



ANNUAL REPORT

2007

Demokratikus Jogok Fejlesztéséért Alapítvány (DemNet)

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Foundation for Development of Democratic Rights (DemNet)

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1. SUMMARY OF THE YEAR 2007

The Foundation for Development of Democratic Rights (DemNet) faced many challenges in the year of 2007 regarding its strategy, operation, financial stability and sustainability. Although the organization's perspectives were not too positive during most of the year, the management kept working on the implementation of ongoing activities, building new national and international partnerships, developing new project ideas and submitting various project proposals. The situation required lots of efforts from DemNet's staff in terms of investing extra work, volunteer time, and vast belief in the organization's future. As the financial situation and the volume of work contracts did not indicate much opportunity for the organization, Annamária Kékesi, executive director resigned from her position at the end of June (she keeps serving in the Board). The Board appointed Peter Pálvölgyi, former project and finance manager to be acting as executive director from July 2007. The core staff remained: Péter Csizmadia and Barbara Erős continued working with the organization. By the second half of the year, on-going efforts resulted in some major successes: in August DemNet received a new contract from the National Development Agency on administering a new grants program, and in November DemNet was announced to be receiving a major grant from EuropeAid for supporting its development education activities. These new contacts created a solid fundament for the coming years, although they alone were not sufficient to ensure a long-term strategic and financial sustainability. The year of 2007 was definitely a sort of crisis in the organization's life; however, it is the management's shared opinion that DemNet was able to recover and got strengthened to keep working for its mission through its strategic areas.

2. CHANGES IN MANAGEMENT AND STAFF

In the beginning of 2007, five staff members worked at DemNet in the following positions:

Annamária Kékesi, executive director, secretary of the board

Péter Pálvölgyi, program manager and financial manager

Barbara Erős, program manager

Péter Csizmadia, program manager

Ágnes Koós, office assistant

Due to financial limitations, significant cuts were required in salaries to maintain operation. Annamária Kékesi's salary was reduced to one third of her 2006 level. Péter Pálvölgyi's permanent work contract was terminated and was renewed as an entrepreneurial short-term contract. Péter Csizmadia did not receive any payment in the first half of the year, and was later engaged as an external entrepreneur. Ágnes Koós's work contract was terminated in April 2007. Until September it was a shared tasks amongst the remaining staff to maintain the office and do the administration work. Barbara Erős's work contract remained unchanged throughout the year.

At the end of June, Annamária Kékesi resigned from the executive director position, and recommended Péter Pálvölgyi to be appointed as the new executive. Chairman Thomas Donovan requested the Board to vote, and appointed Péter Pálvölgyi as the new executive director. It is necessary to note that DemNet's statute does not recognize this position. There are two legal representatives of the Foundation: the Chairman (Thomas Donovan) and the Secretary (Annamária

Kékesi). Both persons are named in the Statute. While the appointment of new executive was sufficient from a practical point of view, any legal act (signing a contract, representing the organization etc.) still required and continues to require either the Chairman's or the Secretary's signature. Both of them provided smooth and active assistance throughout the year.

From September DemNet hired a new office assistant, Zsuzsanna Balai. Although her work was satisfactory, there was no common interest in extending her contract after the end of the year.

At the end of the year only three people worked at DemNet, and only one of them had a permanent work contract, while the two others were contracted as entrepreneurs.

3. LEGAL STATUS AND GOVERNANCE

Problems with legal status remained unsolved in 2007. The new acting executive was not recognized as legal representative of the Foundation, the official address was still the previous one at Egyetem tér (causing practical problems many times), and the composition of the Board and the Supervisory Board is still the same as in the earlier years. Attempts to reach the Founder in order to modify the statute were not successful. However, the Chairman and the acting executive director keep working on the issue and hope in finding solutions in 2008.

