

# **THE EU ACCESSION'S IMPACT ON THE HUNGARIAN NONPROFIT SECTOR, THE NONPROFIT ORGANISATIONS' ROLE IN THE ACCESSION PROCESS<sup>1</sup>**

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*The paper gives an overview of the roles played by the Hungarian nonprofit organizations in the EU accession process. These roles are as follows:*

- *To encourage and organize a dialogue and direct contacts between the “old” and “new” European citizens.*
- *To assist people in becoming informed about and involved in European networks, to build solidarity and develop participative European citizenship.*
- *To tackle the problems which constitute serious obstacles in the way of meeting European standards.*

*The paper also tries to identify the very first impacts of the EU accession on the Hungarian nonprofit sector. The authors detect the implications of the regional approach for the co-operation between nonprofit organizations and analyze whether the Hungarian third sector and its governmental partner institutions are prepared for a prompt reaction to the accessibility of the EU structural funds<sup>2</sup>.*

*Transylvanian Review  
of Administrative Sciences,  
16 E/2006, pp. 57-70*

## ***Introduction***

The countries of East-Central Europe have traditionally had a strong European identity. The more it was challenged by the actual conditions, the more this identity was cherished and defended. The gap between these aspirations and the peripheral position was permanently wide. This is how and why “joining Europe” became emblematic of the irreversible political and economic changes in 1989 when Eastern European societies were in a state of euphoria. This euphoria has dissipated since then, euro-scepticism spread across Eastern Europe. Under these conditions, like always when a deep social transformation is needed, voluntary organisations<sup>3</sup> are of crucial importance

<sup>1</sup> Paper prepared for the meeting of the Study Group on Third Sector at the next Annual EGPA Conference to be held in Ljubljana, 1-4 September 2004 on the theme *Four Months Later: Administering the New Europe*

<sup>2</sup> This paper was supported by OTKA Fund Nr. TO47043 (Politicians and civil servants in the policy making process)

<sup>3</sup> The terms voluntary organisations, nonprofit organisations (NPOs), non-governmental organisations (NGOs), and civil society organisations (CSOs) are used as synonyms in the paper though their meaning and connotations are slightly different. For more details of the definition problem see Salamon et al. (1999)

because they are able to reach all segments of society and can help people to orientate and organise themselves in the changing environment.

This paper gives an overview of *the framework of public policy making* in the European Union, explores the position of non-governmental organisations in this framework and describes *the roles played by the Hungarian nonprofit organisations in the accession process*. It also makes an attempt to identify the very *first impacts of the EU accession* on the Hungarian nonprofit sector. The authors try to detect the implications of the regional approach for the co-operation between nonprofit organisations and to analyse whether the Hungarian third sector and its governmental partner institutions are prepared for a prompt reaction to the accessibility of the EU structural funds. It is also interesting how quickly the advocacy organisations and nonprofit umbrella groups are able to adapt their strategies and arguments to the new legal environment, to find their counterparts in the EU member states and to develop co-operation and common projects with them. The paper concludes with an overview of the three different approaches shaping the public policy toward the Hungarian nonprofit sector in the post-accession period.

### **Framework of public policy making, non-governmental organisations and politico-institutional setting in the European Union**

While new opportunities – widened horizons, increasing mobility etc. – have been opened up for the new member countries, a series of challenges also have to be faced by them. One of the major challenges is an urgent need for orientation and adaptation. The new EU members must get informed about and adapt themselves to a public policy making process with many actors in a complex political arena.

Non-governmental organisations have decisive role in the political arena of the European Union. They are integral part of the policy making as partners of *the four key actors of politics* in the EU with of strategic importance:

1. The territorial state,
2. The European Union,
3. The regions,
4. And the autonomous networks.

1. Nowadays NGOs have a substantive and increasing role in the functioning of *the territorial state*. But it was not the case in the past.

The territorial state is a firmly grounded construction in Europe. It has been the great survivor of the European history. The fundamental characteristics of the territorial state – sovereignty, state government, state territory and people – had precursors, the monarchies in the Middle Ages. The consolidation of this form of the territorial state was accompanied by an ever-stronger monarchy with the financial means to establish institutions and strengthen military capabilities. At this stage the consolidation meant reasonably fixed external boundaries, institutionalised exercise of power and some kind of cultural foundation.

