

2021 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

HUNGARY
OCTOBER 2022



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For Hungary
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HUNGARY

Capital: Budapest
Population: 9,699,577
GDP per capita (PPP): \$31,000
Human Development Index: Very High (0.846)
Freedom in the World: Partly Free (69/100)

OVERALL CSO SUSTAINABILITY: 4.0



Two phenomena dominated public attention in Hungary in 2021: the continuation of the global COVID-19 pandemic and the upcoming parliamentary elections.

Even before the second wave of the pandemic could die down, a third wave hit Hungary hard in mid-February. After some delay, in early March the government reintroduced containment measures, including compulsory mask-wearing in all public spaces (including open-air spaces), the closing of most non-essential shops, and online schooling. The number of infections only started to decrease significantly towards the end of May. By that time, the total death toll had reached 30,000, the highest in Europe on a per capita basis. After a quieter summer, a fourth wave, though not as bad as the previous ones, hit in autumn 2021. The underfunded and overburdened health-care system was unable to deal with all of these waves of infection appropriately, and the government did little to improve the situation in the hospitals. Meanwhile, vaccination progressed fairly well, with roughly 60 percent of the population being inoculated by the end of the year.

People who suffered social consequences, such as unemployment, as a result of the pandemic continued to receive limited or no support from the government. Furthermore, during the second half of the year, the impacts of the global economic recession started to be felt in Hungary, most visibly manifesting in inflation of 7.4 percent by the end of the year. Many CSOs continued to play an essential role in mitigating the unfolding social crisis caused by the pandemic by providing information and relief and contributing to online schooling efforts.

Despite the pandemic-related struggles, the government’s popularity remained largely stable, in part due to the very restricted information and one-sided propaganda in the dominant pro-government media. With parliamentary elections scheduled for spring 2022, all government communication—including about the pandemic—was geared towards the campaign. As part of this effort, the government continued its hate-mongering against sexual minorities. In June, anti-pedophilia legislation was introduced in parliament. Last-minute amendments banned “homosexual propaganda to minors,” referring to the appearance of lesbian, gay, bisexual, transgender, and intersex (LGBTI) people in media and schools. Despite domestic and international protests, the law, including the controversial amendments, was approved, although many questions regarding its definitions and applicability were left unanswered. Reports from affected organizations show that the number of attacks (especially verbal attacks) on and conflicts with LGBTI people increased in the following months. In addition to the harmful blending of gender and sexual orientation with the abuse of children, the central message of the government’s propaganda was that it does not want to “leave the sexual education of children to LGBTI activists.” This effort has resulted in the elimination of sensitization and civic education programs carried out by CSOs as schools are afraid to cooperate with them.

The April 2022 parliamentary elections took place in a markedly different manner than previous ones. Learning from similar experience in the municipal elections of 2019, in spring 2021, the six main opposition parties from all sides of the political spectrum joined forces and agreed to organize primary elections in September. More than

800,000 people cast ballots in the primary elections, which benefited from extensive attention from independent media. As a result of this process, one consensus opposition candidate was chosen to run in each district, making the election a one-on-one competition against the governing party, Fidesz. This was the opposition's only realistic chance to compete with Fidesz. This new approach mobilized civil society, with CSOs providing some of the logistics, technical background, and volunteers for the process.

In this difficult context, overall CSO sustainability deteriorated slightly in 2021, driven by slight negative developments in the legal environment, organizational capacity and financial viability dimensions.

The latest data published by the Central Statistical Office for 2020 shows little change in the makeup of civil society compared to the previous year. Both the overall number (34,000 associations, 19,000 foundations, and 8,000 other types of nonprofits) and the objectives of organizations remained practically the same as in 2019. The total income of associations and foundations also remained unchanged, at about HUF 900 billion (approximately \$3 billion).

LEGAL ENVIRONMENT: 4.0



The overall domestic legal framework governing civil society in Hungary deteriorated slightly in 2021 as a result of the government's ongoing efforts to pass restrictive legislation.

Special decrees introduced in 2020 that made virtual board meetings and assemblies simpler remained in effect in 2021. Otherwise, the core legislation governing the operation of CSOs, including the Civil Code (2013) and the Act on the Right to Association, Public Benefit Status and the Operation of and Support to Civic Organizations (2011, the Nonprofit Act for short) did not change.

CSO registration remained unchanged in 2021. The registration process, which now is done largely through an electronic/online system, is generally smooth. However, differences in the practices of individual

regional courts continue to persist, creating some uncertainty and unpredictability in the process.