4. SUMMARY OF PROJECTS IMPLEMENTED IN 2006

In 2007 DemNet continued to achieve its mission, which is the following:

DemNet works for creating a democratic civil society in Hungary and other developing countries. It aims at strengthening non-governmental organizations, increasing their role in the society, and contributing to their sustainability. Through its grant-making and grant-distributing activities, DemNet provides financial resources to NGOs, and through various projects contributes to the empowerment of civil society organizations. DemNet places a special emphasis on supporting community initiatives, and considers cooperation, transparency and professionalism as basic principles in its supporting policy.

DemNet implemented various projects in 3 major strategic areas:

1. Preparing NGOs for accessing EU funds
2. International development cooperation and development education
3. Supporting local, community-based NGOs and their activities

4.1. PREPARING NGOS FOR ACCESSING EU FUNDS

For both new member states as well as pre-accession countries it is a major challenge to access European Union funds. DemNet through its grant-making, monitoring and training activities assists NGOs in becoming better prepared for accessing and utilizing EU resources.

4.1.1. NEW PROJECT(S) LAUNCHED IN 2007

4.1.1.1.

Title	Civil society organizations and the implementation of the Anti-discrimination Act
Contract type	Service contract
Contractor	National Development Agency Central Finance and Contracts Unit, Transitional Facilities Program
DemNet's position in the project	'technical assistance organization'
Project manager	Péter Csizmadia
Project period	07/2007 – 12/2008
Service fee	76,000 EUR + 20% VAT

The program is considered as the continuity of Phare ACCESS programs, which was a major instrument of the European Union to support the accession process of civil society organizations through strengthening their capacities in various thematic areas. After Hungary's accession to the EU, Phare programs were closed. However, for a transitional period, civil society still supported through a special grant scheme. The Hungarian government had decided to turn the program's focus on the engagement of NGOs in the areas of anti-discrimination and equal treatment. The program is aimed at

- building capacities of NGOs and their partners in order to sufficiently implement the Anti-discrimination Act,
- helping NGOs in defining their roles and developing their awareness and effectiveness in the implementation of the Anti-discrimination Act, strengthening rule of law, and actively participating in democratic decision-making processes,
- supporting NGOs in creating new networks and/or achieving a leading role in existing European / Central European networks, and
- empowering NGOs to build partnerships with local and regional authorities.

The Program provides grants for NGO activities that are targeted at the realization of values of equal treatment and anti-discrimination in the following areas:

- employment,
- social security and health care,
- housing,
- education and training,
- free trade of goods and services,

- democratic development.

DemNet announced the call for proposals on July 18, and received nearly 110 grant applications by September 17. Through the evaluation process, 17 NGOs were selected to support their 6-11 month activities. DemNet prepared the grant contracts in December and conducted monitoring visits at each of the selected grantees in December 2007.

4.1.2. ON-GOING PROJECTS IN 2007

4.1.2.1.

Title	Monitoring of selected projects supported in the EU Structural Funds
Contract type	Service contract
Contractor	European Social Fund Ltd.
DemNet's position in the project	'technical assistance organization'
Project manager	Péter Csizmadia
Project period	06/2005 – 05/2008
Service fee	59,400 EUR (14,850,000 HUF) + 20% VAT

In 2005 DemNet was contracted for monitoring selected projects supported by the EU Structural Funds, particularly in Human Resource Development Operational Program 2.3. component. DemNet – working with 30-35 external experts and expert groups – closely follows the implementation of nearly 150 projects by monitoring, evaluating and reporting on project results. All project Beneficiaries are NGOs.

4.1.2.2.

Title	Training of Trainers on EU grant writing skills in Vojvodina region (Serbia)
Contract type	Grant contract
Contractor	Austrian Development Agency (80%) and the Hungarian Ministry of Foreign Affairs (20%) in the framework of the Regional Partnership Program
DemNet's position in the project	'lead applicant'
Project partners	Hilfswerk Austria Telecottage Association Serbia
Project manager	Péter Pálvölgyi
Project period	06/2006 – 05/2007
Grant	22,500 EUR (out of which 10% is own contribution)

To develop local communities and civil society organizations in Vojvodina region, DemNet has organized miscellaneous training programs. After Hungary's accession to the European Union, the focus has been put on how to access and successfully manage EU funds. In a current training of trainers program, 20 NGO leaders from Vojvodina region were selected to develop their EU proposal-writing and grants management skills, which they will also further distribute in their communities. The project was successfully closed and audited in 2007.

