the earlier section in order to bring a topic to the political agenda or to gain access with its alternative. Therefore, the role of networks plays a crucial role in this point and without having the former experts of the network to become part of the policy makers, it would be impossible. For example, the Alliance of Fair Play utilizes the access to the Ministry of Justice or Ministry of Interior via former legal experts in their network of volunteer professionals who meanwhile became Minister of Justice and Director of Anti-corruption division of the Office of the Government. In this way they were able to gain access and become members of the working group at the Ministry of Interior and substantially improve the draft of the Law on Political Parties Financing. People and Water similarly utilized a person in the network who worked in the Kosice municipality’s council to bring the idea of environmental protection to the agenda which was discussed and approved.

Recent governments drew some of the top civil servants directly into the government from think tanks studied.

The public approach usually follows a standard pattern. The think tank prepares a publication - usually a policy paper by an expert or groups of experts - that sets out the main results of the analysis or research. This is publicized initially through press releases, press conferences and interviews, and followed through by such media as press articles summarising the arguments in the pamphlet;

seminars to discuss its contents; providing experts from the think tank to speak on the issue on television programmes and at conferences, and so on. If successful, this establishes the think tank as an influential (or at least newsworthy) source of expertise on the topic. Again, all of the think tanks reviewed market their finding, however, the degree and frequency to which media are being actively contacted varies greatly from think tank to think tank. Alliance Fair Play created a network of active journalists whom they supply with fresh information and press releases weekly and who, after some time, started to consult Alliance in their field of expertise. Moreover, they created a database accessible via internet for a direct use of journalists. On the other hand, other think tanks focus more on public in general or civil servants or beneficiaries to improve the general knowledge on the subject issues and focus on producing handbooks, manuals, etc. This is the case of Council, Simecka Foundation or Fenestra. Interestingly, one of the think tanks – People and Water – is seen as an controversial think tank as it does not have local support of other environmental think tanks.

The study of the impact of think tanks and advocacy NGOs is far more complicated because of the multiplicity of potential clients as well as the multiplicity of possible uses of the outputs and outcomes. All of the organizations studied were, however, able to identify specific changes in policy frameworks including legislation resulting more or less directly from their work.

Conclusions: Cost Benefit Analysis

One important point is that cost-benefit analysis should underlie the spending of public funds. If this is not the case, there is a risk that funds are not spent in ways addressing the most important problems or where they can generate the most extensive societal benefits.

This implies that there are significant issues surrounding discussions on public funding of think-tank and watchdog work. If their benefits are clearly present but practically not innumerable it will be hard to set up meaningful financing programmes, which would both allow the continuation of benefits of these institutions and be acceptable in terms of fiscal prudence.

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Systemic Tools for Supporting Watchdogs, Think Tanks, Public Policy and Advocacy Organizations from Public Sources in the Czech Republic with a Particular Focus on the Foundation Investment Fund,

Jan Kroupa, NETT, summer 2005, <http://nett.aid.cz>

Input

This paper deal with the situation of watchdogs, think tanks, public policy and advocacy organizations in the Czech Republic from the point of view of systemic support of their activities from public budgets, with particular stress on the implementation and outcomes of the so called Foundation Investment Fund a.s. (hereinafter “NIF”). This is not an extensive analytical work exploring all relevant data in public budget redistribution, allocation of all resources derived therefrom or setting out a comprehensive list of all such organizations in the Czech Republic. We attempt to describe and to point at broad trends, to capture the NIF development and to conclude with a brief analytical section examining one year of grant-making from NIF proceeds in view of the addressed organizations.

What We Are Talking About?

Speaking of watchdogs, think tanks, public policy and advocacy organization in the Czech context, we have to first come to grip with what we are talking about, because this type of organizations or activities has not been clearly defined, there is no shared understanding or perception on behalf of both lay and expert audiences and no common terminology. The fact that there are no regularly frequented Czech equivalents in this field may be regarded as descriptive and characteristic. And there is another significant motive. Environmental, gender, human rights, local activist and many other organizations of this type have not been perceived and described as a group of a kind also because they themselves do not wish to be seen that way, for they do not care to have to deal with the entire array of potentially negative responses on behalf of the public. In other words, one tag is more than enough so they all strive to resist receiving yet another shared one.

For purposed of this paper, NETT defined these organizations as “non-government, non-profit organizations and informal groups whose declared mission as well as principal activities involve formative work within the public space.” Formative activities of organizations can involve a wide array of focus – they may be concerned for instance with practical operation of institutions, promoting and implementing change in social practice, advocating legislation changes, developing public policies, creating background of conceptual thinking for public entities and so on and so forth. Thus, we shall be concerned with organization that do not work as agencies, but have developed and reflected their own authentic mission involving such formative public engagement. We are consciously leaving aside service providing organizations, even though a good deal of service providers (including their umbrellas and networks) are active in this respect and get a great deal of work done in their particular field of interest. But there is a difference and we regard it to be fundamental. From the point of view of funding, this difference clearly came across in course of

redrafting the Civil Code of the Czech Republic in 2004, where “public benefit” was defined as “providing publicly beneficial services” and this diction was changed only under pressure during the commenting process. In accordance with the original draft, most watchdogs, think tanks, public policy and advocacy organizations (and others) would have been practically cut from being eligible to receive state support, and even more importantly deprived of their charitable status altogether (tax breaks, grants, etc.). Proposals excluding grassroots and civic organizations from administrative proceedings are an evergreen of bills drafted in the Czech Parliament – so far, they have failed to pass as a whole, but a number of partial reductions and limitations have passed successfully. General pressure on behalf of the state – in compliance with models and attitudes of the European social state – to control NGOs through legislation and amendments, through reduced interpretation of the law and through open or hidden contracting (in particular for social services providers) cannot be overlooked. State administration strives to become the contractor of publicly beneficial services provided by NGOs, setting up a hidden third level of public administration impact within the structure of delegated jurisdiction. The 1850 transfer of some delegated jurisdiction in state administration over to local governments offers a very interesting parallel in this respect.

We do not want to draw any thick dividing lines, nor to underestimate (or to be more up-to-date “misunderestimate”) the work of service providers in any way, realizing that their work often far exceeds their focus and field of interest, being clearly marked by features of public policy and even more often advocacy work. Nevertheless, this paper focuses on a narrow circle of organizations and activist groups for whom this type of work means their daily bread, who do not do such work as a result of their reputation or position, in addition to something else or just by the way and who also have to secure funding to be able to do so.

Waging the Watchdog

Watchdogs, think tanks, public policy and advocacy organizations do not have it simple and easy in the Czech Republic. Their role and appropriate activities remain unclear, generally unaccepted, there is no public awareness or fundamental shared understanding, not to mention reflection and discussion. With the exception of think tanks whose role and activities has been kept a total secrete, we would probably be best understood speaking of “activist” organizations. This term, nevertheless, maintains its pejorative connotations. On one hand, the public often links it to the media picture of protesting against anything and everything, predominantly for purposes of self-promotion and on the other hand the sentiment from the Bolshevik times – that being active means being stupid, helping the regime and being forced to do things that a normal person would never have done – lingers on. As if this was the necessary evil, somehow ensuing from democracy but not producing anything constructive, a tax we have to pay for every fool being allowed to say and do whatever they please.

Nevertheless, certain perception shift may be detected at local level, where such organizations have succeeded repeatedly in raising public awareness – through always through a single specific cause (from recent years we could mention the example of the planned highway through the natural preserve of Czech Paradise, which – thanks to well organized protests – failed to pass as part of the drafted zoning master plan and the construction lobby even negotiates with local activists whether they will or will not protest against them if the highway is constructed further north). However, even such partial recognition has to be regarded as significant from the point of view of forming the role of and expectations from these organizations. From this perspective it is clear that from the first public “activist” campaigns – such as the first protests against the highway through Prague Stromovka park or against the destruction of the 800 years old village of Libkovice because of coal mining in northern Bohemia that took place in early 90s – the situation has altered after all. Local causes are usually addressed by local organizations and it is considerably harder to accuse them of

“being power-thirsty” or “manipulated by foreign agencies” since the issues concern them directly and local people know them in person. The public has generally grown more welcoming – a number of people have gained a positive personal experience, many after the disastrous floods at the turn of the millennium, the media picture of NGOs has improved, in particular in local and regional media – but at the same time more apathetic, similarly to large national media and politicians who are much better aware of what they can dare to do, refusing to perceive or accept concerned organizations otherwise than part of the struggle for power and influence. Common diction becomes rather aggressive in ever repeated statements of the most popular politician and current president of the Czech Republic Václav Klaus, for whom “NGOism” and the “ideology of a civil society” are the main enemies of freedom, democracy and national state. Nevertheless, let us not buy into the framework of this a discussion.

From time to time, someone issues a statement, even a political agenda (last in line is the current Social Democrat Government Program chaired by Jiří Paroubek) declaring general support to NGOs as the natural and important partner to the state. There was even a largely unsuccessful billboard party campaign focused on NGO support (the Freedom Union – one of current government coalition parties). Such declarative statement, however, represent for the most part a manipulative game with public opinion, a struggle for positions and efforts to score political points. They have never been followed up, causing a real change, not to mention a systemic change. Watchdogs, think tanks, public policy and advocacy organizations and activities have never been regarded by the state administration as a specific type or group that could be of significance, that could play a specific, irreplaceable role, thereby deserving recognition, attention and perhaps even support.

Political elites and state administration representatives are not alone in struggling with categorizing such organizations. NGOs themselves strive to resolve a similar issue. Extensive study CIVICUS Civil Society Index – Tereza Vajdová: Czech Civil Society 2004 after Fifteen Years of Development (NROS and FHS UK, 2005) deal with organizations in question primarily in chapter “Influence,” which is further divided into sections “Public Policy Impact,” “Control,” “Responding to Social Change,” “Empowerment” and “Capacity to Address Social Issues.” Nevertheless, they are not addressed as a theme other than a specific type of activity, as one aspect.

In the section on “Control” we can read: “...Such activities can be generally regarded as relatively limited and unsuccessful... Outcomes from our regional questionnaire ... show the marginal role of civil initiatives as watchdogs ... For instance from the 12 goals of umbrella organizations, public control was regarded the least important ... Furthermore we asked about seven values or role that civil society organizations can play in society and two were close to state control – fighting corruption and monitoring democratic functions. Respondents associated ... these two values the least with civil society. ... It can be concluded that only a minority of organizations regard their control and monitoring functions to be crucial. The public views them in a similar manner... (pg. 61).

With regard to resources we can read to following: “The development and activities of civil society organizations as watchdogs were supported in the early 90s predominately by foreign donors. Currently, in view of Czech accession to the European Union and the priorities shift of these foundations further east, we may hear of a critical point in existence of these organizations. The EU accession will bring Structural Funds resources ... but monitoring and control functions are not included ... in their priorities. Substantial support ... (of these) organizations on behalf of the state or private corporations cannot be expected. Organizations insofar relying on foreign support have for the most part failed to raise their own supporters and fans who would provide their funding.” (pg. 62 – quoted from Respect weekly insert, May 31 – June 6, 2004).

We said that watchdogs, think tanks, public policy and advocacy organizations are not viewed nor regarded in a common and shared fashion by the public, by political elites and by NGOs, and that

they do not identify themselves with a specific whole. It is time now to move on to the focus of this paper, i.e. to the Foundation Investment Fund and to explore its role with respect to support and funding of these organizations.

Foundation Investment Fund

The Foundation Investment Fund (NIF) was set up by a Czech National Council Act – still during the Czech and Slovak Federation period – in 1991 “for purposes of supporting foundations selected by the Parliament on the basis of a government proposal.” The government allocated 1 % of shares from the second wave of voucher privatization to this fund. NIF was established and administered by the National Property Fund of the Czech Republic (hereinafter the FNM). When in 1992 the NIF news went public, the Government Council on Foundations received 965 applications requesting support, some foundations were even newly set up because of NIF.

As of 1995, the FNM began selling of shares of the 485 companies, assessed to have a nominal value of CZK 2,823 million and by the end of 1998, sold shares of 410 companies produced a total profit of CZK 1,606 million which was deposited at a special FNM account.

In the course of the first NIF redistribution phase 39 foundations received CZK 500 million (one foundation refused to accept its 16 million contribution), in course of the second NIF redistribution phase in 2002, 64 foundations received CZK 849,300 million and thereafter an additional CZK 437,863 thousand. In total, selected foundations received from both NIF phases CZK 1,752 million.

NIF has not been specifically targeted towards watchdogs, think tanks, public policy and advocacy organizations. Nonetheless, it played or could have played a certain role in this respect, because as a result a certain stable amount of funding is annually redistributed outside of direct state control. At the same time, it became evident that grant-making foundations that received a NIF contribution developed their own priorities in redistributing this funding and that only a handful of them decided to include support of socially formative organizations, perhaps with the exception of few themes such as gender and refugee issues. Let us explore now how it all came to be back then, for the NIF story, the turns of course as well as the associated phenomena beautifully document the maturing of the Czech civic sector in parallel with the formation of political and power elites in the country. The NIF story is a story of disillusionment.

The NIF Media Story

To illustrate the story as authentically as possible we used the archives of the Czech Press Agency (ČTK). Naturally, we picked but few of the many reports, sizing them down significantly. Nevertheless, they have not been rewritten, nor extensively commented upon in order to capture the time-specific atmosphere, to follow changes of moods and attitudes.