From a legal standpoint, organizations can operate freely. However, CSOs continue to feel that both regulation and oversight impose unnecessary administrative burdens on them. Larger organizations, especially those with public benefit status (20 percent of all registered organizations) and those receiving public funding, must meet rigorous reporting obligations. They must publicly report on their accounts and activities, the collection of donations, and the use of any funds received through the 1 percent personal income tax assignment on an annual basis.

The major legislative development of 2021 was that in April the parliament finally acted on the June 2020 ruling of the European Court of Justice and retracted the infamous 2017 Act on Foreign-Funded Organizations, which stigmatized CSOs based on their funding sources. However, it was replaced with another new act on organizations "capable of influencing public life." This act includes similarly worrying clauses subjecting organizations with annual budgets above HUF 20 million (\$66,700) to inspections by the State Audit Body regardless of whether they receive public funding. The practical consequences of this law are not yet clear, but new administrative burdens and inspections of selected CSOs are expected.

Another short-lived piece of legislation also posed new threats to CSOs. In June, a governmental decree was published without any prior notice or consultation that obliged all CSOs to list the names of their individual donors in their reports (without any threshold amount), effectively banning anonymous donations. Many organizations immediately protested the decree, receiving broad coverage in independent media outlets (most of which also collect donations). As a consequence, just two weeks later, the decree was withdrawn just as quietly as it was introduced.

State harassment of CSOs continued in various forms in 2021. The so-called Pegasus surveillance scandal, in which political and business figures as well as journalists were found to have been subject to surveillance, was found to have targeted at least one CSO lawyer activist in Hungary. Despite the public outcry, there were no consequences for the illegal wiretapping of mobile phones, with the government basically hushing the issue up. Other forms of harassment affected individual organizations. In a notable instance, the director of a leading independent think tank, Political Capital, was the target of government propaganda following an interview he gave to Politico criticizing the government’s pandemic policies. He and his family also received death threats in e-mail and social media. In another example, the Oltalom Charitable Association/ Hungarian Evangelical Brotherhood received a HUF 250 million (more than \$800,000) fine from the tax authority for non-payment of taxes, following an attempt to cut the gas at their premises in autumn 2020. The root cause for this omission was that following a 2016 ruling of the European Court of Human Rights, the government failed to restore the organization’s church status, thereby causing them to lose billions in subsidies to finance their services to homeless and poor people to which they were rightfully entitled.

CSOs such as the Hinton Foundation for Children’s Rights, which was wrongfully accused of spreading “LGBTQ propaganda,” continue to win slander cases against government propaganda outlets in courts. At the same time, the independence of courts is under attack: following legal changes over the past few years, a growing number of senior judges, including those in the Supreme Court, are appointed through politically motivated procedures. While overall judicial independence is not yet curtailed, these are warning signs for future rulings.

Legislation on CSO taxation and access to resources did not change in 2021. In theory, CSOs can raise funds freely, earn income, and enter into contracts, though in practice the situation is more complicated (see the Financial Viability section). The continued absence of any tax benefits for individual donations is a sore point. However, taxpayers continue to have the option of assigning 1 percent of their income tax to a CSO. The so-called “immigration tax,” which was passed in 2018 as part of the “Stop Soros” law package and imposes a 25 percent tax on the income of organizations supporting immigration, remains in effect, although it is not implemented in practice.

Local legal capacity did not change in 2021. A few CSOs—particularly the Hungarian Civil Liberties Union (HCLU) and Global Network of Public Interest Law (PILnet)—and some state-sponsored projects continue to provide such services. However, demand continues to outpace supply. In addition, there are large geographical differences—while legal aid to CSOs is expanding to the countryside, it is still concentrated in a few urban centers.

ORGANIZATIONAL CAPACITY: 3.8

The organizational capacity of Hungarian CSOs worsened slightly in 2021 mainly because of the general economic decline, which led to staff shortages.

Most CSOs have successfully adapted their operations to the circumstances of the pandemic, including by developing online ways, including newsletters and social media, to keep in touch with their members and supporters and recruit new ones. A growing number of organizations make conscious efforts to build their constituencies and mobilize volunteers, with the larger, more institutionalized ones also introducing or operating customer relationship management (CRM) systems. The success of the primary elections, which mobilized 10,000 volunteers, also motivated activism and participation. Of course, geographic differences persist, with CSOs finding it much harder to involve people in rural areas as opposed to urban centers. Also, after struggling to maintain their memberships and constituencies during the first year of the pandemic, some organizations found it hard to rebuild. For example, Fridays for Future, a climate movement of young people, had just found its voice in 2019 and relied strongly on street activism. The movement came to a virtual standstill during the pandemic and just started to slowly reinvent itself in late 2021.