4.1.3. PLANNED PROJECTS

4.1.3.1.

DemNet will apply for providing technical assistance to the implementation of the new grant round of 'civil society organizations and the implementation of the Anti-discrimination Act' program in 2008. The Program is expected to be launched in May 2008.

4.2. INTERNATIONAL DEVELOPMENT COOPERATION AND DEVELOPMENT EDUCATION

DemNet has been working on civil society development programs in developing countries and countries in transition. Through study programs DemNet aims to transfer the Hungarian transitional experiences. To strengthen Hungary's official development assistance, DemNet plays an active role in the areas of development education and advocacy.

4.2.1. NEW PROJECT(S) LAUNCHED IN 2007

4.2.1.1.

Title	Training on Social Contracting for Macedonian NGO Leaders and Local Government Representatives
Contract type	Grant contract
Contractor	World Learning Macedonia
DemNet's position in the project	'training provider'
Project manager	Péter Pálvölgyi
Project period	07/2006
Grant	23,670 EUR

Following the request of World Learning Macedonia, DemNet organized a one-week training program on social contracting for a group of 10 Macedonian experts. The training group was composed of NGO leaders and local government representatives. The training program was designed to provide participants with

- a sound understanding of the concept of social contracting;
- information on specific models of social contracting, especially on those experienced in Hungary;
- ideas and perspectives on how to develop strategic cross-sector partnerships and collaboration;
- new skills on how to develop a local system for social contracting mechanisms;
- hints and examples on how to provide local social services through the use of contracts;
- information on how to develop quality standards for social services;
- models on how to certify NGOs for providing public services.

The training program consisted of a combination of presentations, meetings and interactive discussions with professionals, site visits as well as a facilitated action planning sessions. The project was successfully implemented and closed in 2007.

4.2.2. ON-GOING PROJECTS IN 2007

4.2.2.1.

Title	Together, Not Next to Each Other
Contract type	Grant contract
Contractor	Hungarian Ministry of Foreign Affairs
DemNet's position in the project	'lead applicant'
Project partner:	UG DON (BiH)
Project manager	Barbara Erős
Project period	12/2005 – 11/2007
Grant	68,300 EUR (17,076,000 HUF), out of which 8,300 EUR (2,076,000 HUF) is own contribution

DemNet's major goal in Bosnia and Herzegovina is strengthening the social, economic and political stabilization process and European integration through transferring the Hungarian experience of civil society development. The particular focus is placed on the effects of EU accession and cross-sector cooperation at local level. The project idea which came from the findings of an NGO sector needs assessment in BiH conducted by DemNet, is the will of sharing the extensive experience of Hungary with Bosnia and Herzegovina gained in building and developing the third sector since the 1989 political changes. As an important mission we would also like to demonstrate how EU accession influenced the development of civil society organizations in Hungary. The program offers for representatives of NGOs as well as local government officials to participate in training and a study tour programs in Hungary, assist to the planning and implementation of local cross-sector cooperation projects, and provides the tools for creating partnership and cooperation between Bosnian and Hungarian NGOs. Participating Bosnian NGOs were identified and selected through open selection processes. After participants returned to BiH, the program supported Bosnian and Hungarian organizations to continue their close cooperation through the exchange of experiences and experts. As a result of the project, a new community developers' network was formulated and legally registered in BiH. The 'DemNet' network consists of local NGOs and municipalities of 10 Bosnian towns, and works towards identifying best community development practices and spreading out related knowledge and information through its membership. The project was successfully implemented and closed in 2007.

Beneficiary towns in Bosnia and Herzegovina



4.2.2.2.