Government discussed the material Foundation Investment Fund and after comments expressed its agreement therewith. (ČTK/ December 10, 1992)

In accordance with information provided by the Chairman of the Board of the National Property Fund Tomáš Ježek ... this would be a one-off event ... allocating one per cent of the capital of each joined-stock company included in the second wave of the voucher privatization to the Foundation Investment Fund. This fund would be administered by one of the banks. According to Ježek, there already is a government committee for foundation that currently convenes and evaluates applications made by individual foundations. Ježek sees the primary benefit of setting up the Foundation Investment Fund in creating a parallel financial structure to – aside from the official state budget – fund publicly beneficial purposes. He regards as similarly important that this will enrich the structure of shareholders and, perhaps even more importantly, that foundations themselves will be forced to learn to be economically effective. (ČTK/ December 11, 1992)

So far, approximately CZK 1.5 billion has been allocated to the Foundation Investment Fund ... Upon terminating the second wave of the voucher privatization ... the government will have to submit a proposal to the Parliament as how to redistribute these funds amongst nearly six thousand Czech foundations. “It is not clear whether it would be a one-off or long-term redistribution, nor whether it will involve shares or money,” remarked Němec. Upon resolving these issues, the government has not intention to deal with foundations in the future... Nevertheless, he has not ruled out that individual ministries could work with foundations in supporting various specific projects. (ČTK/ April 7, 1994)

... NIF ... has been set up, but it has not been decided how it will be used. (ČTK May 7, 1994)

... redistributing funding created by administering selected shares from the second wave of the voucher privatization should constitute the mission of the National Foundation Fund, that establishment of which has been proposed in bill drafted by twelve coalition MPs headed by Tomáš Ježek (ODS) ... these shares have a total nominal value of CZK 2.8 billion and they are administered by a joint-stock company Foundation Investment Fund (NIF) set up by the National Property Fund. The objective of the proposed transfer of all NIF shareholder rights to the National Foundation Fund is to ensure a permanent existence of a strong entity exposed to public control. This fund should be governed by a board of trustees whose 15 members would be appointed by the Parliament for a six year term. (ČTK/ April 23, 1995)

Today, government rejected the bill on National Foundation Fund during its meeting. The Prime Minister Václav Klaus informed the journalists. The government ... intends to first pass a new Act on Foundations and only then open a discussion regarding the property allocated for foundations in the course of privatization. (ČTK/ May 17, 1995)

The only purpose of the Council on Foundations as a temporary government body is to redistribute funding from the Foundation Investment Fund ... Having completed this task ... it should ... be disestablished. “Most importantly, we failed to reach an agreement as to whom to allocate the funding to and whom not to,” remarked Němec ... The new Act on Foundations should make ... this sector ... substantially more transparent. “We also anticipate a significant reduction of the number of foundations,” he added ... (ČTK/ June 28, 1995)

Ensuring democratic and publicly controlled redistribution of funding created by administering denominated shares ... should constitute the mission of the Czech National Foundation, the establishment of which is proposed in a bill submitted by twelve MPs headed by Tomáš Ježek (ODS) ... (ČTK/ December 22, 1995)

... The government ... disagrees with the bill proposed by a group of MPs regarding the Czech National Foundation which was to become the tool for redistributing funding from the Foundation Investment Fund ... (ČTK/ January 10, 1996)

(The Chair of the National Property Fund Roman Češka) ... regards the new Act on Foundations to be one of the most important bills to be passed by the Parliament, because currently more than 6,000 foundations operate in the non-regulated environment of the Czech Republic. According to him, over 2.5 billion shares are “waiting” in the Foundation Investment Fund ... the proceeds of which should exceed CZK 1 billion. (ČTK/ January 29, 1997)

On Thursday, the Council on Foundation shall continue the discussion of designing the NIF proceeds redistribution system ... So far, the Council failed to stipulate clear criteria ..., deciding that the funds will be allocated into endowments ... Members of the Council have agreed to segment foundations into six groups according to the focus of their activities – social issues, healthcare, culture, the environment, education and human rights ... (ČTK/ February 12, 1997)

... as of September, funding procured by share sales ... amounted to CZK 440.4 milion ... (ČTK/ October 14, 1997)

Shares began to be sold in 1995, their sales have not been concluded and the government has not decided how the fund will be used ... The tender should be opened approximately by February 1, 1998, i.e. one month after the Act on Foundations coming into effect ... Minister Bratinka has proposed that the first eligibility prerequisite should be the foundation’s registration in accordance with the new Act, which has to take place at the Registry Court ... It is assumed that funding shall be redistributed among grant-making foundations ... Foundations will have to demonstrate that for two years prior to filing their application they made grants of at least half a million Czech Crowns each year that they have grant-making mechanism in place ... Resources from the fund will be redistributed in two phases. The first would start by opening the tender in February 1998 and the second after having sold off all shares. In December 1996, 4,700 foundations operated in the Czech Republic and a majority of them will most likely not be able to reregister, because they will not be able to gather the obligatory endowment of half a million Czech Crowns. (ČTK/ October 20, 1997)

... the Foundation Investment Fund has CZK 500 million in cash and yet another one and a half billion in shares ... The Council on Foundations met Tuesday to discuss the funding redistribution system as well as its possibly new status, transferring itself into a body that will deal not only with foundations, but also with other non-government, non-profit organizations, including those set up by churches ... (ČTK/ February 18, 1998)

According to the Council on Foundations which is to be transformed into the Government Council for non-government, non-profit organizations, the NGO sector agreed criteria to redistribute NIF funding ... (minister) Mlynář did not want to reveal what these criteria were, because the Government had to discuss them first, but he stressed that they would be strict, so that the public tender for foundations was fair and transparent. (ČTK/ April 7, 1998)

... today, after five years, the Government ... agreed the procedure of selecting foundations that would be allowed to apply for the half a billion Crowns from NIF ... The objective ... of the procedure is to support the development of adequately independent and permanent foundation sources. According to Mlynář, the state will stipulate which banks can administer this funding and foundations will have to issue an annual report detailing the use of this funding. (ČTK May 27, 1998)

... "The policy of restricting the civic sector which was characteristic in particular for the period 1992 to 1996 is over," remarked ... (minister) Bašta (ČSSD). He informed that by the end of June the government will submit a proposal to the Parliament to redistribute the half a billion Crowns among foundations that will have succeeded in the tender to receive a NIF contribution. The cabinet thereby intends to support the NGO sector, strengthening its financial independence on the state.

According to Bašta, the Government will also improve conditions for the operation of these civic organizations by changing the unsuitable funding system and by drafting a new Association Act. (ČTK/ January 29, 1999)

Ninety seven foundations used the opportunity to participate in the tender ... The tender was opened for foundations working in the social and humanitarian field, healthcare, culture, human rights and environmental protection, education and furthermore unspecified foundations active at local or regional level – these should represent more than a half of total applicants. (ČTK/ February 8, 1999)

As of Tuesday, the Council on Non-government, Non-profit Organizations ... recommended twenty five foundations to the Government. The remaining CZK 95 million should be distributed among foundations working the field of human rights and the environment to be selected in an additional tender. (ČTK/ April 14, 1999)

(This additional tender was never organized and the stated CZK 95 million was distributed among foundations in the last – “unspecified” – thematic category. From the point of view of our theme, this is a rather important piece of information which, for understandable reasons, could not be found in the Czech Press Agency archives. – a NETT comment)

According to Březina, the Government Council is faced with two tasks. The first is to assess state subsidies allocated to the NGO sector and to standardize the evidence of this process, the second is to conclude the second phase of redistributing NIF funding. (ČTK/ June 9, 2000)

Due to its inactivity, the state has lost approximately CZK 1 billion from the funds that could be distributed among NGOs ... In the course of the seven years of hesitation, the value of shares administered by the Government has decreased to CZK 1.8 billion ... (ČTK/ February 7, 2001)

This year's phase of redistributing privatization funding among NGOs shall also be the last. (ČTK/ May 7, 2001)

The Foundation Investment Fund will distribute among 64 foundations another CZK 1.7 billion. The Government will discuss the outcomes of the tender on Wednesday and then the Parliament will have to approve them. Successful applicants will – according to the number of scored points – receive CZK 849 million. Following the sales of shares of the strategic companies, the Fund will distribute among them approximately the same amount in accordance with the same key ... Of the total of approximately 300 foundations, 89 applied to receive this funding. Twenty five foundations have been ruled out and sixty four have been evaluated by scored points. (ČTK/ October 9, 2001)

“Czech Republic is the only post-communist country in the CEE region to have real foundations,” remarked Petr Pithart, the Chair of the Senate, during a press conference organized to commemorate the 10th anniversary of the Foundation Investment Fund. The fund was set up in 1991 thanks to an impulse of the Czech Government headed by Pithart at the time ...

Pithart, similarly to the then Privatization Minister Tomáš Ježek, was sorry that the distribution of funding had to wait for today's government ... until 1999. “Foundations could have been richer today, making more grants,” he added ... A total of CZK 1.3 billion ... was distributed among 73 foundations ... During the first phase, 38 foundations received over CZK 476 million ... They are obliged to use at least 80 % of proceeds ensuing from these funds for making grants. In the Czech Republic, there are 82,131 foundations, public benefic corporations, civic associations and other NGOs. There are 330 registered foundations ... Other institutions to contribute to NGO funding include ministries, local governments and municipalities. In 1999, they distributed over CZK 3 billion in state subsidies, a year later this amount rose by CZK 300 million. (ČTK/ February 14, 2002)

As of May, 338 foundations operated in the Czech Republic ... administering a total endowment of CZK 2.4 billion, while in the case of nearly a half of them – 138, to be precise ... the endowment did not exceed the minimum amount. The greatest number of foundations (183) work in the field of education, culture is supported by 135 foundations. (ČTK/ September 30, 2002)

There, we can conclude the collage made from dated press releases. Following a lengthy period of time, NIF funding was finally redistributed into endowments of grant-making foundations which – also thanks to the interest raised by this sum – had been defined in legislation as property entities with limited opportunities to operate their own programs. The minimum endowment – which at the early 90s was considered to have to be sufficiently large to allow the achievement of the foundation's purpose – was in the end set at CZK 500 thousand, no one minding this amount towards the end of 90s for all important foundations had it by this time. The original intent of setting up independent sources of support for publicly beneficial activities, which soon thereafter scared even its authors who attempted to centralize it in a single state-controlled institution, gradually turned into negotiations and money-driven political deals with a clear objective of preventing the development of too strong a group of local foundations.

How Foundations Support Watchdogs, Think Tanks, Public Policy and Advocacy Organizations from NIF Funding Proceeds

In exploring support of these types of organizations from NIF proceeds we first selected from the list of NIF funding recipients 27 foundations who potentially could support such organizations. We approached all of them by a personal e-mail addressed to the director or the NIF responsible program or project officer. Ten foundations responded to our enquiries. Simultaneously, we analyzed annual reports of all twenty seven selected foundations. Where possible, we compared our own outcomes with the statements issued by foundations' representatives. On the basis of that we made another round of selection choosing 16 foundations and making a detailed analysis of their grant-making. Some numbers had to be calculated according to the average proceeds values or relatively on basis of the total amounts granted, because some foundations combine NIF proceeds with other funding sources in their grant-making programs, they do not keep NIF proceeds records separately, they do not publish a list of individual grant recipients, they received other NIF funding in the course of 2004, so the actual amount at the end of 2004 would not correspond to the amount the 2003 proceeds redistributed in the course of 2004 and so on and so forth. Nevertheless, it is not necessary to go into great detail of technicalities and methodological solutions. Our objective was not to carry out a complex financial analysis. We were interested in approximated numbers for an approximated group of organizations.

In 2003 (i.e. for purposes of 2004 grant-making), sixty nine Czech foundations administered endowment received from NIF funding of a total of CZK 1.7 billion (their total endowment being CZK 600 thousand higher – predominantly thanks to various private funding sources). Total proceeds for administering NIF funding exceeded CZK 35 million, of which nearly CZK 30 million have been redistributed in grant (average overheads and operational costs exceeded 25 %, nevertheless, NIF funding administrative costs, in accordance with the contract executed with the National Property Fund, must not exceed 20 %). Watchdogs, think tanks, public policy and advocacy organizations (about 20 organizations framed by the above working definition) were supported by ten foundations by little over CZK 2 million. Thus, concerned organizations received roughly 7 % of NIF funding proceeds redistributed in 2004.

In 2003, the ten foundations that supported these organizations administered an endowment of nearly CZK 300 million, redistributing in 2004 a total of CZK 6 million. The support level for watchdogs, think tanks, public policy and advocacy organizations thereby in their case exceeds 30 %. We should add that in the case of three important foundations (in total, they received over CZK 165 million from NIF funding) their support exceeds 50 % of grants made from NIF proceeds, constituting the core funding of nearly three quarters of the total amount granted as calculated hereinabove.

In Conclusion

For a great number of recipient foundations, funding from NIF was rather important in increasing their endowment (in the recipient group, NIF funding amounts to nearly three quarters of the total registered endowment) and thereby – as we can often read – in ensuring their long-term sustainability. Nonetheless, in the year examined, this group of foundations made grants of about CZK 500 million raised abroad and from other types of donors, so in the overall grant-making NIF proceeds barely exceeded 5 per cent.

The support level of watchdogs, think tanks, public policy and advocacy organizations from NIF funding proceeds does not exceed 10 %. Thorough examination of support of these organizations would require analysis of other grant-making of foundations, regardless of whether they did or did not receive funding from NIF. In comparison with the overall support of the NGO sector from public budgets – amounting to a total of CZK 3.8 billion in 2004, but providing marginal or no support to these organizations – it may be stated that the current 2 million Crowns from NIF funding proceeds made as grants for the examined organizations represent a relatively very little sum, however significant may this income be for these organizations.

The numbers stated are not a complex analysis of funding watch dogs, thinks tanks, public policy and advocacy organizations. Nonetheless, the clearly attest that – at least in this field – the assumption that the “role of a foundation increases where it responds to other needs than the state” (Müller: Economic Environment for the Civic and Non-profit Sector) failed to come true. In view of the otherwise rather cold attitudes of politicians towards the NGO sector in the Czech Republic, allocating privatization proceeds into NIF to support Czech foundations represents a very important act. Nevertheless, it is to be stated in conclusion that in terms of watchdogs, think tanks, public policy and advocacy organizations no systemic tool of support was set up thanks to NIF and that support of their activities – regardless of NIF funding – depends on strategic decision-making of a handful of important donors.

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Public Funding for Advocacy NGOs in Croatia: Experiences and Perspectives

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Introduction

The article seeks to provide a brief overview of the experience in Croatia with the public funding directed for the support of the watchdog/advocacy type of NGOs and their activities. In the first part, we will draw attention to the major problems concerning the perception and attitude of political elites and general public towards watchdog /advocacy /public policy NGOs in Croatia. We will then provide the basic data on the public funding of advocacy NGOs on the central level as well as on the instruments/financial mechanisms that have been designed and implemented to channel funds for their activities. The policy rationale behind establishing these instruments and the arguments used in public and internal political discourse on their establishment will also be briefly outlined. The special emphasis will be put on the work of the National Foundation for Civil Society Development, both on its general approach and specific actions focussed on supporting NGO advocacy/ watchdog/public policy activities.

Perception and attitude of political elites and general public towards advocacy NGOs in Croatia

The development of advocacy NGOs in Croatia has had an undeniable impact on the transformation, governance and overall development of the country, ever since early nineties. However, according to results of the recent surveys conducted in Croatia (Ceraneo, 2005), public understanding of and support for the advocacy NGOs still remains rather limited. Although, compared to the situation in the nineties, the NGO sector has to the certain extent improved its public image, associations still need to increase their efforts in this field, as most Croatians are still unaware of NGOs and their activities. Most national and local government officials and most businesspersons also have a limited understanding of the role, capacity and value of NGOs and their advocacy activities. A rather negative public image of NGOs in general, and especially advocacy NGOs, seems to be related to several key problems. First, Croatian media are generally not interested in NGOs activities, although they are better informed about and more open to the NGO sector than five years ago. NGOs tend to hold press conferences and give public presentations more frequently, publish annual reports and newsletters, but the impact of most advocacy campaigns in the public remains rather weak. This is due to the inadequate media coverage of NGO events which tends to be short and lack the information necessary to promote interest among the general public, except in cases when these events are attended by well-known government officials (USAID, 2005). Editors are often more interested in the sensational stories which sell papers which often contributes to the general perception that civil society is an area of conflicts rather than an area of cooperation, tolerance and integration. Generally, only a few leaders of advocacy NGOs represent the sector in the national media, while many in the NGO community are still uncomfortable engaging the media. Most NGOs still need to establish or improve their media relations skills. Slight improvements in public image have come from individual efforts by the more prominent advocacy NGOs to build and maintain strong relationships with journalists, especially at the local level. The results of the

survey published in USAID NGO sustainability index in 2004 show that it is the local print media that provides the most frequent coverage of NGO activities.