At this stage civil society and civil society organisations did not exist. The territorial state was closely tied to the ruler's claims and rights. The identity of the people or of communities was bound to more tangible realities than states, such as the families or local communities. This state meant sovereignty for the dynasty. For the people, the state had little significance.

In the second stage of the history of the territorial state the emergence of nationalism played an important role. State-building and nation-building often became parallel processes; the principle of nationality and national identity required that the boundaries of the state and nation should coincide. In this European super ideology nation building was closely tied to democracy building and the main objective was to achieve a coincidence of state and civil society through the creation of the nation state.

Nationalism was political particularism but also the political expression of a community, the civil society. The rise of the nation state was functionally connected to the emergence of the industrial society. The nation state could mobilize popular energies and resources and could create a homogeneous culture in the form of language and symbols based on national education and national media.

However, it also turned out that the social boundaries of culturally cohesive nation groups and the political boundaries of given states seldom coincided in the history of Europe. Nationalism was integrative and conflictual at the same time. One conflictual issue was that citizenship meant and means not being simply a subject, but being born to freedom. But this freedom was limited when citizenship was always bound to a particular state. Civil society organisations were established to express the expectation and the demands of the individuals that state should take into consideration their human rights and must not impose limitations on them.

Secondly, a conflictual issue was the national self-determination. At that point the requirements of democracy and the reality of the nation states resulted in conflicts.

Basically nationalism and the aspirations to democracy and personal freedom are part of the same social, intellectual and moral revolution. But it turned out already at the nineteenth century that personal freedom was not automatically guaranteed. It also turned out by the beginning of the twentieth century that national self-determination had serious limitations in the system of the territorial states. Therefore, civil society had to create its organisations in order to implement its interests, to express its basic expectations, to defend its achievements, its way of life.

The third stage in the history of the territorial state is the welfare state. Welfare regimes mushroomed in Western Europe after World War II. States created comprehensive systems of service provision in education, health care, social services etc. This trend raised the issue of co-operation for NGOs with service providing functions.

At the present stage the territoriality and the sovereignty of the state was challenged by technological, economic, ecological and demographic factors. It resulted in an erosion of the traditional notion of territoriality and sovereignty. The welfare state came into crisis and its response had two basic features:

- Externally the welfare state has become a part of international – to some extent globalized – competition. In the first place it meant to provide relatively favourable investment conditions for transnational capital, last but not least with the development of societal factors which have of strategic importance in the economic competition, such as human capital, infrastructure, support for research, public services to assure a good quality of life;
- Internally the welfare state had to share the function of governance with other actors such as private companies and NGOs. Negotiating and networking have become key features of the day-to-day function of the welfare state.

At that point there are two different explanations of the current trends:

- The welfare state was replaced with the competition state and the negotiating state;
- The welfare state has survived its crisis through a shift from government to governance, with an innovation process involving the elements of competition and negotiation.

To sum it up: the territorial state had and has a lot of challenges throughout its history. It was challenged by the nationalism, the industrial revolution, democracy, general education and universal suffrage etc. Now it is challenged from two directions: in the first place from the globalisation (among others from the European Union) and on the other hand from the regionalisation. But the territorial state – no doubt about it – will survive these challenges as well. It will change its form once again as it was its natural ability throughout its history.

Nevertheless, the territorial state has to share its sovereignty and responsibilities with the European Union, as an institution being integral part of the globalized world and with the regions. These changes have essential impacts on the development of the NGOs.

In the first place NGOs has been also part of the globalisation process. A lot of NGOs have been evolved or strengthened with transnational characters especially in the field of environmental protection and in connected with the strengthened international status of human rights and democratic values.

On the other hand a lot of NGOs are active long-run partners in almost every field of the state programs and actions. Their relationship is different to the state. In the partnerships two extremes, the sovereignty bound and the sovereignty free positions can be observed and we can find NGOs in both extreme positions, but lot of them are somewhere between the two extremes.

One thing is sure: The period of monopolistic state sovereignty is over. It has been replaced by an interdependent sovereignty and democratic legitimation. NGOs have been integral part of this interdependent sovereignty. Partly they are involved by the key actors (state, EU institutions, regions), but partly they are among the challenging factors with the expression of the demands and expectations of the civil society.

In Central and Eastern Europe the development of relationships between NGOs and territorial states followed a modified version of the classical West-European pattern.