Title	Strengthening civil society in Serbia through increased cooperation with local governments
Contract type	Grant contract
Contractor	Austrian Development Agency (80%) and the Hungarian Ministry of Foreign Affairs (20%) in the framework of the Regional Partnership Program
DemNet's position in the project	'lead applicant'
Project partners	Hilfswerk Austria
Project manager	Péter Pálvölgyi
Project period	08/2006 – 07/2007
Grant	21,150 EUR (out of which 10% is own contribution)

Title	Strengthening civil society in Serbia through increased cooperation with local governments
Contract type	Grant contract
Contractor	Sasakawa Peace Foundation Central Europe Fund
DemNet's position in the project	'project partner'
Lead applicant	Pontis Foundation (Slovakia)
Project manager	Péter Pálvölgyi
Project period	04/2006 – 03/2007
Total project value	49,960 EUR
DemNet's share	10,500 EUR

Two projects were parallel supporting the same goal: strengthening the capacities of a core group of NGOs in Serbia to able to establish and maintain a meaningful cooperation with municipalities. The project intended to leave behind a group of strong and sustainable NGOs in the region.

DemNet and its Serbian NGO partners put the focus on strengthening cross-sector cooperation in Serbia, particularly fostering NGO-local government relations in selected cities. Each partner organization has set the objective of establishing a formalized relationship between local NGOs and the local government at municipality level. DemNet designed a short-term internship program for Serbian NGO representatives for studying cooperation models of local governments and NGOs in Hungary.

The one-week program was to accomplish another objective of matching similar Hungarian and Serbian organizations in order to strengthen bi-lateral cooperation, and fostering the involvement of Hungarian NGOs in international development activities. The program, therefore, was designed in the format of individual site visits. 4 Hungarian host NGOs were carefully selected based on the similarity of organizations, activities, and cities. Selected local Hungarian NGOs were requested to organize the local content of the program, which aimed at providing Serbian participants with a broad overview and many concrete examples, best practices on the mechanisms of local NGO-government cooperation.

In March 2007 DemNet organized series of individual seminars in each participating Serbian town. The seminars were to assist partner NGOs to raise cooperation issue in their cities and to start a public dialogue about the possible areas and forms of cross-sector cooperation. Seminars were attended by a large number of interested people, and it was introduced as an important issue in the local media.

DemNet had successfully raised additional funds to extend cooperation with Serbian partner organizations and ensure effective results on a long run. The Regional Partnership Program jointly financed by the Austrian Development Agency and the Hungarian Ministry of Foreign Affairs provided Serbian NGOs with Austrian and Hungarian consultants to implement their action plans. During 2007 four Serbian partner towns developed cooperation models between local NGOs and local governments, and it was expected that the models were going to spread across Serbia. Parallel, Serbian NGOs with Hungarian counterparts design common project proposals to attract different European and Hungarian funding sources.



4.2.3. PLANNED PROJECTS

4.2.3.1.

"To Act You Have To Know" Program 2008-2011 – A Common Action of Visegrad Countries for the Elimination of World's Inequalities

A new 3-year program will be launched by DemNet in February 2008, which is focusing on awareness-raising of Hungarian politicians, journalists and university students on the topic of international development. The project is carried out by partner NGOs working with development in 4 countries: Slovakia, Czech Republic, Poland and Hungary.

The European Commission funded project's overall objective is to draw the attention of politicians and media to the obligations (like ODA= Official Development Assistance) of New Member States towards the developing world countries. Different channels of communication - such as electronic newsletters, quarterly published bulletins, online resources, clubs for discussions and workshops - will be used for delivering the message to

the target groups. Our future decision makers, the university students will be also involved in trainings, seminars, and a thesis writing competition on the topic of international development.

4.3. SUPPORTING LOCAL, COMMUNITY-BASED NGOS AND THEIR ACTIVITIES

The fundamentals of a democratic civil society are those local community-based organizations that effectively represent particular groups of the society or address certain community problems, as well as their activities through which the self-organization, collaboration and local ownership of communities are reflected.