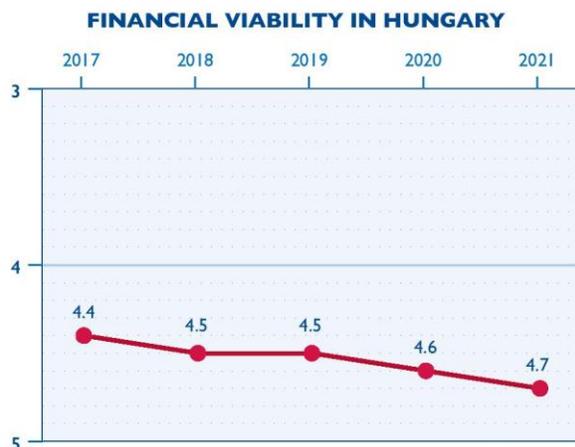


Under these circumstances, the use of strategic planning and internal management systems remains limited to the most professional national CSOs that operate with significant paid staff. In organizations that rely more on volunteers, both internal capacity limits and the uncertainties of the external environment hinder strategic planning and operations.

Retaining paid staff turned out to be a major difficulty in 2021, even among the largest organizations. With increasing inflation, especially in the second half of the year, many employers introduced significant salary increases, and CSO remuneration generally could not keep up with this trend. As a result, many organizations that were forced to lay off staff when the pandemic first hit in 2020 found it increasingly difficult to recruit staff from the labor market. CSOs also report staff burnout and mental exhaustion caused by the persisting uncertainties. CSOs often resort to using voluntary or occasional help to fill needs for professional expertise, such as from lawyers and IT specialists.

CSOs' technical capacity did not change notably in 2021. While most CSOs possess and use basic equipment to some extent, there are large differences in the level of advancement, and organizations often lack the resources to update their assets. In addition, in many cases, activists and staff members use their own equipment for organizational purposes. Most CSOs use IT for a variety of activities, including videoconferencing, developing their visual brands, and sustaining communication, including on social media. Awareness about and attention to cybersecurity remains limited to those CSOs most prone to attacks, including human rights defenders and investigative journalists.

FINANCIAL VIABILITY: 4.7



CSOs' financial viability deteriorated slightly in 2021 as public funding sources are increasingly biased towards organizations loyal to the government. In addition, the loss of a significant foreign funding source was a major blow to independent CSOs. Different types of CSOs continued to face great disparities in their funding levels, with some CSOs having access to abundant resources, while others struggle for survival.

According to the latest official statistics, slightly less than 40 percent of the sector's total income in 2020 stemmed from public funding, around 20 percent came from private sources, and the rest originated from generated income and a variety of other sources. However, financial resources were very unevenly distributed across the sector, with more than 70 percent of all CSOs

operating on an annual budget of less than 5 million HUF (\$16,600). Despite the short-term losses many CSOs suffered during the first year of the pandemic, a survey carried out by Simpart Nonprofit Ltd in 2021 indicated that the income of only one-quarter of respondents decreased in the longer run.

The distribution of public funding continues to lack transparency. In addition, as a result of political bias, independent organizations, while not formally excluded from applying for public funding, rarely secure grants. In addition to the continued availability of ongoing sources of public funding such as the National Cooperation Fund and the Village Civil Fund (created in 2020), the government created another new fund for CSOs in 2021. With a total allocation of HUF 4.4 billion (about \$ 14.6 million), the new City Civil Fund supports CSOs and community activities in settlements with more than 5,000 inhabitants. However, investigative journalists revealed that about half of the fund's biggest beneficiaries were organizations directly controlled by local Fidesz politicians or their affiliates.

Local municipalities, which bore the brunt of financial cutbacks under the guise of the pandemic, are not in a position to provide significant support to CSOs, though in some cities funding was provided to CSOs in the framework of the EU's Community-led Local Development program, essentially the only EU support available to CSOs in 2021.

Domestic institutional philanthropy in the form of grantmaking foundations also remains very underdeveloped. Corporate philanthropy is more widespread, with several corporations, including Tesco, Vodafone, and E.on, running regular small grant programs. However, corporate giving was strongly affected by the pandemic.

Independent CSOs—for example, those engaged in human rights or LGBTI issues—remain dependent on international philanthropic and institutional donors, as well as individual giving. A growing number of international donors, including the Sigrid Rausing Trust, Civitates, and Mercator Foundation, are active in Hungary. The two regional centers supported by the Open Society Foundations (see Sectoral Infrastructure section) made a final round of grants to local groups in 2021.