Another problem which contributes to a rather negative public attitude of Croatian advocacy NGOs is the lack of openness and transparency in their operations. In general, citizens know very little about NGOs as they are rather closed, do not present their work to the public, do not draw attention to the public benefit resulting from their activities. Their approach is mostly reactive and focussed on criticizing policy-makers, rather than advocating, offering new innovative solutions to problems. In other words, the 'non-governmental' aspect of their work has usually been interpreted as anti-governmental⁴ which makes it more difficult in gaining public confidence.

Several recent studies have pointed out a widespread problem of confidence/trust within Croatian society (Rimac, Stulhofer, 2004). This has a significant impact on NGOs and their potential to generate social capital in Croatia. The challenges related to the public perception and public trust in NGOs has been considered by some experts as crucial for civil society development in Croatia (Ceraneo, 2005). Indeed, the negative public perception can have far-reaching consequences and a direct impact on the level of cooperation between NGOs and the Government, and on impact of NGO advocacy activities.

Despite a few successful collaborative efforts between NGO sector and Government, NGOs generally have not been successful in their advocacy activities due to the lack of openness and interest in cooperation by the current administration and policy-makers. There is a general problem of discontinuity of cooperation and dialogue between political and administrative elites and NGOs, which sometimes prevents the progress of reforms in some key areas⁵. In addition, advocacy NGOs in Croatia often lack resources needed to perform efficient public campaigns, and are sometimes prone to self-censuring when it comes to holding accountable or criticising government institutions from which they receive funding. Some experts argue that in Croatia it is still very difficult to publicly criticize and hold the Government accountable, while in the same time expecting to receive Government funding.

In recent times, partly due to the requirements of the process of the European Union accession, the rhetoric of the high government officials towards advocacy NGOs has slightly changed. Concepts of partnerships in policy-making and in communicating EU issues to citizens have been used much more often in public discourse than before. The idea of strengthening civil society development and building capacities of civil society organisations to prepare for the EU accession started to gain importance. It is in this context that started to emerge a new system of public funding of NGOs in Croatia, which we will elaborate in the following section.

In search of adequate system of public funding of NGOs in Croatia

In Croatia, we have witnessed a rapid development of civil society organisations, and especially NGOs, with 27,000 NGOs currently registered at national, regional and local level. A problem often stressed is the insufficient financial support which NGOs get for their activity from public funds.

⁴ According to several surveys conducted in Croatia about the trust of citizens in NGOs, most respondents are rather confused by the notion 'non-governmental', and tend to link it to some negative connotations. (B.a.B.e.,2004). The negative attitude tended to change if the notion 'voluntary or civic' association was used instead of non-governmental.

⁵ This has often been illustrated by the examples of the NGO/Government youth development program as well as the social welfare programs, which were widely debated and jointly prepared by NGOs and previous Government, and terminated by the new administration.

Although there is no legal obligation for any state in the world to finance NGOs and other civil society organisations, there is hardly a state which does not have some form or system of co-financing the programmes and projects of NGOs, as the support for these and civil initiatives presents one of the prerequisites for the democratisation of society and a high-quality usage of the existing capacities for the development of society.

A significant change in this context happened in 1998 when Croatian Government founded the Office for Cooperation with NGOs. The main task of the Office was to establish trust and to encourage cooperation between the Government and NGOs through funding, guidance and regular financing. The Government's decision to found the NGO Office also resulted in the centralisation of all the finances from the state budget which, until then, had been allocated from the budgets of Ministries and Governmental Offices. This was only partly true for the Ministry of Culture, which continued to function autonomously in the allocation of finances for culture-related public purposes, but this also meant that it partly financed NGO projects/programmes. The centralised finances of the NGO Office's budget did not include support for professional organisations or organisations which were set up in the aftermath of the War of Independence, whose financing remained under the jurisdiction of the relevant Ministries.

In 1999, the Office introduced the Grants Programme, which was based on several important principles:

1. availability of resources through a public tender for the allocation of grants for NGO projects and programmes, which provided all NGOs with equal access to public funds (except those which exercised their right to state budget financing under special laws, such as the Sports Act, the Croatian Red Cross Act, etc.);
2. objectivity of quality assessment for the submitted NGO projects/programmes, through the activity and work of independent expert evaluation working groups;
3. the public character and availability of information on the results of the tender in order to provide the public with the information on who was awarded a grant, for which project, and how big the grant was;
4. availability of information on the quality of investment of public finances in NGOs' activity through a public presentation of the results of financed projects/programmes at a 3-day event called the "Days of the NGOs", which was regularly held in Zagreb from 1999 to 2003.

From 1999 to 2003, the Office received almost 6,000 submissions for NGO projects/programmes at annual tenders, 1,997 of which were funded in a total amount of HRK 105,328,942.33 and included projects/programmes in the fields of human rights promotion and protection, social care, health care, education, democratisation and civil society development, environmental protection and culture.

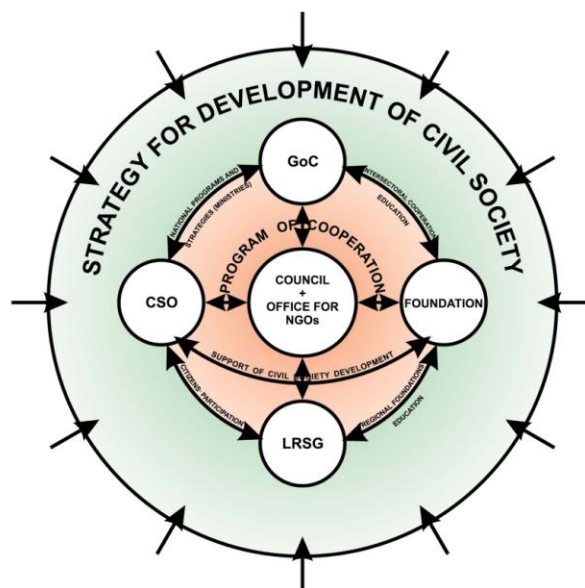
The work of advocacy NGOs was particularly supported through the calls for proposals focussed on democratisation and civil society development, human rights promotion and environmental protection. By providing financial support to advocacy/watchdog NGOs in late nineties, despite a very unfavourable environment, Government office for NGOs made a substantial step forward in developing objective standards of public funding and even raising public awareness on the need of encouraging active involvement and participation of NGOs in public policy development, implementation and monitoring.

Although the work of the NGO Office showed good results, which is obvious from the more structured and systematic, and, above all, more transparent relationship between state administration institutions and NGOs, this model proved to be more appropriate for the initial, transition period of the building of trust, which was necessary in 1998, when the Office was founded.

New organisational structures and new approaches to NGO public financing

The Government's conclusion of 18 April 2002 initiated a new approach to NGO financing, with the decentralisation of finances for NGO projects/programmes from the NGO Office's budget to the relevant budgets of Ministries and Government Offices. Along with this, a decentralised model of organisational structure was introduced for the continuation of the promotion of civil society development and inter-sector cooperation. Apart from the NGO Office, strategic positions in this model were given to newly founded bodies – the Council for the Development of Civil Society (the Government's advisory body) and the National Foundation for Civil Society Development.

NEW MODEL OF ORGANIZATIONAL STRUCTURE FOR SUPPORT OF CIVIL SOCIETY DEVELOPMENT IN CROATIA



Meaning of abbreviations:

- CSO = civil society organizations
- GoC = Government of the Republic of Croatia
- LRSg = Local and Regional Self-Government

From 2001 until the end of 2003, several key decisions were made which brought about the further development of the model of financial support for NGO projects/programmes, and more systematic cooperation between the two sectors – the public/state sector and the non-governmental, non-profit sector (NGOs and other civil society organisations).

The first major step forward took place on 4 January 2001 when the Government passed the Programme for the Cooperation of the Government of the Republic of Croatia and the non-governmental, non-profit sector in Croatia as the fundamental document which sets out the principles, areas and ways of cooperation.

In July 2002, the Croatian Parliament adopted the Act on Games of Chance and Competitions, which established that 50% of the profits from the games of chance have to be directed to the projects/programmes of organisations which: 1) promote the development of sports (30%), 2) contribute to the fight against drugs and all other forms of addiction (8%), 3) are concerned with social and charity activity (4%), 4) are concerned with the problems of and which meet the needs of people with disabilities (28%), 5) are concerned with technical culture (6.5%), 6) are concerned with culture (5%), 7) are concerned with the non-institutional education of children and young people (4%), 8) contribute to civil society development (14.5%)

When the new Profit Tax Act and the Income Tax Act came into force in 2001, these acts allowed profit organisations to actively support the work of the non-profit sector by allowing donations of up to 2% of accumulated income in the previous year to be considered as tax deductible

On 14 March 2002, the Government founded the Council for the Development of Civil Society as a government inter-sector advisory body to work on the Strategy for Civil Society Development, to monitor the implementation of the Cooperation Programme between the Government of the Republic of Croatia and the non-governmental, non-profit sector in Croatia, and to monitor and propose improvements in the procedures for the allocation of grants from the state budget and from part of the income from games of chance.

On 16 October 2003, the Croatian Parliament adopted the Act on the National Foundation for Civil Society Development (NN 173/03), with the main purpose of promoting civil society development in the Republic of Croatia.

The establishment of the above-mentioned new organisational structures and by developing new strategic initiatives and approaches to NGO funding, the environment for work of advocacy NGOs became generally more favourable.

The National Foundation for Civil Society Development – new possibilities for advocacy NGOs

By founding the National Foundation for Civil Society Development, the Republic of Croatia joined Western European countries and transition countries in Europe in which similar Foundations have contributed significantly to improving those countries' investment capacities, as well as multiplying international donations for civil society development and inter-sector cooperation.

The National Foundation is the first domestic public donor which acts outside the structures of state or local administration and which is a partner in supporting civil society development in the Republic of Croatia.

In order to fulfil its basic aim, the National Foundation offers expert and financial support to programmes which encourage the sustainability of the non-profit sector, inter-sector cooperation, civil initiatives, philanthropy, voluntary work, and the improvement of the democratic institutions of society.

The aims which the National Foundation seeks to achieve through its work are: 1) the promotion of an active civil population, and inclusion and participation in social development, 2) the building of the capacities of civil society, 3) the development of inter-sector cooperation and cooperation between the organisations of civil society, 4) increasing the public nature and influence of the work of civil society organisations, 5) the development of social enterprise and employment in the non-profit sector, 6) increasing the influence of civil society in the process of the adoption of public policies.

The National Foundation is financed from state budget funds, from part of the income from games of chance and competitions, and from the founding capital, donations and other income, pursuant to Article 16 of the Act on Foundations and Funds.

In 2004, its first year, the National Foundation issued seven calls for tenders for the allocation of funds. These included: (a) the support to civil initiatives entitled "Our Contribution to the Community" (grants up to EUR 2000); (b) partnership projects in the local community entitled "Better Together" (grants up to EUR 15.000); (c) encouraging social enterprise and development in the areas of special state concern, islands and mountainous areas, entitled "From an Idea to Development" (grants up to EUR 15.000); (d) democratisation and civil society development (grants from EUR 3000 to 10.000); (e) a continuous call for tenders for the co-financing of participation of civil society organisations' representatives in international conferences; (f) institutional support for the development and stabilisation of organisations (grants from EUR 7.000 to 50.000) and (g) networking focussed on better involvement in the EU accession process - linking a minimum of 10 organisations in projects related to reforms in all the sectors which Croatia is obliged to carry out in the preparation process for full membership of the European Union (grants up to EUR 40.000).

Simultaneously with the calls for tenders, the Foundation has issued two invitations for expressions of interest for cooperation with the National Foundation in research into the position and development of civil society development in Croatia and for the common building of educational modules for the development of the capacities of civil society and inter-sector cooperation.

In most calls for proposals published by the Foundation, advocacy NGOs had the possibility to apply and receive funding. More particularly, two calls for proposals were especially focussed on supporting advocacy/watchdog/public policy activities. These are democratisation and civil society development and networking for EU accession process.

In 2004, the National Foundation approved 167 grants in a total amount of cca EUR 2,500 000. It must be stressed that apart from the funding channelled through the Foundation, advocacy NGOs had the possibility of receiving funding both from the income of games of chance which has been dealt with by authorised ministries and government offices (total of cca EUR 19 milion). In addition, the Ministries and Government Offices themselves provided funds from the state budget for the implementation of programmes of allocating financial support to projects and programmes of organisations from their field of activity. In this way, another EUR 7 million was allocated to NGO projects/programmes in 2004.

Despite the fact that in the following 2 to 3 years it is expected that major international donors who have been financing civil society development in Croatia since the 1990s will leave, we believe that this will not create serious problems considering the existing model for the allocation of financial support from domestic sources and from the pre-accession EU funds. Here, the increasingly important social responsibility of the business sector should be stressed, since it has been increasingly making donations, through public tenders or direct action, to NGO projects and programmes directed towards the development and improvement of the quality of life in local communities. The passing of the new Foundations Act is expected to additionally stimulate philanthropy and the culture of giving to generally useful causes, which will also directly influence NGO advocacy work and the overall civil society development in Croatia.

Responding to new challenges and new roles for Croatian advocacy NGOs

The National Foundation for Civil Society Development has particularly recognised the need to further strengthen the NGO advocacy, watchdog activities in the context of the EU accession process. During 2005, it has launched, in cooperation with Brussels based organisation European Citizens Action Service, an EU information, training and scholarship programme for Croatian NGOs⁶. The main objectives of this programme were: to contribute to strengthening the capacity of Croatian NGOs to get actively involved in the country's preparation for the EU accession as well as to influence the policy developments in their fields of work, to increase the knowledge of Croatian NGOs on European integration issues and help creating a viable group of EU affairs specialists within Croatian NGO community, to strenghten the NGO capacity of absorption of available EU funding opportunities, as well as to encourage better networking of Croatian NGOs with their EU counterparts. After the completion of this Programme in September 2005, the Foundation decided to provide initial support to the establishment of the Civil Society Forum for Monitoring EU Accession of Croatia –which is being set up by the participants of the mentioned programme. Taking into account the fact that so far there has not been adequate consultation process between Government and NGOs on EU related issues, the National Foundation has also initiated a series of

⁶ The programme included 25 representatives of NGOs from all over Croatia, selected on the basis of the public call for proposals, respecting the criteria of representation of different Croatian regions and different sectors as well as the criteria of gender equality.

round tables where the important topics arising during EU accession negotiations will be debated by civil society organizations. These and other similar initiatives of the National Foundation aim at preparing Croatian NGOs for more demanding advocacy work and for new patterns of interest representation in an enlarged EU.