4.3.1. NEW PROJECT(S) LAUNCHED IN 2007

4.3.1.1.

Title	Pre-Qual Steps – European dimensions within the intercultural qualification for migrant women entering the health and care sector
Contract type	Grant contract
Contractor	European Commission Leonardo da Vinci Program
DemNet’s position in the project	‘project partner’
Lead applicant	MAIZ, Autonomes Zentrum von und für Migrantinnen (Linz, Austria)
Project manager	Barbara Erős
Project period	11/2007 – 10/2009
Total project value	407,770 EUR
DemNet’s share in the budget	52,992 EUR (out of which 38% is own contribution)

This project is a goal oriented approach to address strong disadvantages, migrant women are facing within the European vocational training and labor market. Simultaneously the field of health care is a sector of increasing demand on qualified labor and of realistic job perspectives for migrant women, who often even have specific previous knowledge and experience, but which are hardly being recognized within European countries. With the „PreQual“ project (Leonardo da Vinci, pilot project) there is a successfully tested and innovative concept and curriculum on hand, which actively approaches exactly this issue. With the project PreQual steps this successful concept is being transferred to further four very representative EU-countries as well as tested and evaluated by them.

The goal of the project is to implement the successful „PreQual“ course in other countries including Hungary. By means of holding national working meetings within the involved countries and together with experts from the fields of health and care, migration, labour market and employer and employee interest groups, national characteristics will be elaborated, the already existing concept will be enriched by these aspects and the networks stabilized.

4.3.2. ON-GOING PROJECT(S) IN 2007

4.3.2.1.

Title	Experiment in Newcomers Integration
Contract type	Grant contract
Contractor	European Commission Interreg IIIB CADSES Program
DemNet's position in the project	'project partner'
Lead applicant	Marche Regional Authority (Ancona, Italy)
Project manager	Barbara Erős
Project period	10/2005 – 03/2008
Total project value	750,000 EUR
DemNet's share in the budget	179,000 EUR (out of which 25% is own contribution)

With the support of the INTERREG IIIB CADSES all together 10 partners from Italy, Poland, Albania, Bosnia and Herzegovina, Macedonia, Serbia and Montenegro, and finally Hungary dedicated their cooperation to implement local level integration projects supporting immigrants and refugees and changing local level development policies. The ENI project realizes its goals through developing local coalitions among different social actors for designing new approaches in regional development activities and by the establishment, reinforcement and capacity building of immigrants' and refugees' organizations. Activities are carried out in Italy, Poland and Hungary in the field of culture and arts, education and small enterprise development including cultural events, leadership training programs, higher educational exchange programs, printed guidelines for policy makers, website building, etc. The project does not want to make any differences between refugees and immigrants participating in the project thus call them Newcomers. The project in Hungary is aimed at strengthening the social integration of newcomers settled in the 8th district of Budapest.

4.3.3. PLANNED PROJECTS

In October 2007, DemNet was invited to manage the European Economic Area / Norwegian Financial Mechanism NGO Fund in Hungary, totaling of 6,0 million EUR. In December, DemNet submitted a tender in a consortium of 4 private foundations, under the leadership of Environmental Partnership Foundation. Other consortium members are Autonomia Foundation and Carpathian Foundation. Decision on the selection is expected in January 2008.

5. OPERATIONAL GRANTS

In 2007 DemNet received an operational grant of 4,800 EUR (1,200,000 HUF) from the National Civil Fund. The grant was requested to cover some of the organization's indirect costs and to invest in the renewal of some technical equipment. DemNet purchased 2 new notebook computers and 1 desktop monitor, renewed virus scan licenses, paid for computer network maintenance service for the entire year, and used the grant to partly cover accounting and auditing services fees.

Budapest, 16 May 2008

Peter Palvölgyi

Acting executive director

ANNEX 1: Financial report 2007 (public benefit report)