A major development affecting CSOs' financial viability in 2021 was the unsuccessful conclusion of negotiations concerning the third period of the European Economic Area (EEA)/Norway Grants. The donors and the Hungarian government signed a Memorandum of Understanding (MoU) in late 2020 and then announced an open call to find a Fund Operator to manage the Active Citizens Fund. However, the parties could not come to the required consensus to select a mutually acceptable candidate. According to the MoU, if no agreement is reached in this respect within seven months, the support to Hungary becomes void. This deadline was passed at the end of July, and thus, as the Norwegian Foreign Minister announced, “no programs will be implemented in Hungary under the EEA and Norway Grants scheme during this period,” making Hungary the only country of the fifteen eligible to be excluded. This means that Hungarian civil society will be deprived of EUR 10 million in funding over the coming years.

Individual giving has steadily increased over the past few years and continued to do so in 2021. According to a poll commissioned by Telenor company that was carried out at the end of the year, 70 percent of respondents occasionally make small donations to causes they care about, with the most popular being animal welfare (35 percent) followed by health and healing (24 percent) and poverty (22 percent). In 2021, the decreasing trend of 1 percent income tax assignments reversed; the amount assigned increased by HUF 900 million (approximately \$3 million) to HUF 10.5 billion (\$32 million), while the number of taxpayers who took advantage of this opportunity increased by 40,000 to 1.66 million compared to the previous year. CSOs are also becoming more and more professional in collecting donations, especially online, but also through other creative tools, such as collections by “ambassadors” and Giving Tuesday.

Earned income generally continues to comprise a small portion of CSOs' total income. However, a growing number of larger CSOs—including both advocacy organizations such as HCLU and service providers like the Real Pearl Foundation—maintain webshops and sell merchandise.

Most CSOs maintain an adequate level of transparency, publishing annual reports and accounts as required by law. Only professional organizations, which are more exposed to potential attacks, maintain more sophisticated financial management systems.

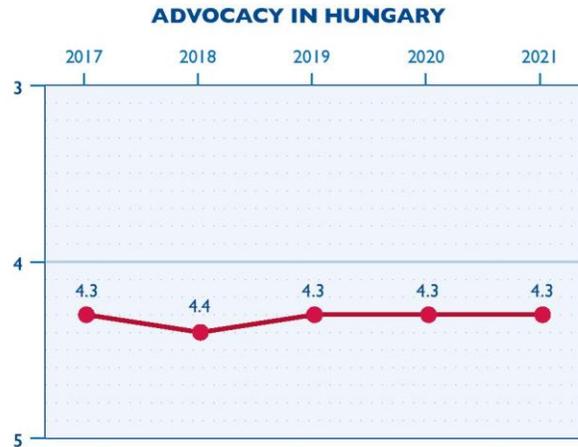
ADVOCACY: 4.3

CSO advocacy did not change significantly in 2021.

Hungarian legislation from 2010 provides for public participation in lawmaking. In practice, however, decisions generally continue to be made behind closed doors, without any involvement by the affected stakeholders. The government generally circumvents existing consultation mechanisms, for example, by having individual members of parliament (MPs) from the governing party submit significant bills and abolishing or not convening existing consultative bodies and committees. While data for 2021 is not available, in 2020 parliament adopted 159 government-submitted laws, only one of which was published for comments on the government's dedicated webpage. Even when drafts are circulated, the periods for comments are often extremely short, in some cases just a few hours. Besides, both the central government and parliament routinely ignore CSOs' pleas and petitions for dialogue and remain unresponsive—or downright hostile—to any criticism or proposals coming from “outside.” Thus, traditional channels of CSO advocacy—both formal (such as consultative bodies and processes) and informal (petitions and signature collections)—effectively ceased functioning years ago. In practice, only organizations friendly and close to the government can effectively engage in lobbying.

Throughout 2021, the government sustained several measures introduced under the guise of the pandemic, including the extended deadline for government agencies to respond to freedom of information requests (45 days

instead of 15) and the total ban on peaceful assemblies. In the absence of other options, CSOs increasingly used online petitions, especially through the ahang.hu platform, to advance their causes, but these generally had little or no effect on decision-makers. The ban on peaceful assemblies remained in place until mid-May 2021, despite being criticized by human rights organizations for being unjust, disproportional, and discriminatory, especially as certain larger gatherings, such as those for religious purposes, international hunting exhibitions, and sports competitions, were allowed. The first major demonstration was held just a week after the ban was lifted, with thousands of people protesting against a planned Budapest campus of the Chinese Fudan University (supported by the Hungarian government). This and other protests in the second half of the year, including Budapest Pride, took place without violence.