Beyond Service Provision. Public Policy, Advocacy and Watchdog NGOs in Poland

Robert Sobiech, Institute of Applied Social Sciences, Warsaw University, November 2005

Introduction

During the last decades requests of good governance have been receiving a considerable attention in many democratic societies. The ongoing debate on factors influencing good governance stresses the importance of demands formulated by civil society. Contemporary governments act under a pressure to make a public policy process more open and accountable⁷. A considerable part of such pressure comes from Non-Governmental Organizations. NGOs play important role in articulating and representing people's interests, defining social problems and setting agendas for government policies. They participate in policy development and policy evaluation and exercise effective control over government and business activities. Finally, they provide a growing number of services substituting government policies on national and local level. One can claim that provision of services has become a dominant function of non government organizations attracting public attention as well as growing understanding and support from national and local government. Services provided by NGOs not only have proved to be efficient instruments in solving acute social problems and in reducing vast areas of social deprivation but also has widely approved by public opinion as a legitimized instrument of public policy.

Concentration on service provision organizations results in declining interest in other NGOs' functions, including advocacy, watchdog activities as well as participation in policy process. Activity of the above mentioned categories absorb limited attention of scholars and politicians, resulted both in a scarcity of research as well in lack a precise definition of each type of organizations. Watchdog organizations are usually understood as groups monitoring activities of government or/and business and discovering practices against public interests or violations of socially accepted values and norms. Advocacy is defined as attempts to influence a public agendas and shape policy processes including representation of various interests, mobilization of public opinion as well as empowerment of vulnerable groups who can not speak for themselves. The most difficult task is characterization of public policy organizations. The term seems to cover a broad areas of organization's involvement in different stages of policy process, from policy design till policy evaluation. Important part of policy organizations' activities constitutes consultations, policy advise and policy studies.

Adopting such a broad approach one has bear in mind that boundaries of what constitutes watchdog, advocacy and public policy organizations are not very clear. Many organizations perform both advocacy/ watch and policy functions. In many cases policy organizations also perform a number of public services. Lack of clear definition have had a considerable impact of existing studies on non governmental organizations.

Defining public policy, advocacy and watchdog NGOs

⁷ Weaver R, Stares P (2001), "Guidance for Governance". Japan Center for International Exchange, Tokyo, New York

With very few exceptions available research and surveys on Polish NGOs do not refer to categories of watchdog, advocacy or policy organizations. Therefore, the analysis of current state of such organization face important methodological constrains. Obviously, description of their current state, modifications occurred in the past and factors influencing their performance can only be obtain from a secondary sources . Lack of reliable data pose many problems in assessing the scope of such organizations.

According to data provided by survey conducted by “Klon-Jawor” association ⁸ in 2004 non government sector in Poland consisted of 45891 associations and 7210 foundations. Adopting broader definitions of non government organizations which covers trade unions, churches, voluntary fire brigades or parents’ committees the number of NGOs is around 106 000.

Analysis on existing foundations and associations (narrow definition) conducted by “Klon-Jawor” reveals a complex picture of activities performed by Polish NGOs. 64% of non governmental organizations provide services to their clients. 28% of organizations represent interest of their clients or interests of specific social groups. 11% actively participate in various debates with public administration, consult government policies on national or local level, organize public campaigns and protest, 5% conducts research, gather and analyze data. 4% of organizations actively influence policy process, lobbying for preferred options or legislations.

According to “Klon-Jawor” study almost 40% of Polish NGOs act in the field of sport, tourism or recreation⁹. Numerous organizations perform their activities in the area of culture and art (performed by 11% of organizations), education (10% of organizations), social services and social work (10% of organizations) and health prevention (8% of organizations).

The minor category are organizations whose activities directly result in development and promotion of civic society, labeled by “Klon-Jawor” as “civic society organizations”. It includes organizations dealing with protection of human rights, organizations supporting development of NGOs and grass root activities, and performing political activity. This category constitutes 4% of all non governmental organizations in Poland, what makes around 2000 organizations, declaring that development of civil society as their most important fields of activity. When adopting a broader definition including organizations which define performing “civic society” as one of their important tasks – “civic society” organization constitute 20% of all Polish NGOs (around 9000 organizations).

Analysis of “Klon-Jawor”, based on broad definition, reveals the complex internal structure of “civic society organizations”. Actives of 35% of organizations are concentrated on supporting volunteering and philanthropy, 29% of organizations offer support for NGOs’ development and civic initiatives, the same number of organizations deal with protection of human or minority rights or promotion of democratic values. Advocacy function perform 24% of organizations, 24% organizations conduct provide civic education. Watchdog activities belong to less popular actions. They are undertaken by 7% of organizations. “Civic society” organization constitute the biggest category within the youngest organizations (established in last 2 years). They are more often based in biggest cities and employ much more staff receiving permanent payment, more volunteers and better educated staff.

Watchdog, advocacy and policy organizations - funding sources and available resources

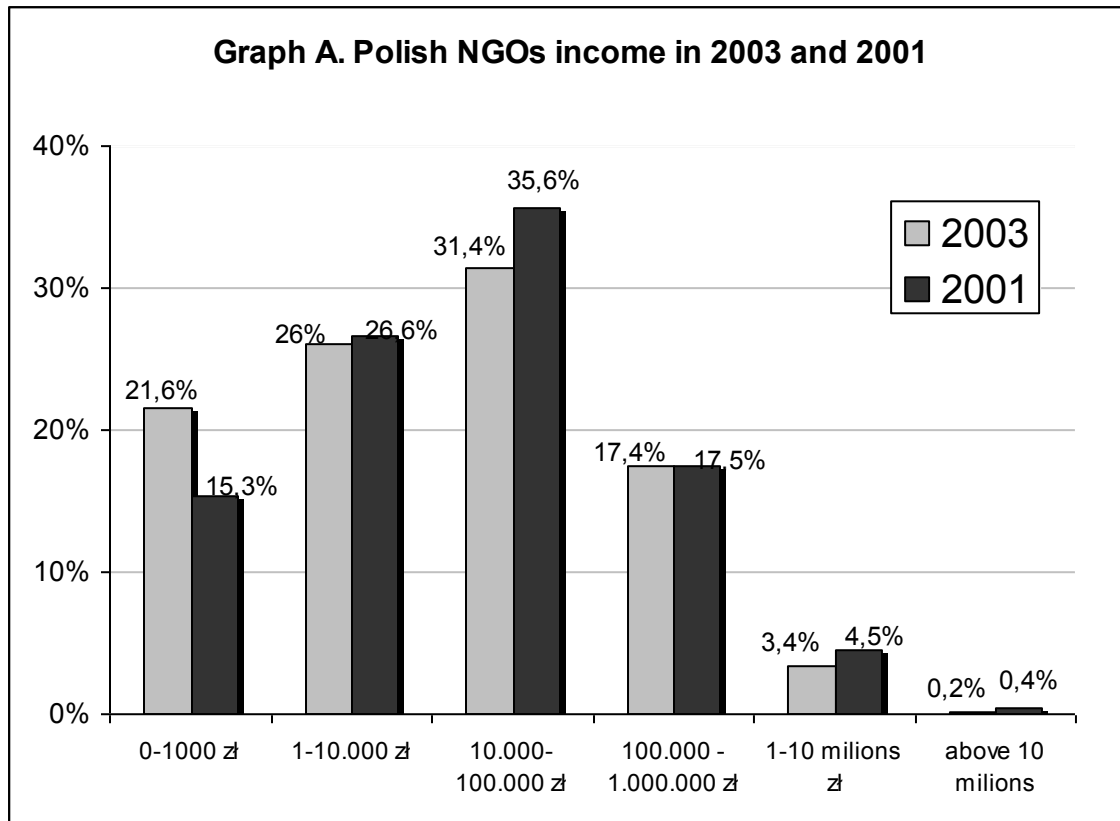
The existence of watchdog, advocacy and policy organizations and their long term impact on public policy outcomes as well as their impact of democratic order depends to a great extent on stable

⁸ Gumowska M., Herbst J. Podstawowe fakty o organizacjach pozarządowych – raport z badania 2004, Stowarzyszenie Klon-Jawor 2005, - Survey on representative sample of 950 organizations

⁹ Area indicated as main field of activity

system of funding. Therefore, one of the crucial parts of their analysis is description of dominant sources of funding.

Research conducted by “Klon-Jawor” reveals that almost 40% of “civic society” organizations like other non governmental organizations in Poland operate on very modest budgets¹⁰ (Graph A). Annual income of 20% of NGOs do not exceed 1000 PLN (around 250 EURO) 14% of “civic society” organizations do have any financial resources (in the whole non governmental sector 21%). Only around 20% of organizations obtain income above 100 000 PLN (25 000 EURO).



It turns out that civic society organizations utilize a variety of financial sources. The main part of their budgets (20% of total income) comes from members’ fees. Members fees constitute also the biggest part of other NGOs (23%). The striking difference between “civic society” and remaining organization is utilization of local government funds. The average income obtained form local government constitutes 13% of total budget of “civic society” organizations. For other organizations local government funding provides almost 23% of their income. On the contrary “civic society” organizations obtain 9% of their income from state administration, while other NGOs 6%.

The above mentioned differences suggests that “civic society” organizations, contrary to other NGOs, do not have well developed relations with local authorities, who seems to be more interested in provision of services and direct input in local policies.

Donations from private sector and from individual citizens. make up around 20% of organizations’ income. “Civic society” organizations more often obtain funds from foreign assistance programs and foreign institutions. It should be noted however, that foreign sources provide only 5,6% of their income (in case of remaining NGOs – 2,3%). The striking differences appears in case of application for EU funds. In last 4 year 24% of “civic society organizations have made attempts to different EU programs, comparing with 13% of other organizations.

¹⁰ Gumowska M., Herbst J. (2005) op.cit.

It is worth stressing that analysis of incomes and funding sources refers to almost 9000 “civic society” organizations. According to “Klon-Jawor” estimates, advocacy organizations make up 20% of this category and watchdog organizations around 7%. Policy organizations were not included in the above category. Therefore, it is difficult to say to what extent the general characteristic reflects specific situation of watchdog, advocacy and policy organizations

Because of the scarcity of existing evidence, the only available sources of information are data from studies on specific subgroups of organizations. One of such study was conducted by Freedom House in 1999 and was focused on think tanks in Central and Eastern Europe. A secondary analysis¹¹ of data gathered by Freedom House sheds more light on situation of Polish policy organizations and also enables to make comparison with similar organization in Hungary and Czech Republic.

In order to define think tanks Freedom House applied the following criteria:

- Concentration on activities such as research, advocacy or conferences,
- Primary research interest that covered such fields as: democratization, economic development, environment, legal reform, social safety, security issues,
- Independent or autonomous status within larger organizations. The bulk of surveyed organizations were registered as non-profit, non-governmental organizations, however some examples of university centers or foundations associated with government bodies were also included.

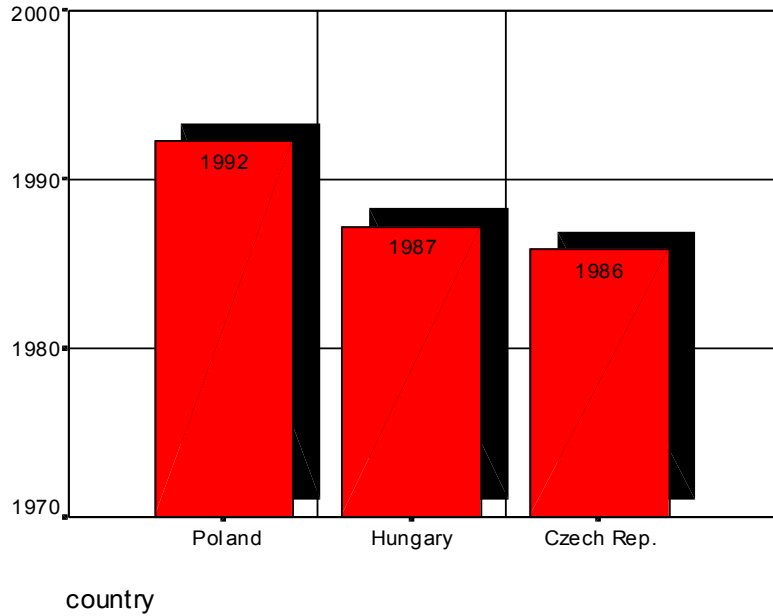
Based on above criteria the Freedom House directory provided information on think tanks from 16 Central and East European countries, including 11 following Polish organizations.

Almost all Polish think tanks were created in the first phase of the transition period. Only 26% organizations were established after 1993. The oldest think tank, Adam Smith Research Center was founded in 1989, the youngest - Policy Education Center on Assistance to Transition, was set up in 1996. One can assume that foundation dates reflect the existing demand for independent advice and expertise in the first period of the transitions. The above suggestions seems to be supported by the think tanks’ mission statements. Most of the organizations’ missions put emphasis on their role in developing free market economy, democratic system and virtuous society, support economic social and political transformation, development of civil society or provide assistance for transitions in Central and Eastern Europe.

Comparison of Polish think tanks with their Hungarian and Czech counterparts revealed that the substantial part of organizations from neighborhood countries was founded before 1989. Data presented in Figure 1 seems to reflect both different organizations of research and different ways of transition to democratic society.

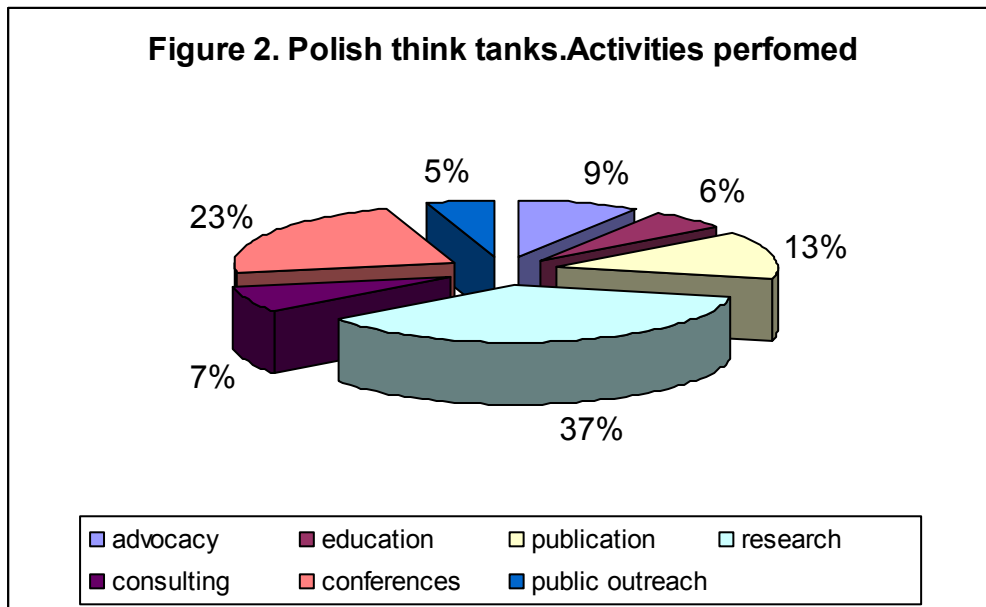
¹¹ Robert Sobiech „Guidance for Governance in Poland” in: Weaver R, Stares P (2001), “Guidance for Governance”. Japan Center for International Exchange, Tokyo, New York

Figure 1. Think tanks - year established



The dominant profile of Polish think tanks was research oriented. Research covered around 37% of all organizations' performance. The common forms of their operations were also conferences, seminars and workshops (23%). The less popular activities are publications (13%), consulting and education (6%). It is worth noting that advocacy constituted 9% of think tanks activities. Advocacy was mentioned by 8 organizations but only for 2 of them claimed that it formed more than 20% of all operations.