In the Middle Ages regional great powers were established; in Poland, under King Kasimir (the House of Piast), Bohemia under King Charles IV (the House of Luxemburg), and Hungary under King Louis (the House of Anjou). All three kings had the epithet "the Great". In Hungary the kingdom of Matthias (House of Hunyadi) was a further step, perhaps a precursor of the modern state in the direction of creating a feudal absolutism. But it had no continuation because Hungary together with the region became increasingly unstable. It was partly the result of the Ottoman expansion.

The first form of a modern, territorial state was established only in the eighteenth century by the Habsburgs, emerging to an enlightened form. Nation building and state building were separated from each other. The Habsburg Empire oppressed Hungarian nation building. On the other hand a lot of innovation was taking place in the state, which was not always accepted by the Hungarians because they considered it a threat to their national independence. Nation building and state building was harmonised only in 1867 with the historic compromise and with the establishment of the Austria-Hungarian Monarchy.

With this step Hungary got closer to the West European pattern. The state was a monarchy in its form but a lot of liberal values were implemented especially in the economy. Civil society and its organisations expressed their expectations toward the implementation of human rights and democracy. But opposition was not strong enough to result in a break through. National self-determination represented by different ethnicities of the Monarchy was also oppressed.

The Austro-Hungarian Monarchy did not survive World War I. The new Hungarian state could not harmonize the establishment of a nation state with strengthening democracy and civil society. However, a lot of voluntary organisations were established mainly in the fields of education, sport and culture. They also played an increasing role in providing services in health care and social support.

This process was cut off by World War II and afterwards with an exported version of a totalitarian state. There were certain symptoms of a revival of the civil society in the 1980s and NGOs were supportive factors of the transition in 1989-1990.

After 1990 the Hungarian state has had to manage a transition from the pre-Weberian phase to a state with institutional capacities being able to implement the EU requirements. In this functional

type of transition state was the key actor. Private enterprises and NGOs were not strong enough to initiate an organic type of transition to a market economy and to a liberal democracy. During the last 15 years, NGOs have become increasingly influential factors but their external pressure power is still not sufficient and they have limited capacities in taking over responsibility in service provision.

2. *The European Union* is a unique construction in the European history. After several previous efforts of uniting Europe by force, after World War II West-European states decided to unite Europe through peaceful co-operation between formerly rival European countries. There was a shift from territorial states toward European Union. In the latest phase opened up in Maastricht, member states have partly lost their traditional sovereignty. The influence of the EU has been increased not only in strengthening the economic and monetary union but also in the development of common regional policy, police coordination, coordinated border controls, environmental protection and common foreign and security policies.

We must not overestimate this shift of responsibilities from the states toward the EU institutions. The EU basically is a regulatory state. It does not engage substantially in the redistributive, stabilization, and symbolic functions of government. By concentrating on the control and management of international externalities it can manage with a very small revenue base. In the territorial state – EU relationship basically the state is the principal and the EU is the agent. This can be proved by the fact that the extractive capacity of EU institutions is very modest: the EU spends only about 1.3 per cent of the combined GDP of its member states. (Caporaso, 1996; Majone, 1992)

Being a new member state, Hungary has to learn the rules and regulations of the participation in the institutions of the EU. This is basically the task of the Hungarian state, but also it has of great importance for representatives of the regions and of the autonomous networks, among them the NGOs as well.

All these actors of the accession process have to understand that

- the EU relies on a political division of labour between member states, focusing on social and redistributive policy and the EU institutions, focusing on regulatory policy.
- The EU rests on intergovernmental bargaining and decision-making, this is embedded in processes that are provoked and sustained by the expansion of transnational society, the pro-integrative activities of supranational organisations, and the growing density of supranational rules (Stone Sweet and Sandholtz, 1995).
- The EU is not a supranational state, but it is an ambitious intergovernmental organisation, basically limited to the implementation of those tasks, which are in the interest of the member states.
- The EU has fluidity and complexity and it is in constant transformation. The EU therefore should be understood as a process rather than a frozen institution.
- Governance characterises the EU institutions. Governance is about “coordinating multiple players in a complex setting of mutual dependence” and refers to “the patterns that emerge from governing activities” (Kohler-Koch, 1995, p. 188)
- In the EU, negotiations are the key processes and networks are they key structures. They have various levels and they contribute to the complex and dynamic nature of the EU.
- The different actors – among them the NGOs – are not ordered hierarchically in a system of superordination and subordination. EU is rather a complex policy network with diffuse formal political structure and it gives rise to more informal structures.