Figure 2. Polish think tanks. Activities performed

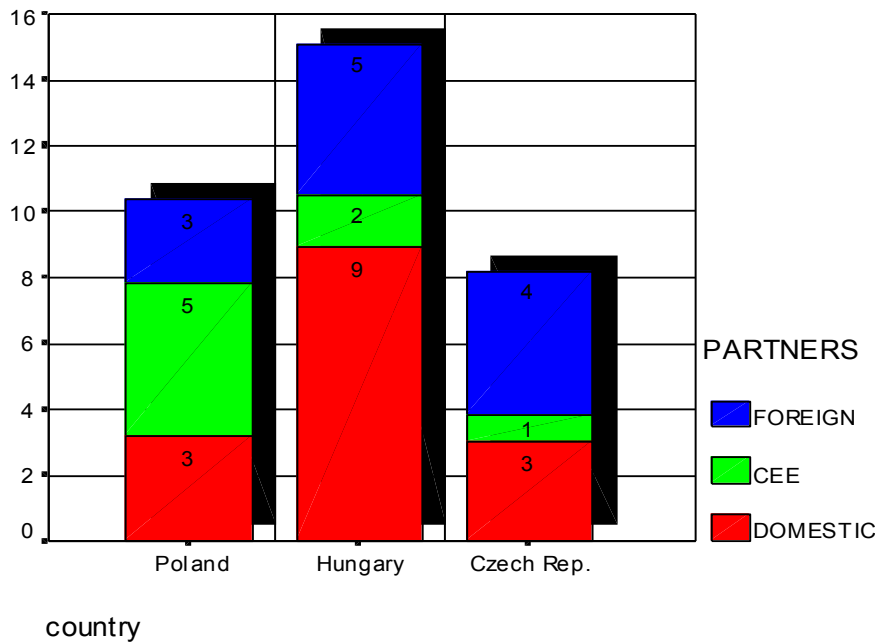


International cooperation was a well developed part of think tank activities. Freedom House data on organizational relations with national and international partners showed that almost all organizations established very few contacts with their national counterparts. More than 80% of think tanks mentioned as many as 3 national partners. It is worth stressing that almost all organizations did not

include in their own list of partners think tanks covered by the Freedom House study. Considering the similarity of their missions, it is hard to assess whether the existing situation resulted from intense competition faced by the think tanks or reflects problems encountered in the initial stages of organizational development. This suggests that the policy advice provided by Polish non-governmental organizations should be understood in terms of individual reactions of relatively small groups of experts rather than as a developed system of organizational response to public policy needs.

Comparison with neighboring countries reveals interesting differences both in number of partners and in their location (Figure 3). The average number of local partners in Hungary was 3 times higher than in other two countries. Polish organizations had more often contacts with counterpart organizations from Central and East European region.

Figure 3. Think tanks - partners



The data gathered in Freedom House survey showed significant differences among Polish think tanks. In 1999 three smallest organizations had annual budget between \$25,000-75,000. In the middle range were 5 organizations with budgets between \$127,000-280,000. Finally, there were 3 richest think tanks with annual budgets of \$730,000-965,000. Information on think tanks incomes revealed significant differences between 11 Polish think tanks and average Polish “civic society” organization. It is worth noting that in 1999 the annual budget of the poorest think tank exceeded \$25000, while four years later around 75% of “civic society” organization have operated on much smaller budgets.

The average budget of Polish organizations was comparable with Hungarian think tanks and significantly smaller than the budget of an average Czech think tank (Figure 4).

Figure 4. Think tanks - budget

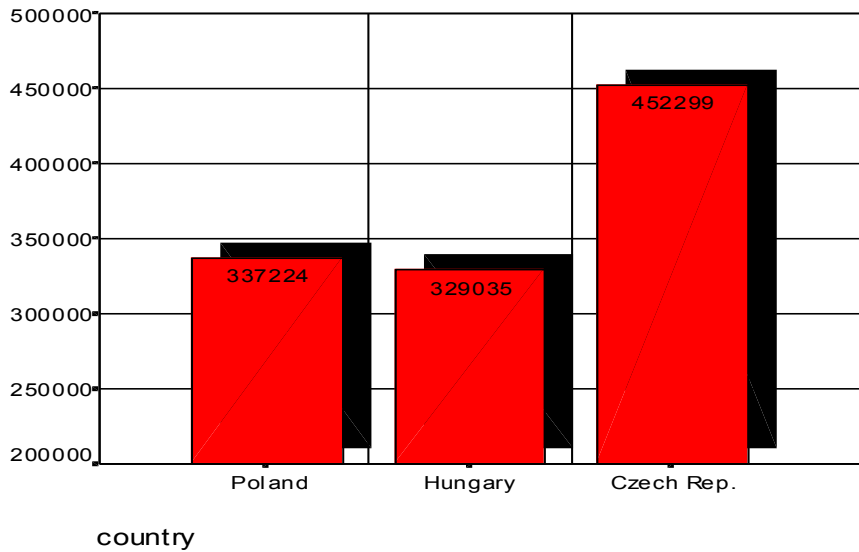
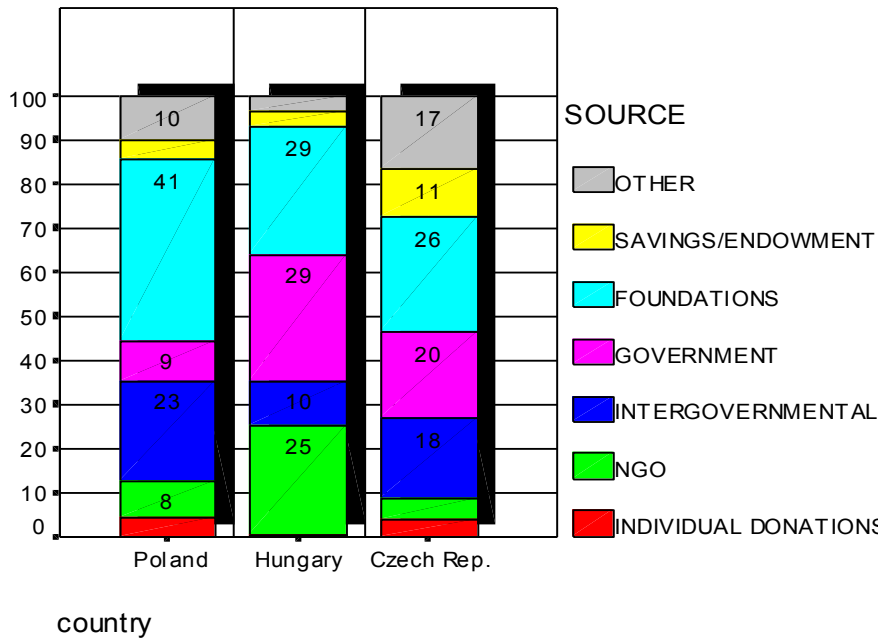


Figure 5. Think tanks - sources of revenue



Data from the three countries reveal substantial differences in revenue sources (figure 5). The dominant sources of funding in all three countries—but especially in Poland—are revenues from foreign as well national foundations, supporting development of NGOs. Hungarian and Czech organizations surveyed in the Freedom House survey relied heavily upon government subsidies (or fees for their services). Income from European Union programs as well as income from intergovernmental organizations such as World Bank, or United Nations became a large part of Polish think tanks revenues.

Domination of external sources of funding seemed to be a major constraint for the studied organization. In 1999 almost 40% of total revenues of Polish think tanks came from grants of (mostly foreign) foundations another 20% of incomes were obtained from international organizations. Such a income structure posed a real danger for a bulk of

think tanks As foreign funding sources gradually withdraw their assistance one could expect a significant reduction of *think tanks* AP/AO activities.

Differences in income sources among Polish think tanks reflected divisions both in organizational capacities and in public recognition. For example, organizations established in the first period of transformation (before 1992) had significantly bigger budgets than think tanks founded few years later. The other data suggest that this relationship applied also to impact on policy process, especially impact on agenda setting.

One of the possible indicator of such an impact is media visibility and participation in parliament testimonies. As it is shown in Table 1 information about public visibility of Polish think tanks shed some light on their organizational influence. It also illustrated organizational effectiveness measured by visibility in media related to organizational budgets.

Table 1. Visibility in the Media and Visibility in Parliament

organization	Gazeta Wyborcza ¹² 1992 -2000	Gazeta Wyborcza 2004-2005	Newspaper Citation/ Budget in millions USD ¹³	Parliamentary Testimony 1993 - 2000	Parliamentary Testimony/ Budget in millions USD
Adam Smith Research Center	15	62	53,57	2	7,14
Center for Political Thought	0	85	0,00	0	0,00
Center for Social and Economic Research	217	19	224,87	1	1,04
Cracow Real Estate Institute	17	2	68,00	1	4,00
Institute for Private Enterprise and Democracy	28	9	220,47	1	7,87
Gdansk Institute for Market Economics	524	16	724,09	28	38,69
Institute of Public Affairs	166	45	210,45	7	8,87
Institute for Studies on the Foundation of Democracy	5	0	200,00	0	0,00
Institute for Sustainable Development	18	1	72,00	10	40,00
International Center for Development of Democracy	90	5	486,49	1	5,41
Policy Education Center on Assistance to Transition	0	0	0,00	0	0,00

Data included in Table 4 reveals several influential organizations that attract media attention and obtain official recognition in the parliament. The most significant organization was undoubtedly the Gdansk Institute for Market Economics, which ranked very highly in both places. The Institute illustrated a category of the most prestigious NGOs, which were usually established at the beginning of the 1990s and successfully maintained their position. Another category of organizations is illustrated by the Center for Social and Economic Research and Institute of Public Affairs,

¹² The search was done on May 11th.2000 and covered 1075378 articles printed since 1992.

¹³ Data from period of 1992-2000

with strong visibility in media, but rather low participation in the legislative process. Along with big, influential think tanks that shape the public scene, there were a number of smaller organizations that are very effective in their activities, if their effectiveness is to be measured by their visibility in the media relative to their budget size (for example, the Center for Development of Democracy). There were also number of organizations that in all analyzed dimensions played a minor role and seemed to act outside of mainstream activities.

The analysis of Polish think tanks pose a number of important questions, which should be addressed to future research of that kind. One of the most vital issue is current funding mechanisms. Data from 1999 showed almost absolute reliance on foreign funds, the recent information on funding sources of Polish NGOs shows that the foreign assistance makes only a tiny proportion of their revenues. Data on think tanks visibility in media in recent year (table 1) reveals that only 4 of 11 think tanks significantly improved their previous position. Some of them are present in media only in symbolic ways, what suggest a real regress comparing to situation in 1999. Lack of systematic research on watchdog, advocacy and policy organizations do not permit to trace the ongoing changes and their impact on organizations' performance.

It should noted that study on think tanks has portrayed the category of most influential and resourceful organization. In case of majority of Polish watchdog, advocacy and policy organizations we do not have even provisional data. The low average income of Polish non governmental organizations indicates that financial sustainability can be a dominant constraint. It is also hard to assess short term effects of new regulations (*Act of Law on Public Benefit and Volunteer Work*) The first available data shows results suggest the real improvement can be achieved in rather long term perspective. According to the data on the individual tax statements for 2004 only less than 3% of Polish taxpayers have abated the income tax because of a remittance in aid of public benefit organizations (1%)¹⁴.

¹⁴ <http://www.pozytek.gov.pl/News,542.html#892>

Public Funding and Watchdog, Advocacy and Public Policy Think Tank Activities in Hungary

István Sebestény – Tamás Scaurszki, Budapest, November 2005

Introduction

This essay tries to capture certain aspects of advocacy, watchdog and public policy think tank activities shaping public policy in Hungary. The essay was commissioned by Ekopolis Foundation in Slovakia to: a) describe the perception and attitude of political elites and the general public towards watchdog, advocacy and public policy think tank nongovernmental organisations (NGOs); b) explain the operation of the National Civil Fund as the largest in financial terms and the most unique mechanism providing public funding to NGOs; and c) assess the pros and cons of existing mechanisms of public funding from the point of view of these NGOs. To answer these questions, we use a combination of quantitative data from research undertaken by the National Statistical Office in Hungary and qualitative data from papers and interviews.

This essay is part of a larger effort to compare the situation in several Central and Eastern European (CEE) countries. Therefore the authors also attempt to put the core points answering the questions posed above into context, explaining the situation in Hungary and touching on other relevant issues.

The essay is broken into six parts. The Executive Summary describes the main findings of the study. This is followed by a chapter broadly defining watchdog, advocacy, and public policy think tank activities in the Hungarian context and describing their main achievements. The document continues with a summary of perceptions of political elites and the public at large. Then it goes on to describe briefly public funding mechanisms and, in more detail, the National Civic Fund. The essay finishes with an assessment of funding mechanisms from the point of view of watchdog, advocacy and public policy think tank NGOs and with some thoughts emerging from the interviews which have a bearing on the questions posed.

We would like to express our thanks to everyone who has contributed to this study through providing materials, data, time to be interviewed, or giving input in any other way. Their names can be found in Appendix I. Any error in interpretation of data or views expressed to us is our responsibility and we apologise for these mistakes.