The Hungarian NGOs have to learn how to move in this set of networks, how to explore common interests and aspirations with other CSOs and how to articulate their own interests at the EU level.

A 1992 inventory identified some 3000 special interest groups of various kinds in Brussels, employing up to 10000 persons – approximately the same number as Commission officials, excluding translators and secretarial staff (Grande, 1997). These groups represent not only business interests, but labour interests, public interests (for example, environmental and consumer groups) as well as territorial interests.

The EU networks – containing of NGOs as well – are relatively non-hierarchical. Through participating in these networks, the Hungarian NGOs can become a part of lobby power in two directions; to the direction of the EU institutions and also to the opposite direction. They may become vehicles of “reverse lobbying”, supporting the Commission’s policies by putting pressure on governments, business associations and other actors at the national level. Obviously, there is a certain division of labour between several NGOs and the Commission that, in turn, needs the NGOs as coalition partners in policymaking.

3. *Regions* have been challenging the territorial state from another direction than the EU.

They have become key actors of the politico-administrative setting because of a systemic and comprehensive decentralisation. They express what is unique in Europe: its diversity and variation. Globalisation has been accompanied by regionalisation, and the two trends reinforce one another. There are complementary relationships and tensions between them at the same time.

Regionalisation was a general trend in the EU member countries. Political power and public services were transferred from the central government to administrations and councils in the regions. Now we can speak about “the regions of Europe”.

Following the period of twenty years regionalisation, researchers came to the conclusions that institutional effectiveness and economic prosperity of a region is closely related to the level of civic involvement (Putnam et al, 1993). This means that economic progress and institutional effectiveness depends on a well-developed civil society and social networks; the various forms of public involvement are the most important factors of regional development.

This statement can be proved for instance with the Italian process of regionalisation. It is well known that in the early 1970’s the political system of Italy underwent a substantial and comprehensive process of regionalisation with significantly different results between northern and southern Italy. Economic progress and efficient institutions were achieved during the past decades in northern Italy where civil society is deeply rooted in the history and public life is organised horizontally. In other words, in northern Italy “civic-ness” predicts the economy; dense social networks are the pillars of institutional effectiveness.

In southern Italy, where public life is organised vertically, the concept of “citizen” never took root, power was based on clientism and for the average citizen, societal issues remained the responsibility of others. Only few citizens were ready to participate in the public debate and their personal involvement was driven by the aim of getting personal advantages, rather than following collective purposes.

The relationship between regionalisation and the strength of the civil society is a relevant problem in Hungary as well. We have a delay in the process of regionalisation compared to the “old” member countries and among the reasons of this delay the relative weaknesses of the Hungarian civil society can be found as well. A huge diversity can be observed in the Hungarian civil society. In this period of transition and transformation new types of communities have already been formed but the old, traditional, clientism, a “protection mentality” is still characteristic in a series of communities as well.

In a classification of the types of regions we can differentiate four main types:

- physical-geographic regions (e.g. islands, peninsulas, Plains, valleys)
- ethnic and cultural regions (e.g. Basque, Catalonia, Wales, Scotland, Wallonie, Sicily, Lombardy)

- functional regions (e.g. city-regions, urban-regions)
- administrative regions (e.g. Länder in Germany, Departements in France, Cantons in Switzerland)

It means that NGOs are bound to various values. In the case of physical-geographical regions the physical configuration of a territory is anchored in the consciousness of its inhabitants with the help of common symbols. In the ethnic and cultural regions a regional identity is developed and it serves as value basis for public policy making. Functional and administrative regions have common institutions. They are driven by competition and the development of administrative capacities.

NGOs have different roles in the different forms of regionalisation. One form is the decentralisation that is supported by the subsidiarity principle accepted in the EU. It is basically an administrative process by its nature and needs a functional approach of the NGOs in order to being integral part of this form of regionalisation. The second form of regionalisation is bound to regional identities and cultural expressions. It is basically a political process and this political decentralisation – so-called devolution – needs a political approach of the NGOs in order to participate. The third form of regionalisation is region building, a combination of political and administrative decentralisation. Therefore it needs a combined, politico-administrative approach of the NGOs as well.

4. *The autonomous networks* are relatively new actors in the public policy process. They are not continuous like the territorial state they consist of discrete points bound together by lines.

We can differentiate the following types of networks:

- physical networks are the networks of highways railroads, waterways, airways, electric grids and telecommunications,
- institutional (or organisational) networks are actors of economic and political life, those that produce goods, those that administer and those that offer services,
- social and cultural networks are active in the fields of education, especially higher education, research, cultural life, and social environment. They are partly internal, partly transnational.

Most of the important economic and societal functions are organised in these networks in the European Union, therefore we may speak about an emerging network society. This means that many of society's major functions are organised as networks. As Castells (1997, p. 469) explained, "networks constitute the new social morphology of our societies, and the diffusion of networking logic substantially modifies the operation and outcomes in processes of production, experience, power and culture".

NGOs as (certain) forms of the autonomous networks have become not so hierarchical than the traditional forms of organisations. They rest on links among independent actors and on the coexistence of autonomy and interdependence. They are open systems compared to the conventional closed systems and they put more emphasis on interactions than orders and on informal, personal relations than formal relations of authority.

NGOs are integral parts of the autonomous networks. Territorial states in the EU are often dependent on them in the area of social and cultural activities, for instance in providing development aid or halting the spread of epidemics. The role of nonprofit organisations is crucial in the different fields of economic life not only in service provision but also in the implementation of democratic control, for instance, in the field of environmental protection. Especially important is the emerging role of the NGOs in the institutional networks dealing with decision making in public policy and with provision of goods and services at the regional, territorial state, and EU levels.

To sum it up: Non-governmental organisations are connected to all of the above mentioned and described four key actors (or four organisational spheres) of public policy making. NGOs have regular interactions and co-operations with the "Eurocracy" on the European level. They are promoters of

“regionalism” and negotiating partners of the territorial state. They participate in the service provision and play an important role in the democratic legitimisation of the whole system. Their role is also essential in representing the interests of different social groups.

### **Nonprofit organisations’ role in the accession process and beyond**

Some of the above listed roles of nonprofit organisations are of crucial importance in the context of the EU enlargement. They are as follows:

- building trust and European identity,
- building solidarity.
- ensuring citizens’ participation in public policy making,
- implementing public policy.

*Building trust and European identity.* The process of the EU enlargement has made some already existing problems more visible. The European Union as an economic and political entity has reached a high level of its development. However, despite its unquestionable economic success, the Union has remained faraway political machinery for most of its citizens. In the long and complicated negotiations national interests are defined and represented by the national governments. Numerous technical details become available for the public, but the negotiations quite often seem a “tug-of-war” and the outcome is just some compromise. People do not feel either involved in or even properly informed about the public policy making process.

Though it was called European Community for several years, the EU has never been emotionally considered a community by its citizens. In a sense it has developed from a common market into an economic and political union without raising a general feeling that EU membership is a synonym for being a member of a special European community. Wherever the membership became an issue, economic and political considerations, concrete advantages and disadvantages were the focus of attention.

Western European citizens are unlikely to think that their European status depends on whether their country has joined the European Union or not. Ironically enough, this symbolic meaning of the EU membership emerged only in Eastern Europe when the collapse of the Soviet empire opened up new perspectives for the former communist countries. For a rapturous moment Eastern Europeans imagined that Western Europe would welcome them and the inevitable transformation of their economy could be carried out with the help and guidance of the European Community (Balázs, 1997; 6 and Kuti, 1993).

The disillusionment was prompt and cruel. Eastern Europeans had to face the brutal truth that their countries are not developed enough, not “civilised” enough, and not attractive at all for the European Union (Anheier and Seibel, 1998). EU officials distrusting the somewhat chaotic Eastern European institutions and Western producers fearful of new competitors were equally reluctant to promote the immediate enlargement of the Union. As a result, euro-scepticism had spread across Eastern Europe much before its first countries acceded to full EU membership. By the time the enlargement finally happened, the enthusiasm of the new members significantly decreased while the other Eastern Europeans bitterly speak about a new division of Europe: “Enlargement brings, no doubt, merits to new candidates and members, new challenges to both the EU and NATO institutions, and a new East-West division between the newly enlarged Euro-Atlantic community and the rest of Europe (aspirants and non-aspirants alike).” (Tarasyuk, 2003. p. 4)

The tension and distrust between the old and new EU members and the European countries, which remained outside the EU, are partly based on conflicting interests; partly they are an outcome of mutual ignorance and misunderstandings.