Executive Summary

The following main findings emerge from the essay:

- The words watchdog, advocacy, and public policy think tank tend to mean certain functions rather than specific types of NGOs in the Hungarian context. These functions have been important parts of Hungarian civil society and the nonprofit sector and made significant contributions to the country's efforts to build a strong democracy and ensure that all social groups benefit from the political changes since 1989. At the same time, there is not a clear consensus on which specific organisations should be regarded as watchdog, advocacy, and public policy think tank NGOs. Collecting empirical data on them is therefore a challenge.
- Politicians and the public at large have both positive and negative attitudes towards watchdog, advocacy, and public policy think tank activities. The attitudes of politicians, are apparent in government's programmes and action and they have significant and mixed impact on NGOs performing watchdog, advocacy, and public policy think activities. Despite its mixed attitude, the public at large seems to provide approximately the same level of support in financial contributions and volunteer work to watchdog, advocacy, and public policy think tank NGOs as to other NGOs. Yet, it seems, watchdog, advocacy and public policy think tanks have done relatively little to explain their contribution to Hungarian society and, consequently, to improve the attitude of politicians and the public at large.
- There are several funding mechanisms providing public funding to NGOs, including watchdog, advocacy, and public policy think tank activities, in Hungary. The different funding schemes provide increased amount of funding to NGOs, however the weaknesses in the quality of public funding mechanisms undermine their effectiveness. These weaknesses include little transparency and accountability, disrespect for the letter of the law, short-termism, and dependency on relationships and contacts with politicians and public officials when getting public funding.
- The main weakness of public funding mechanisms for NGOs is rooted in the low level of political culture. This is especially relevant to watchdog, advocacy and public policy think tank NGOs as their work is seen the most sensitive to political processes. There seems to be willingness on the part of progressive politicians to address the above mentioned shortcoming of current mechanisms, yet NGOs should take the lead in develop and promoting ideas for improvement of the current funding mechanisms as well as come up with new ideas.

What are we talking about? – Definitions

There seems to be a broad consensus among those interviewed that the words “advocacy”, “watchdog”, and “public policy think tank” refer to certain functions that organisations may choose to perform. In the framework of the Hungarian nonprofit sector, these functions can be broadly described as follows:

Advocacy: representing (and advocating for) the interests of certain social groups, typically underprivileged and marginalised people who are therefore normally underrepresented; focusing on issues not receiving adequate attention in the policy development process through trying to raise awareness and influence the public, opinionmakers, decisionmakers, and politicians.

Watchdog: providing a control function over the operation and activities of elected decisionmakers, institutions of parliamentary democracy, and other important organisations (such as large companies, etc.) against the letter and spirit of the written law, generally accepted principles of democracy and values upheld by a small or larger part of society using the power of publicity and public pressure.

Public policy think tank: researching and analysing broader political, economic, and social trends, providing a background, through publishing and initiating debates, etc., against which NGOs (and others) can make daily and strategic decisions relating to their missions and values.

Despite the relatively broad consensus on the definitions, it was not easy to identify those organisations which can be called “advocacy”, “watchdog” and “public policy think tank” NGOs. The reasons most frequently mentioned were: a) some organisations declare in their status (or describe their work in these terms) yet they do not actually perform them – and vice versa; b) there are few NGOs with a clear profile as almost all NGOs perform several functions – this is especially true closer to the ground than at the national level; and c) NGOs tend to shift their emphasis on the different functions they perform over time and even take up new functions, such as advocacy, for a short period of time, if they see it as important to further their missions.

NGOs performing advocacy and watchdog functions can be found in almost any field and they are not exclusive to the most well-known ones (such as human/minority rights, environment, or general democracy building). While people interviewed could name a few NGOs performing public policy think tank functions in several fields, the consensus was that this function in Hungary is typically performed by organisations, sometimes legally NGOs sometimes otherwise, that have very close ties with political parties and with the aim of furthering the agenda of political parties rather than addressing a specific social issue in a non-partisan manner.

For the purpose of this essay we use the term advocacy, watchdog and public policy think tank for NGOs whose main function is advocacy, watchdog, and public policy think tank as perceived by the NGO community and people interviewed. We will also use the shorthand WAP or WAP NGOs to make the essay shorter.

We have identified 127 organisations as WAP NGOs to get a sense of who they are and what their main characteristics are vis-a-vis public funding (The list can be found in Appendix II.). We used a combination of expert opinions, the lobby list of the Hungarian Parliament and the criteria provided by Ekopolis Foundation. As mentioned before, the identification of concrete organisations as WAP is very problematic, therefore the empirical data presented here should be regarded as indicative and not definitive.

Achievements

In the nonprofit sector, there is a general sense that WAP NGOs have played a critical and positive role in Hungary’s successful democratic transformation since 1989 (and perhaps before this date through proto-NGOs such as the Danube Circle). Given the complex nature of political, economic and social change, it is only possible to define broadly where these NGOs made significant contributions. The following three areas emerge:

- Championing issues and values, through raising awareness about them as well as putting and keeping them on the public’s mind and the political agenda, that were/are seen as critical to a democratic country. They include tolerance, rule of law, transparency, social justice, equal opportunities, sustainable development, etc. NGOs have not only raised these ideas in

- principle, they have also initiated specific measures (sometimes successfully, sometimes not), such as laws, new institutions, etc. to implement them.
- Promoting and piloting programmes and activities addressing core weaknesses of the democratic system and market economy. For instance, NGOs have started schools with integrated education for Roma when this was a new idea; they have run psychological and legal services for those experiencing domestic violence when domestic violence did not exist *de iure*; they have provided legal services to vulnerable groups, such as the Roma and psychiatric patients, when the state denied that there was a problem to be addressed; and they have initiated projects to provide employment to marginalised groups when the state did not know where to start.
 - Translating democracy to the everyday life of ordinary people. Through their very existence, WAP NGOs have provided opportunities for people to articulate their views and have an impact on the policy development process. This role contrasts well the general perception that only the political and economic elite can influence policy.

On the whole, WAP activities have strengthened civic engagement through using the means and tools of participatory democracy as well as, though to a lesser degree, the channels of representative democracy. This contribution of WAP NGOs cannot be underestimated in the context of the European Union, where EU leaders have emphasised the importance of addressing the low level of civic engagement through including the principle of participatory democracy in the European Constitution (Article I-47 in Title VI). In addition, the European Commission has put more emphasis on good governance, which includes the notions of government and public administration being more open to citizens' ideas and having greater ability to interact with the public beyond the channels of representative democracy, among the priorities to pursue for 2007 – 2013 budgetary period.

Perceptions of advocacy, watchdog, and think tank NGOs

Against this successful background and sense of contribution, WAP NGOs would expect that their work finds at least understanding and acceptance from political elites and the public at large. Yet, the case is not that simple.

Political elites

If we consider election manifestos as the opinion of the political elites (party leaders, members, and non-party member opinionmakers), we find that the most important political parties (the Hungarian Socialist Party (HSP) and FIDESZ – Hungarian Civic Party) have a written policy towards the nonprofit sector. HSP published a separate booklet for the 2002 general elections on its policy and FIDESZ is thought to be working on its own policy for the 2006 general elections.

Therefore each government since 1998 had an active strategy for the NGO sector. The current socialist-liberal government published a paper called “Civic Strategy” to outline the basic principles of cooperation with civil society and civic organisations. (The full text is in Appendix III.) There is little specific mention of WAP NGOs, but several principles could relate to the target group of this essay. The document states that the government a) views an autonomous civil society as its partner and recognises and acknowledges the importance of NGOs in contributing to a more deeply rooted democracy and as a means of giving full expression to individual and civil liberties; b) respects the independence of NGOs, accepts as essential the oversight function played by civil society; c) wishes

to eradicate the political dependence of NGOs; d) views NGOs as essential players in social dialogue and interest conciliation; e) in the spirit of open legislation, wishes to ensure opportunities for NGOs' participation in legislative and consultation process; and f) expects all governmental bodies to identify with the above listed principles and trusts that the government's approach and provisions shall serve as an example for local governments. Unfortunately, this strategy is not an official government policy document, it is an internal document available to the general public.

If we go deeper, we find that the attitude of political elites towards WAP NGOs cover a very wide spectrum in every major political party in Hungary. On one end, WAP NGOs are seen as something unpleasant and preventing the government from implementing its programme. Therefore WAP NGOs need to be at least neutralised if they cannot be turned to be supportive of government efforts. This view is well captured by an active politician, advisor to a minister in one government then a minister in another saying off the records: "How many WAP NGOs do we have in Hungary and how much would it cost to buy their support?" On the other end we find politicians, in government and outside, who believe that the nonprofit sector, including WAP NGOs, are just as much part of a democratic political system as, for instance, the government itself.

These contradictory attitudes manifest in governmental actions and have a profound impact on WAP NGOs. On one hand, we frequently see successful efforts by the government and political parties to co-opt some of the representatives of the most vocal WAP NGOs. The offers range from seats in the parliament, significant grants and contracts awarded which avoid even minimum transparency, to becoming a regularly consulted NGO partner of the government and political parties. This political strategy results in organisations losing their best leaders, an undermined credibility vis-a-vis their constituencies, and erratically changing relationships between WAP NGOs. This type of political intervention from the government and political parties regularly uproots the organic development of the NGO scene since discredited NGOs often times experience significant internal and external challenges and find themselves in the middle of the political playing field before and after elections. At the same time, to show the perseverance of WAP NGOs and their constituencies, invariably new organisations emerge to replace the coopted NGOs¹⁵.

The intentions of progressive politicians (i.e. understanding the roles of NGOs) are aimed at strengthening the nonprofit sector in general and specific NGOs which can help implement government policies. In addition to running their ministries and departments in an "NGO-friendly" manner, they are also aware of the value of those NGOs that do not work with ministries or the public administration or actually fulfil watchdog or advocacy functions. These politicians have played a crucial role in increasing the pool of funds for NGOs as well as in designing and putting in place a fairly sophisticated system through which public funds are available to NGOs, including WAP NGOs, with as little political interference as possible (described in more details later). This approach is welcome by NGOs as it helps to alleviate the underfunding of the sector as a whole and brings Hungary closer to the EU average regarding public funds provided to NGOs. At the same time, it also has negative effects since it gives a (false) sense to NGOs that it is the government's prime responsibility to sustain (financially) NGOs and, given the manner public funds are distributed, it also drives the sector agenda in an increasing manner.

It is important to stress that there are a high number of people in government and high positions in the public administration with significant experience in and substantial knowledge of the nonprofit sector, including WAP NGOs. Thus it seems a fair assumption that these politicians and government officials could be well aware of the possible implications of their policies (both positive

¹⁵ The attitudes of NGOs towards the government also range from being very suspicious and hostile to very friendly. Therefore many good initiatives, both from the government as well as NGOs, are derailed by the hostility of the other.

and negative) on NGOs. Yet, it is unclear how much they (can) care for the interest of NGOs, and how much they (need to) follow the government political agenda.

There is a different, but equally, complex, complicated and diverse dynamics going on between WAP NGOs and individual ministries. There are three typical patterns. Although all ministries declare their openness to consult, cooperate and support with NGOs representing different views and positions, some ministries only work with selected WAP NGOs. These NGOs normally not only represent similar ideas to the ministries, their political views are also close to the government. Naturally, when the government changes, the group of cooperating advocacy and think tank NGOs changes. Therefore the community of WAP NGOs is sharply divided according to political affiliations in several fields.

Those ministries fall to the second pattern which do not care for NGOs at all and do not see the value of their work. They work with NGOs since the government strategy obliges them to do so, but they do it very reluctantly.

Finally, some ministries use WAP NGOs cleverly to strengthen their position in the government. The Ministry of Environment was frequently mentioned as a good example. It “happily” supports WAP NGOs representing different views than the ministry, provides money to organisations criticising the ministry so that the ministry can use the criticism and pressure to improve its position within the government.

It was also noted that these two basic approaches are coloured by the traditions and personnel of the ministries as well as how united the WAP NGO community of the given field are.

The Public's Perception

There is a general consensus that the public at large does not understand the role and function of WAP NGOs in the country. This is especially the case at the national level where the issues WAP NGOs address are seen as very abstract, having little relevance to people's everyday life, and often times as controversial. The situation is somewhat different at the local level where the public is more likely to see direct relevance of the issues addressed by WAP NGOs to their own concerns, and they can therefore more easily relate to the work of WAP NGOs.

Many WAP NGOs admit that they have done relatively little work to explain to the public their work, the importance of their functions in a democratic society, and the relevance of the issues they address. The most frequently mentioned reasons include internal capacity issues, little know-how of how to do it, little encouragement received from their donors, and the associated hardship of getting small donations from the public (as opposed to the relative easiness of getting a larger sum through writing a proposal). At the same time, a growing number of positive examples from WAP NGOs show that it is possible to raise significant amounts from the public for WAP activities.

This perception of WAP NGOs at the national level is not necessarily confirmed by empirical data on the public's willingness to support WAP NGOs financially. As data from the National Statistical Office suggest, in 2003 the group of WAP NGOs received approximately proportionally the same amount of individual support and sums from the 1 % as other NGOs. In addition, the number of volunteer hours spent at WAP NGOs is also similar to other NGOs.

Mechanisms Providing Public Funding to NGOs

NGOs, including WAP NGOs, may receive central public funding through the following channels: Parliament and its committees, ministries, national funds, and public foundations. In 2003, the total public funding from these sources (excluding public foundations) amounted to HUF 248.9 billion (€992 million). Out of this amount, the non-normative support amounted to HUF 204.1 billion (€ 816.4 million). Only 16 % of the non-normative support (HUF 32.2 billion; € 12.9 million) is provided through open calls for proposals, and the remaining 5/6 is given out based on individual decisions (of ministers, committees, etc.). If we compare these figures with data from 2000, we can see that there was a significant increase in public funding going to the nonprofit sector and the non-normative support to NGOs even increased slightly its ratio in public funding. At the same time, the percentage of funds given out through calls for proposals in the non-normative support dropped by one third to 16 % from 23 %.

	2000	2003	Change (%)
Total public funding (excluding public foundation, in billion HUF)	105.9	248.9	235
Non-normative support (in billion HUF)	79.6	204.1	253
Funds provided through calls for proposals (in billion HUF)	18.3	32.2	175
Percentage of funds given through calls for proposals	23	16	69

The National Civil Fund

During the first months of the socialist-liberal government, elected to power in the spring of 2002, extensive consultations took place between NGOs and the government to outline the foundations of cooperation. In the course of the discussions NGOs articulated the need for a transparent support system that is tailored to meet the greatest needs of NGOs – providing grants for operational support to all NGOs in the country¹⁶. As a response, and one of the cornerstones of the government’s Strategy on Civil Society, the Parliament passed the Bill XXX in 2003 establishing the National Civil Fund (NCF). On the whole, NCF was seen as a significant resource to NGOs to realise the most important social and governmental tasks in the fields of social and medical care, rehabilitation, disability affairs, ageing, education, children and youth protection, environmental issues, nature protection, culture and traditions, legal protection and preparations to join the European Union.