As far as interests are concerned, voluntary organisations could do a lot in order to mediate between the different players and raise awareness of the interest conflicts. There is not even a hope



for reconciliation until the actors do not know, understand and appreciate each others' points. Once the positions are clarified and a dialogue has started, there is some chance that a compromise can be achieved. Moreover, it may turn out that long-term interests of EU members and candidate countries are much less conflicting than the short-term ones. If Leonard (1998, p. 5) is right that "Europeans want the EU to solve 'problems without frontiers' (72 per cent see protecting environment and solving international crime and terrorism as priorities; 68 per cent support a common defence and military policy)", then they are basically interested in further enlargement and present co-operation.

Similarly, close contacts and common projects may dispel prejudices resulting from the lack of knowledge or from fear and distrust of ideas different from our own. There is an extraordinary contrast between the strong European identity of the Eastern European countries and their image formed by Western Europeans (Kuti, 1998). Much more direct contacts and a lot of personal experiences would be necessary in order to come closer to the truth which is probably in between. To encourage and organise this dialogue is obviously one of the most important missions of voluntary organisations and the only way of restoring European identity.

*Building solidarity.* Whatever image they manage to develop and communicate, Eastern European countries do need both financial and technical assistance. It is extremely important that the support coming from the EU funds be completed by private donations of the local, regional, national and international nonprofit organisations. These private donations are especially precious because they are an embodiment of solidarity, a basic value of the European culture.

The foreign donations are important for Eastern Europe for two reasons. First, they can de facto play some role in the solution of social and economic problems. Second, they express solidarity and symbolise the union of European nations. Their ultimate message is that Eastern Europeans (either inside or outside the European Union) are not alone, they can count on their more affluent counterparts all over the continent.

At the same time, through their voluntary contributions, the donors are likely to get emotionally involved in the unification of Europe, which may strengthen their own European identity. This second "solidarity-building" function of donations seems to be even more important than the first one. In order to fulfil this social function, a growing part of foreign donations should be shifted towards indigenous, grass roots, community-based voluntary organisations that are definitely closer to the citizens and more likely to meet their psychological needs than the national governments and the creatures of international bodies and foreign nonprofit organisations.

It is similarly important that the nonprofit sectors of the new member states become active donors in the short run even if they will obviously remain recipients of foreign donations, as well. Their presence in the system of foreign aid targeted to the non-member countries would be useful for several reasons. First, they have more knowledge about the needs and more contact with the potential supportees in Eastern Europe, thus they may contribute to increasing the efficiency of foreign support. Second, they face a series of both positive and negative expectations from the part of the non-member countries. Europe-wide solidarity can hardly develop if these latter feel deserted and neglected. Third, the combination of the donor's and donee's roles may help the NPOs of the new member states to feel more or less equal with their Western European counterparts. This equality is a necessary condition for becoming conscious and self-confident actors of the networks that try to influence the public policy making process.

*Participation in public policy making.* To make the enlarged Europe work is an extremely complex task, which can be performed only through the mobilisation of the whole society. Voluntary organisations can play a crucial role in encouraging participative citizenship. NPOs of the new member states are definitely willing to become useful allies of the already existing advocacy organisations of the European Union.

The motivation for shaping public policy was exceptionally strong in Eastern Europe after the collapse of the state socialist regime and has been made even stronger by the recent social developments and the lack of an appropriate social policy response to them. A series of voluntary organisations have been established in order to actively influence policy formation, to represent the interests of specific social layers and large groups of the citizens. By now, these NPOs have accumulated some experience in participating in the policy dialogue without encroaching on the sphere of political parties. The protest culture (Szabó, 2004), which was practically non-existent under state socialism, has developed a lot. There are lots of demonstrations organised by voluntary organisations, trade unions, interest groups, sometimes even by the business community against additional taxes, industrial-technological projects, pollution, discriminative government measures etc. It also happens, though less frequently, that NPOs develop their own concepts and policy proposals, raise questions, suggest solutions and strategies. Important initiatives come from voluntary organisations; several of them are able and willing to develop their own policy alternatives and to start a dialogue with political decision makers at the local, regional and national level.

By contrast, they do not have much experience in acting at an international level. There is a general feeling even among the locally quite successful advocacy organisations that they are not well informed enough and organised enough to have an influence on the EU policy. They know they should follow the political debates, get access to the different proposals, be knowledgeable about the relationships, keep contacts with politicians, Commission officials and other NPOs, be prepared to analyse the newly emerging issues and start action at any moment when it is necessary. However, these kinds of knowledge and skills are not easily accessible. It is to be seen whether they will be able not only to join the transnational advocacy networks but also to shape the strategy and actions of these international NGOs. Another question is how they will behave in delicate situations when the position of the international umbrella organisations and the interests represented by the national government are different or even conflicting. The solution of this kind of problem can be especially difficult for those NPOs which are also active in implementing public policy and, consequently, they are dependent on government funding as service providers.

*Implementing public policy.* A large part of the voluntary organisations are involved in tackling the problems which need special attention in the new member states according to the EU priorities (Kuti, 2001). Most of these problems (environmental pollution, regional inequalities, social and economic exclusion of disadvantaged groups, unemployment etc.) are of the same kind: they cannot be even alleviated (not to mention to be solved) without an active and creative participation of citizens' organisations.

In fact, the nonprofit service provision in these fields emerged spontaneously; its development was not a response to the challenges of the EU-accession (Harsányi, 2004). When the political changes opened the floor for the nonprofit service provision in the early 1990s, citizens created several NPOs in order to meet the unsatisfied demand or at least to alleviate the shortage in the fields of health and social care (e.g. SOS telephone lines, family planning assistance, home care for the elderly, special assistance for the disabled etc.), in education and culture (integrated education programs for handicapped children, preparatory courses for the poor, language schools, programs for the preservation of minority culture etc), in environment protection and emergency (projects related to natural disasters, pollution monitoring services and pollution abatement programs etc.), in economic and community development and public safety (sheltered employment and training for the unemployed, neighbourhood watch services etc.), and in human rights (psychological support for victims, legal consulting, protection of the consumer rights etc.).

Though the initiators have been mainly the potential clients (e.g. unemployed people, parents of handicapped children etc.) or enthusiastic professionals (teachers, librarians, social workers, artists

etc.), co-operation with the government and funding from EU sources are frequently important elements of these service programs (Jenei and Kuti, 2003). It looks probable that this co-operation will become even more intensive as a result of the EU membership and service providing nonprofit organisations will play an important role in implementing the common European policy.

### **The EU accession's first impacts on the nonprofit organisations**

Only four month have passed since the EU enlargement. Most of the possible impacts of the membership simply cannot evolve for such a short time. Consequently, what we can say about these impacts are rather impressions and guesses than empirically based research findings.

The interest of the European Union in the voluntary sector works as a signal for the national government and the business community. The EU is able to influence both the general climate and the attitudes of economic actors toward non-governmental organisations. When it states in one of its documents that “public authorities should review public policy and make proposals about what would need to be done for policy to help the voluntary sector to increase its capacity and where relevant to improve its skills in order to that it can best fulfil the new roles it is being called on to address” (Communication..., 1997, p. 11), this is an important message for the local decision makers and for the nonprofit sector itself, a message which definitely strengthens the sector's position.

Beyond this general political support the EU can influence the development of the Hungarian nonprofit sector in more concrete ways, as well. Its attempts to develop a common legal regulation for voluntary organizations (Anheier and Kendall, 1997; Kendall and Anheier, 1999) serve as a point of orientation for the national policy makers. Its emphasis on the principle of subsidiarity and its recommendations on the public/private partnership have some impact on the Hungarian welfare system, on the division of labour between private nonprofit and public service providers, thus on the NPOs' capacity to plan, finance and implement service delivery programs. Similarly, the region as a focus of EU development policy creates a climate that is very favourable for all kinds of regional co-operation.

In addition, a significant part of the support from the EU structural funds is distributed through competition open to NPOs. About half of the calls for applications that have been published between May and August 2004 mentioned the nonprofit organisations among the possible recipients. The amount of the support for which the NPOs can compete is 155 billion HUF (620 million Euros).

*Support from the EU structural funds available for nonprofit organisations through open competition in Hungary between May and August 2004*

Field of the supported projects	Amount of available support	
	Thousand HUF	Thousand Euro
Community development, local and regional infrastructure	52,528,700	210,115
Education and research	44,922,860	179,691
Economic development	26,151,040	104,604
Employment	22,840,063	91,360
Social care	8,455,440	33,822
<i>Total</i>	<i>154,898,103</i>	<i>619,592</i>

*Note:* Information on the amount supporting environmental projects is not available, yet.