The main purpose of the NCF is to contribute to the operational costs of registered NGOs in Hungary from the central state budget by law. The law assigns at least 60 percent of NCF’s resources to this purpose since lacking funds for operational costs is seen as one of the main

¹⁶ The principle of NCF was originated from the “1 percent system”. As only approximately one third of taxpayers offer 1 percent of their personal income tax to NGOs (although the total sum of it exceeds the 50 percent of what potentially could be offered), the rest of the money “goes back” to the central budget. It had been a continuous request of NGOs that the difference between the total amount of 1 percent of personal income tax and the actual amount designated by taxpayers should be made available to NGOs “somehow”. The most common suggestion was to create a fund which would provide financial support through call for applications though other ideas, such as creating community foundations or endowing grantmaking organisations so that they would provide grants to NGOs, came up too. After long debates initiated by the government, in which numerous experts, politicians, governmental and NGO leaders took part, the current concept of NCF was born. Recognizing that the way NCF was going to be financed would be in contradiction with the spirit of the 1 percent law (to stimulate more people to offer their 1 percent can reduce the budget of NCF), financing of NCF changed to give as an incentive to taxpayers, because if they offer 1 percent of their personal income tax, they indirectly increase the budget of the NCF.

problems of NGOs. In addition, the law enables the Council (NCF's governing body) and the Colleges (NCF's operative bodies) to identify other objectives to address the real needs of NGOs.

As far as the financial resources of the NCF are concerned, the law requires the government to allocate to NCF as much as NGOs collected from the 1 % tax assignation in the previous year. As an element of guarantee the law states that as long as the offered sum does not reach 0.5 percent of the full amount of income tax of individuals in the previous year, the government should make up the difference. The law also enables NCF to have other resources. In 2004, NCF granted HUF 6.280 billion (€25.1 million).

Eligible organisations for NCF operational support include civic membership organisations (except political parties, trade unions and federations of the employers and employees' parts, insurance associations, as well churches) and foundations (except public foundations) that were registered by the court a year before the first day that the call for proposals or other common principles were laid down, and that practise their activities according to their charter/deed. For project support under the purposes identified by the Council or Colleges only organisations with public beneficiary or prominently public beneficiary status are eligible.

The organisational structure of NCF includes the Council, which is the supreme governing body of the NCF and as such decides on the fundamental rules necessary for the operation of the Fund. Specifically it determines the principles of support allocated from the NCF, on the division of resources among the Colleges, as well other charges delegated to it by the law. The Colleges, organised on regional and/or professional basis, are the operative bodies of the NCF. According to the law, the Colleges announce the call for proposals, assess applications and make decisions about funding based on the principles established by the Council.

The functioning of both bodies is based on the active participation of delegates from NGOs: in the Colleges only one delegate comes from the government; in the Council more than 70 per cent of the delegates are representatives of NGOs. The NGO delegates are elected in seven regional and five nation-wide topical elections and appointed by the minister responsible for the NCF.

The organisational structure also includes the Minister for Youth, Family and Social Affairs and Equal Opportunities who takes overall responsibility for the operation of NCF. Technical assistance, including all administrative and organisational tasks, is provided to the NCF by a separate body. In 2004, the Hungarian State Treasury was selected for this job by public procurement.

The Fund operates by giving grants and/or loans¹⁷ through calls for proposals. The most important documents of the NCF, including the names of members of the Council, the Colleges, minutes and decisions of the bodies are accessible to the public on the homepage of the NCF (www.nca.hu)

¹⁷ NCF has not provided any loans yet.

WAP NGOs' Access to Public Funding

WAP NGOs are eligible for the great majority of the above described mechanisms for providing public funding to NGO and as the empirical data suggest, WAP NGOs do receive significant amount of public funds. Despite the common perception, this is actually in line with European trends as fund by the Johns Hopkins University's comparative study.

As the table in Appendix III. shows, the selected 127 WAP NGOs received somewhat less public support than the average (38.1 % versus 42.3 %) in 2003. Their income from in-country private sources is also lower than the Hungarian average. These, and the below average income from fees and dues, are compensated by the almost four times higher support foreign sources than the Hungarian average (15.4 % versus 4.0 %). In addition, the size of WAP NGOs (at least financially) is bigger than the Hungarian average and there is a much higher ratio of organisations with eminently public beneficial status. These suggest that WAP NGOs are relatively well established and are likely to be more complex in terms of functions performed.

While these figures show that WAP NGOs had significant income from public sources, the perception of people interviewed over the dynamics of WAP activities is divided. Some say that WAP activities have decreased due to the loss of foreign (seen as independent) funding and the reluctance of the state to support WAP activities. Others feel that WAP activities have remained at the same level; while the third group feels that in some areas there was a decrease in WAP activities and in other areas there was an increase.

Everybody asked agrees that it is difficult to tell objectively how WAP functions have evolved over the years since NGOs have increasingly mixed the different functions they perform. In addition, WAP NGOs may apply for public funding for non-WAP activities while they try to maintain and develop WAP activities from other sources.

Short Assessment of Public Funding

In the last five years, the Hungarian governments' efforts to increase public funding for NGOs have resulted in a growing ratio of public funds in the income of the nonprofit sector from 23 % in 1999 to 42.3 % in 2003. Despite this trend, Hungary needs to further increase its funding for NGOs, including WAP NGOs, from public sources to reach the European Union average.

In addition to the need for increasing the amount of public funding, there are significant qualitative weaknesses associated with the mechanisms currently existing in Hungary. These weaknesses are true for each mechanism, though their depth depends on the specific mechanism. The most important shortcomings include:

- The objectives of mechanisms and individual decisions depend on the minister or other political appointees. This is more relevant to the grantmaking schemes of ministries where the decisions are either taken by the minister him/herself within his/her own power or committees entirely appointed by the minister. Even public foundations, which are independent legal entities and their only legal bond with the political scene is that their funder is the government or parliament which also appoints a certain number of trustees, are seen as micro-managed by the government/parliament.
- The objectives and programmes are short term and can change frequently thus undermining the long-term and focused nature of NGO work which is vital to address critical social issues in a serious manner.
- The mechanisms lack basic transparency and accountability as often times neither the decisionmakers/advisers nor the assessment criteria are public.
- The technical implementation is unprofessional since normally a short time is given for the application period. There are also frequent delays in issuing grant agreements, transferring funds, and providing support to grantees.

Most of these weaknesses are directly linked with the low level of political culture in Hungary. The deeper analysis of this phenomenon goes well beyond the framework of this essay, however its impact on WAP NGOs (and other organisations) is critical. The government and political parties tend to see all issues along party-political lines, they frequently sacrifice long-term goals (even if they are written commitments) over short-term political gains and they are seen as trying to control and influence everything they can. In this context, WAP NGOs, coming out with alternative opinions and ideas or actually criticising the government or political parties, find it difficult to raise issues and not get involved in party-political battles. Furthermore, in many cases the government and political parties not only disrespect the spirit of the law, they also break the letter of the law (like withholding payments against signed agreements, as is the case right now).

Perhaps the best example for the low level of political culture and the vulnerability of the public funding mechanisms to political motifs is connected with the National Civic Fund (considered to be the safest to political influence). In a recent letter to all party branches, the Hungarian Socialist Party (which gives the majority of the current government) asks "NGOs close to the party and with left-wing values" to participate in the elections to the Council and the Colleges (to be held in early 2006) since they would have a crucial role in deciding over the funds available to the NCF.

People interviewed have identified two main areas of improvements concerning public funding mechanisms. The first set of recommendations concern all NGOs receiving public funding. It was

suggested that the government should a) improve the technical aspects and transparency of providing funds; and b) respect the letter of the law and written contracts.

The second area has specific importance to WAP NGOs (though it concerns all NGOs) and is aimed at decreasing the vulnerability to political interventions and at stopping the perceived decrease in WAP functions. Interviewed persons suggested to promote such funding mechanisms that are as independent from daily politics and politicians as possible and where the amounts to be distributed should be guaranteed in law. For the implementation of this principle three different strategic approaches emerged.

- Setting up specific public funding mechanism(s) to take into account the unique situation and needs of WAP NGOs.
- Increasing and improving funding mechanisms that are open to all NGOs so that WAP NGOs do not catch “the eyes of politicians”.
- Starting new mechanisms whereby the state would provide funds to third parties, such as private grantmakers, to support WAP NGOs. In this scenario, the appropriate bodies of the state would have legal and financial oversight over the utilisation of public funds, but specific funding decisions will be made by independent entities.

It would be important to debate the pros and cons of these approaches in the not so distant future in order to develop a united platform which can be promoted to the government.

Final comments

During the interviews and reading the materials several thoughts have emerged that may not fit strictly with the scope of this essay, therefore they are not included in the main body. At the same time, we feel that they have relevance to the broader context of Hungarian WAP NGOs.

- WAP NGOs need to increase significantly their internal capacities to continue their good work and maintain their independence in the changing funding (as well as socio-economic) context. Special attention should be given to root their work better in the Hungarian context, promote and explain the importance of their work to the general public, improve their accountability and transparency, and adopt new (to Hungary) fundraising mechanisms from individuals and businesses. In addition, WAP NGOs should make greater efforts to describe themselves and their contribution to the society at large to politicians in a manner and language that politicians are likely to listen to. Such undertaking could be done jointly by WAP NGOs to bear greater results.
- NGOs performing different functions and roles (such as service provision and WAP activities) should develop a strategic partnership to ensure that the unique and complex nature of the nonprofit sector is understood by politicians and the public at large and taken into account when decisions about the legal and fiscal frameworks are taken so that one does not gain at the expense of the other.
- WAP NGOs, together with other NGOs, should work with and support the efforts of progressive politicians to increase the (financial) independence of NGOs. The beliefs and views seem to be deeply held and difficult to change. At the same time, there are enough

progressive politicians in every major political party to successfully advocate for positive changes. Working with them on positive changes is more promising than trying to convince politicians with negative attitudes that WAP NGOs are not enemies to conquer.

APPENDIX I.

We are grateful for the following people and organisations for their contribution to this essay: Anna Belia and Péter Nizák (Hungarian Soros Foundation, Balázs Gerencsér (Nonprofit Information and Training Center Foundation), András F. Tóth (Volunteer Center Foundation), István Farkas (Hungarian Conservationists), Nilda Bullain (European Not-for-Profit Law Center), Balázs Dénes (Hungarian Civil Liberties Union), Éva Kuti (Research Project on Nonprofit Organisations), Eszter Márkus (Environmental Management and Law Association), and Gábor Rajnai (Ecovast – Hungary). We are particularly grateful to Éva Kuti and Eszter Márkus who also commented on the first draft of the essay.

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APPENDIX II.

STRATEGY PAPER OF THE GOVERNMENT OF HUNGARY ON CIVIL SOCIETY 22, October 2002.

(This is an unofficial working translation commissioned by the Nonprofit Information and Training Centre (NIOK) Foundation)

INTRODUCTION

The Principle of Civil Society

The government of the democratic coalition and the national centre adheres to the idea of civil society without aiming to monopolise it. The government wishes to serve and not dominate, which may only be achieved with the active participation of the people and in partnership with the organisations that make up civil society. Civil society serves as one of the pillars of the government's activity.

The government is committed to the idea of civil society both on principle and in practice. It is firmly resolved to lead the nation on the path of European social development as a means by which civil liberties, civil association and self-organisation can be fully expressed. The government is proud that the liberal thinkers of the reform period and, later, the key figures of the modern Hungarian social sciences always promoted this path, and wishes to take over the mantle of István Széchenyi, Lajos Kossuth, József Eötvös, István Hajnal, Ferenc Erdei, István Bibó and Jenő Szűts.

Civil Society in Hungary

The emergence of Hungarian civil society rests upon a series of significant historic antecedents. The rupture between 1948–1989 did not result in the disappearance of this tradition. The regime change brought about the rebirth and strengthening of Hungarian civil society. However, the rhythm of civil society development should not depend on election cycles: the importance of civil society lies primarily in its independence from the government in power. The government of the democratic coalition and the national centre shall strive to enlarge and strengthen civil society, which is a solid basis for democratic social organisation.

Democracy and national solidarity do not exist without social dialogue, a well-functioning system of interest representation and strong civil society. The Hungary of tomorrow shall only be able to provide security and welfare for its inhabitants if their interests and aspirations are represented in an organised form, and public life is based on cooperation and solidarity. The Hungarian non-profit sector embodies human values, such as independence, individual initiative, pluralism and solidarity.

The operation of non-profit organisations can be assisted by a government policy that recognises the importance of institutionalised oversight of governmental and local power by non-governmental organisations, sharing the delivery of services among the public sector, businesses and non-profit organisations and cooperation among the three sectors. In addition, the government shall respect the independence of non-governmental organisations, increase the resources available to them, providing support regardless of political views.

The period since the regime change has been insufficient for civil society to develop adequately. Therefore, while preserving what has been achieved up until now, as well as maintaining and strengthening existing structures, the Government aims to support the further development of civil society. Obviously, the Government does not wish to intervene directly or be paternalistic. The government expects citizens to build and further develop civil society for themselves and their fellow citizens. Only in this way may Hungary belong to all.

I. THE CHARACTERISTICS OF HUNGARIAN CIVIL SOCIETY

In societies built on a market economy and democratic values the three sectors – the business sector, the public sector (central and local government) and the non-profit sector – generally emerge. This has also become an accepted paradigm in Hungary, and sharing tasks and developing cooperation among the three sectors is underway. However, besides the

achievements, this process also displays signs of contingency, lack of regulation (or in some cases over-regulation) and uncertainty.

There is a certain lack of clarity: civil society is broader than the total number of formally constituted non-governmental organisations. It also includes informal communities and individual initiatives. International non-profit literature defines the exact criteria of non-governmental, non-profit organisations as including institutionalisation, inner organisational structure, independence from government, own representation, local governance, prohibition of profit distribution, and finally, voluntarism. Religious or political organisations are not considered classical non-governmental organisations and are not included in the above definition. The same criteria are used in Hungarian literature on non-governmental organisations.

In Hungary about 60,000 non-governmental organisations, fulfilling the criteria mentioned above, have been registered at courts in accordance with the regulations in force. According to the Central Statistical Office, the number of organisations currently operating is approximately 47,000 showing that after the regime change the sector has been characterised primarily by quantitative development, with the largest boost in the first half of the 1990s.

This large civil community has provided an increasingly distinctive framework for social self-organisation. As a result, clear signs of autonomy, voluntarism, independent activity and charitable giving have emerged. Hence tens of thousands of citizens have the opportunity to fulfil their potential.

Public services are beginning to be delivered on a multi-sectoral basis. Non-governmental organisations can offer alternatives or additional options mainly in the field of education, culture, health and social care. Non-profit organisations have proved to be creative and have great empathy working with marginalised groups.

Over the past ten years the Hungarian non-profit sector has evolved. It is extremely diverse. It includes the following:

- service providing non-profit organisations;
- organisations, clubs and groupings carrying out independent activities;
- organisations involved in interest representation and protection;
- fundraising and grant-making organisations;
- alliances and umbrella organisations.