*Source:* www.nfh.hu

About 10 per cent of this sum is only available for nonprofit organisations involved in alleviating the unemployment problem and offering sheltered employment for the disabled and other socially deprived people. The rest of the money is targeted to several kinds of economic actors (including public institutions, local governments, and for-profit firms). It is to be expected that there will be

a sharp competition and nonprofit organisations will finally receive only a small part of the whole amount. However, for some of them the eligibility for this kind support may represent an important step towards the consolidation of their service providing activities.

There is also an indirect financial impact of the EU accession. Several national grant-making bodies seem to realise that special support is needed in order to enable the Hungarian NPOs to compete for the EU funds, to pay the membership fees of the international advocacy organisations, to be present in Brussels and at the key European events. For example, this summer the National Civil Fund<sup>4</sup> distributed 368 million HUF among nonprofit organisation which applied for grants in three EU-related fields, namely the “civil participation in the decision making process in the European Union”, “assistance in NPOs applications for EU funding”, and “promotion of the Hungarian NPOs presence in transnational organisations, supporting the international exchange and dissemination of experience”.

There are some signs that NPOs can also be involved in monitoring and evaluating the EU-funded programs. This is typically the kind of activity in which the local NPOs’ participation is not only helpful but also indispensable. A careful investigation into the large scale, far-reaching social and economic impacts of these programs is hardly possible without the involvement of nonprofit activists and researchers who can scrutinise development projects from the perspective of civil society. This co-operation of different experts will hopefully yield useful and insightful studies.

## Conclusion

To be summarized, one can identify three different approaches in the debates about goals and functions of voluntary organisations and possible policies toward the nonprofit sector, namely those of the “*économie sociale*”, “social capital” and “civil society”.

- “*Économie sociale*” (social economy) is originally a French concept that has been accepted by the European Union, too. It is found attractive by a growing number of Hungarian policy makers because it emphasises the importance of sharing responsibility between governments and all kinds of private social establishments and services, including not only the nonprofit organisations but also the co-operatives and mutuals. This approach implies that a major goal of the relatively broadly defined nonprofit sector is to participate in solving economic and social problems.
- The “*social capital*” concept (based on the work of Putnam et al., 1993) places the emphasis on special features of social organisation, such as trust, norms, and networks that can improve the efficiency of society by facilitating co-ordinated actions. This efficiency is desperately needed in the new member states where the whole fabric of society was seriously damaged by a series of authoritarian regimes. Hence, building social capital is of utmost importance all over Eastern Europe, including Hungary.
- “*Civil society*” is a political concept revived and adapted to the actual conditions in Eastern Europe in the 1980s. Civil society is constituted and developed by various forms of civic initiatives and self-organisation, mainly institutionalised as voluntary organisations that mediate between the citizen and the state, and between the citizen and economic power. When used in setting the goals for nonprofit organisations, this approach results in a focus on the civic education aspect of voluntary activities and service programs.

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<sup>4</sup> The National Civil Fund is the largest Hungarian grant-making organisation which exclusively supports the development of the nonprofit sector as a whole. It was established by the government, it is financed from the central budget, but the distribution of the grants is not controlled by the government. The priorities and support policy are developed by a council elected by NPO representatives. The actual grant making decisions are also made by special elected boards.

The goals of the nonprofit organisations and the policies toward the nonprofit sector are numerous and varied. The definition of the goals and the evaluation of the impacts, naturally enough, depend a lot on the position of the actors who make the decisions. Theoretically there is a general agreement on the importance of all three approaches, but in fact most politicians and government officials tend to give preference to the social economy approach. They clearly think that nonprofit organisations running output-oriented service programs are more likely to directly help them in solving social problems in the short run.

By contrast, several activists and some policy makers would give preference to those voluntary actions and nonprofit projects that can considerably increase social capital. They argue that building trust, networks, relations and improving co-operation skills are outstandingly important in Hungary where the economic and social transition resulted in growing inequality and newly emerging problems like unemployment, homelessness, drug addiction, extreme poverty that had not existed before and are extremely dangerous for both solidarity and adaptation skills.

A large part of the voluntary sector leaders are deeply committed to the civil society approach. They emphasise the importance of developing a common strategy with a large view of society, to develop the feeling that civil society organisations have a mission not only of solving small, specific problems, but also to deal with major issues of the society as a whole.

The actual weight and influence of these different approaches in forming the national and the EU policy might have an important impact on how large and strong the Hungarian nonprofit sector will be, to what extent it will be able to actively work for a Europe of citizens.

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