Besides the positive tendencies presented above, the sector is struggling with several tensions:

- The sector is composed of a wide range of different structures. The largest part of the sector includes organisations such as private foundations, associations, and social organisations, most of which are economically weak and fragile. Public foundations, public bodies and public benefit companies constitute only 5.4% of the sector, yet they had 40% of the total revenues in 2000, Budapest-based organisations received 63% of the revenues. A narrow circle of professional organisations has formed, whose main revenues are from state budget allocations and are closely linked to central government or a local government.
- The 2001–2002 Hungarian budget law provides – in 47 articles – nearly 150 billion HUF for non-governmental organisations without any consistent operating principles or transparency. Because of limited access to information, a large number of organisations do not even know about the availability of these funds. Information on the use of these funds is also lacking.
- In 2000 government allocations constituted 28.4% of the total revenues of the non-profit sector (in 2002 this figure will probably amount to 30%). Although this shows an increase compared to previous years, it is still lower than in EU member states (where it amounts to 40-60%). Clearly, the Hungarian non-profit sector is underfunded by central and local governments, and the distribution of government allocations is unbalanced.
- Over the past four years the principle of “state dominance” has played a role in government relations with the non-profit sector, which has contributed to division, a lack of solidarity and paternalistic expectations within the sector. As a result, a sense of political dependence in the non-profit sector has grown.
- Current rules mean that an organisation with an income of 100,000 HUF and one with an income of 100 million HUF have almost the same record keeping, data provision and tax reporting obligations. The time has come for new organisational management regulations to be introduced that distinguish between different types of organisations.
- The sector is divided, and dominated by rivalry rather than collaboration. No solid representative models have been established, and efforts are scarce in this respect. A number of umbrella organisations exist, some of which try to present themselves as being the only legitimate representatives of civil society.

The desire to develop the non-profit sector, the experience gained so far, society's need for deeper democratisation and wish for public good, as well as the change in the political environment provide Hungarian non-governmental organisations with an opportunity to develop qualitatively over the coming years. An essential prerequisite is a conscious government civil strategy which is both tolerant and self-limiting.

II. THE PRINCIPLES OF THE GOVERNMENT'S CIVIL STRATEGY

The key sentence regarding the principle of the Government's Civil Strategy is formulated in the Government Programme (Chapter II, paragraph A, title of point 4) as follows: "The state views an autonomous civil society as its partner". On this basis, the government:

- recognises and acknowledges the importance of non-governmental organisations in contributing to a more deeply rooted democracy and as a means of giving full expression to individual and civil liberties;
- respects the independence of non-governmental organisations, accepts as essential the oversight function played by civil society;
- wishes to eradicate the political dependence of non-governmental organisations;
- in the context of European Union accession, views non-governmental organisations as having an important role in the integration process of cultures, peoples and individuals;
- considers non-governmental organisations' activities as indispensable to enhancing voluntarism, independent action, self-help and social solidarity in Hungary as well as in promoting daily diversity;
- views non-governmental organisations and the representatives legitimised by these organisations as essential players in social dialogue and interest conciliation;
- in the spirit of open legislation, wishes to ensure the possibility of civil organisations' participation in legislative and consultation process;
- guarantees a legal framework for the operation of non-governmental organisations;
- contributes to non-governmental organisations' activities and assists them in securing the financial resources necessary for their operation;
- is ready – in accordance with the principle of sector neutrality – to build on non-governmental organisations' role in delivering public services and to increase the sharing of tasks in areas such as health care, education, social care, culture, environment protection, etc.;
- wishes to build on non-governmental organisations' participation in creating a knowledge-based society and information society;
- wishes to establish the legal conditions for non-governmental organisations' involvement in regional and local development processes;
- wishes to build on non-governmental organisations' efforts in the consumer protection field;
- is ready to establish an equal partnership with the representatives delegated and legitimised by the non-profit sector;
- expects all governmental bodies to identify with the above listed principles and trusts that the government's approach and provisions shall serve as an example for local governments.

III. THE ELEMENTS OF THE GOVERNMENT'S CIVIL STRATEGY

1. The government wishes to make laws and regulations governing the operation and management of non-profit organisations transparent, consistent and less complex. To this end, the government shall present the necessary legislative proposals to Parliament.

- Amending the laws regulating the creation and operation of non-profit organisations (the Act of Association and the Civil Code) in line with changed circumstances.
- Considering a separate law on foundations either within the ongoing reform of the Civil Code or another closely related framework.
- Analysing and reviewing the past five years' experience of implementing the 1997 Act No. CLVI on public benefit organisations.
- Specifying the rules of devolving public tasks to public benefit organisations formulated in the Act on Public Finances and government ordinances.
- Reviewing the 1% law (1996 Act No. CXXVI). The following aspects require special consideration:
 - making the circle of beneficiaries “more civil” (currently it includes funds, budgetary institutions and other organisations);
 - creating a new framework so that the 1% of citizens' tax liability not directly donated to a non-profit organisation still serves the sector's interests.
- Differentiating between different types of organisations based on the size of organisations' income in the laws governing the organisational operation and management. Nearly half (48.5%) of all Hungarian non-profit organisations have a yearly income below 500,000 HUF. According to the Accounting Act, other organisations with an income below 50 million HUF may still choose single-entry bookkeeping.

2. The government wishes to increase considerably the amount of funds available to the non-profit organisations. The necessary legislative proposals shall be presented to Parliament with the aim of increasing the proportion of budgetary funds to 40% of the non-profit sector's total revenues, which is the lowest level in EU member states, by the end of the government's current term in office. In addition, the government shall ensure that public money is accessible, and allocated and used openly as follows:

- Besides making budgetary funding sources accessible, the amount of normative support should be increased, and decisions based on individual considerations decreased. These objectives are based on the principle of sector neutrality in the delivery of public services.
- Devolving public tasks to non-profit organisations has to be accompanied with the provision of necessary resources.
- An itemised review of the different types of subsidies formulated in the Budget Law is required and easy-to-follow operating principles established.
- Foundations created by the government (through budgetary endowment) are to become public foundations to be eligible for further funding.
- The government shall introduce legislative proposals regarding the creation of a National Civil Fund. The Fund shall be financed from the 1% of citizens' personal income tax not donated directly to non-profit organisations as well as other revenues. Non-profit sector representatives shall constitute the majority of the committee responsible for allocating support grants from the National Civil Fund.
- Supporting the operation of small organisations benefiting mainly small communities is recognised as a special problem. Such organisations lack the capacity or know-how to undertake delegated government tasks yet, play a very useful role in civil life. Such organisations have no real chance of securing funding for their programmes via applications. The National Civil Fund (and similar local funds) shall offer a solution to this problem as well.
- The possibility of non-profit organisations with an income resulting from entrepreneurial activity becoming exempt from paying corporation tax on the rate of income re-directed to their core activity needs consideration.

3. Non-profit organisations shall participate in and actively contribute to decision-making in strategic questions affecting Hungary's future. Hungary's accession to the European Union is a question of utmost importance in the current government's term in office. The country's accession also implies the integration of the Hungarian non-profit sector,

through which every citizen and non-governmental organisation can adjust to European dimensions. The non-profit sector has a major role to play in the success of the referendum and in informing the population about European Union issues. The most important aspects in this area include the following:

- the impact on the Hungarian economy of European Union policy integration;
- free movement of goods, services, persons and capital from the point of view of the non-profit sector;
- networking with international development and charity organisations, diverse European Union funds accessible by non-profit organisations;
- government assistance provided to NGOs to access European Union funding sources effectively;
- incorporating European Union principles and adopting these into Hungarian laws and regulations;
- matching national interests with wider European interests.

Ensuring the non-profit sector's independence, making funding sources and support grants for non-profit organisations transparent, and the professional delivery of services by NGOs are all important European Union requirements. The government wishes to validate these norms through legislation and collaboration with the non-profit sector.

4. A single record keeping system is needed for the non-profit organisations benefiting from budgetary grants. This may provide a possible way to eliminate parallel funding and develop a co-financing system as well as keeping track of its evolution. A long-term goal of the government is to make record keeping of public dues easier and to reduce the bureaucracy involved in obtaining funding eligibility certificates.

5. Individual donations and voluntarism are important resources in the non-profit sector. According to the current Act on Personal Income Tax, individuals can deduce 30% of their donations from their tax, but only for donations of a maximum value of 50,000 HUF to public benefit organisations, and a maximum of 100,000 HUF to prominently public benefit organisations, figures which do not encourage giving. Individuals do not receive any benefits from donating or volunteering. The government's strategic goal is to increase the contribution of individuals to non-profit organisations's resources, hence the following need to be considered:

- allowing individuals who offer donations to non-profit organisations to make tax deductions in proportion to the amount of their donations;
- promoting wider public recognition of voluntary work.

6. The government's civil strategy seeks to provide non-profit organisations with the possibility of involvement in elaborating laws and regulations establishing the framework for the sector and serving the interests of the sector. This is an important element of the strategy. Active communication, collaboration mechanisms and communication channels need to be established at both governmental and ministerial levels. The diverse, often contradictory and opposing views characteristic of the sector will require tolerant and sensitive handling on the side of government. Equally, government representatives and governmental bodies need to adopt an understanding attitude towards non-governmental representatives often inexperienced in public administration. Non-profit issues will be incorporated into public administration examinations and training programmes to help facilitate better understanding by government officials on these questions.

7. Non-profit organisations are present – albeit in varying degrees – in all areas of life (education, culture, health and social care, environment protection, public safety, sports, regional development, customer protection, human rights, etc.). In addition to laws affecting the sector, they are naturally connected to the whole legislative process. The role of non-profit organisations in the context of the planned Lobby Act and Interest Representation Act shall be discussed in a separate chapter.

8. In 2000 62,500 people were employed in the Hungarian non-profit sector, and the number of volunteers exceeded 400,000. The number of both employees and volunteers will further increase in the future, partly as a result of the conscious devolution of public tasks. Thus the sector may become a new player in job creation.

Developing human resources is also a requirement in the non-profit sector. Within the framework of accredited programmes and training programmes included in the National Training List higher education and vocational training on civil society and non-profit issues is possible and necessary. It would be expedient to broaden scholarship and foreign study trip opportunities for future graduates interested in the non-profit sector. However, establishing independent non-profit departments in educational institutes should not be a strategic goal.

9. As substantial and versatile users of the government's information technology systems, non-profit organisations may be strong partners of the government in its effort to establish an information society. Telehouses and Non-profit Service Centres constitute the most important information base for the local communities, and as such could establish and maintain the interactive exchange of information and electronic administration. Public cultural institutions as well as the information technology bases operating as enterprises may be used for this activity. A strategic goal and a key interest of the government is to provide such organisations with the means to become competent as well as to contribute to creating fair conditions in this area.

10. With NGO service centres now operating in county seats, the government considers that the creation of an NGO Service Centre for Budapest Region is both opportune and essential. The government is ready to provide financial support, while respecting the principle of autonomy.

11. For the sound evaluation of social trends, including developments within the non-profit sector, the government requires statistical data and research. In addition to general trends within the sector, it is particularly important to encourage and support specific research that analyses the impact of public service delivery by NGOs, the consequences of accession to the European Union, voluntarism, and democratisation of the Hungarian society, focusing on the non-profit sector's role and involvement.

12. Partnership between the government and the non-profit sector supposes the existence of a legitimate civil partner representing the sector. A basic strategic goal of the government is to provide the necessary support for the autonomous formation of such a representative body. Earlier unsuccessful attempts and the ardent ongoing debates in this direction require significant tact and restraint. Nevertheless, neither the unsolved question of representation nor an exceedingly protracted debate to resolve this question serve the sector's interests. This civil representative body shall:

- take part in framing sectoral laws and regulations;
- delegate representatives to act as the civil side of the National Civil Fund;
- be consulted on the chapters of yearly budget laws regarding the non-profit sector;
- elaborate an Ethical Code for the non-profit sector and monitor how it is respected.

13. The government and the future civil representative body shall study the need and legal framework for establishing a civil public body. This public body shall:

- keep records on non-profit organisations;
- publish a newspaper for the sector;
- bring together non-profit experts;
- provide services for non-profit organisations (information, legal and financial consulting, training, etc.).

14. The body responsible for and co-ordinator of establishing a single governmental civil strategy shall be the NGO Relations Department of the Information Technology and Public Relations Office within the Prime Minister's Office. It shall also carry out the secretarial activities for the Interministerial Committee for Civil Coordination. The NGO Relations Department shall maintain permanent contact with organisational units in ministries responsible for NGO relations. It shall also represent the government at the meetings with the actors of the non-profit sector and at non-profit events.

APPENDIX III.

List of WAP NGOs

APPENDIX IV.

Main Statistical Data on Hungarian WAP and other NGOs in 2003

Indicators	WAP group	Other NGOs	Total
Number of organizations	127	52,895	53,022
Share of organizations (%)	0.2	99.8	100.0
Total income in (billion HUF)	7.9	723.2	731.1
Share of total income (%)	1.1	98.9	100.0
Total public support (billion HUF)	3.0	306.0	309.0
Share of total public support (%)	1.0	99.0	100.0
Total non-normative state support (billion HUF)	1.9	165.5	167.4
Share of total non-normative state support (%)	1.1	98.9	100.0
Total support from national funds (billion HUF)	0.7	36.0	36.7
Share of total support from national funds (%)	1.9	98.1	100.0
Sum of 1% offered by taxpayers (million HUF)	60.0	6,600.0	6,660.0
Share of sum of 1% offered by taxpayers (%)	0.9	99.1	100.0
Sum of individuals' support (million HUF)	50.0	13,190.0	13,240.0
Share of sum of individuals' support (%)	0.4	99.6	100.0
Total foreign support (billion HUF)	1.2	28.9	30.1
Share of total foreign support (%)	3.9	96.1	100.0
Volunteering (thousand of working hours)	174	33,884	34,058
Share of volunteering time (%)	0.5	99.5	100.0

Main income sources of Hungarian WAP and other NGOs in 2003

Income sources	WAP group	Other NGOs	Total
Total public support (billion HUF)	3.0	306.0	309.0
Share of total public support (%)	38.1	42.3	42.3
Total in-country private support (billion HUF)	0.4	64.6	65.0
Share of total inland private support (%)	5.2	8.9	8.9
Total foreign support (billion HUF)	1.2	28.9	30.1
Share of total foreign support (%)	15.4	4.0	4.1
Total earned income, fees and dues (billion HUF)	3.3	323.7	327.0
Share of total earned income, fees and dues (%)	41.3	44.8	44.7
Total income (billion HUF)	7.9	723.2	731.1
Total income (%)	100.0	100.0	100.0

Public benefit status of Hungarian WAP and other NGOs in 2003

Public benefit (PB) status	WAP group	Other NGOs	Total
Number of organizations without PB status	37	24,121	24,158
Share of organizations without PB status (%)	29.1	45.6	45.6
Number of PB organizations	48	24,822	24,870
Share of PB organizations (%)	37.8	46.9	46.9
Number of <i>eminently</i> PB organizations	42	3,952	3,994
Share of <i>eminently</i> PB organizations (%)	33.1	7.5	7.5
Total	127	52,895	53,022
Total (%)	100.0	100.0	100.0