The government also used the pretext of the pandemic to obstruct participation through other measures. For example, it has declared a growing number of questionable investment projects to be of “national strategic importance” by decree, thereby legally exempting them from public oversight or control. A recent example was the contested industrial investment planned in Göd, a small town near Budapest, which drew much popular protest.

While the opposition-led local governments elected in 2019 make honest efforts to engage in dialogue with civil society, their efforts are often hindered by their lack of capacity and expertise, and thus, bring ambiguous results. At the same time, citizen assemblies are becoming more popular. In 2021, for example, the city of Miskolc with the help of DemNet Foundation and the local Dialogue Association organized a successful citizen assembly process to discuss and formulate recommendations on air quality issues.

Under these circumstances, CSOs’ advocacy efforts rarely bring results. In 2021, the few successful cases mainly involved environmental campaigns to stop controversial investments such as waterfront developments in several locations around Lake Balaton and a planned experimental oil drilling project in the western border area. In addition, labor movements and unions of teachers (and people otherwise involved in public education) remained active and continued to campaign for educational reforms and an increase in teachers’ salaries.

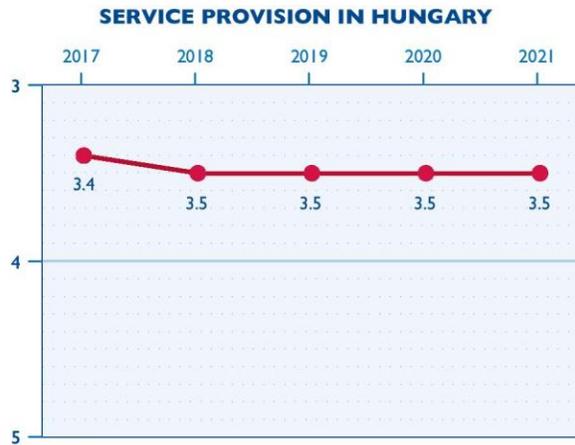
The campaign and organization of the primary elections spurred broad civic mobilization in 2021: besides contributing to the process itself, many CSOs used this opportunity to spotlight their issues, activate citizens, and later to engage in election monitoring. Government officials and media often labelled these organizations as being “political” and not truly civic.

In June 2021, the Civilization coalition came out with the Civil Minimum 2022, a set of 13+1 measures in four areas—legislation, funding, dialogue, and social support—that should form the basis of a future governmental civil society strategy. Parties and candidates running for the next elections were asked to include these in their programs and to commit themselves to adopting and implementing such a strategy should they be elected. Three main opposition parties and a dozen candidates publicly committed to this program before the primaries. Towards the end of the year, Civilization also received verbal promises to include these points in the united opposition’s election program.

SERVICE PROVISION: 3.5

The conditions and characteristics of CSO service provision remained largely unchanged in 2021 and continued to be influenced strongly by the pandemic.

CSOs generally provide a range of services, mainly in fields such as social care, health, education, and culture. In 2021, they continued to focus on responding to needs generated by the pandemic, especially through the provision of relief and social services. CSOs are less active in the areas of research, professional services, and consumer



protection. Most services provided by CSOs fill in (large) gaps in the state and institutional system, and therefore target deprived or marginalized geographic regions and social groups, including those living in poverty or with disabilities, Roma, homeless people, and drug users, and usually reach far beyond their own members. This was characteristic during the pandemic, too, when many CSOs had to reorient their services to meet acute needs. This orientation also strongly influences cost recovery, which is practically non-existent, as members of the target groups are generally unable to contribute to the cost of the services they receive. CSOs therefore finance their services in other ways, including individual and corporate donations, as well as support from international organizations.

There is practically no systematic data on the needs of various communities or vulnerable groups. However, most service-providing CSOs work closely with their constituencies and therefore have first-hand (though anecdotal) information about these needs, which they respond to accordingly. CSOs also receive direct and continuous feedback through social media, which helps them adapt their work.

CSOs are often the first to respond to new needs or problems. Despite this, the state does not recognize the value of their services. On the contrary, as CSOs' work often reveals or highlights the dysfunctions of institutional systems, they are instead subject to smears and vilification. Only local organizations are able to work without harassment, and even if the government acknowledges their efforts in its lip service, this is rarely coupled with adequate financial support. The situation at the local level is mixed, with Fidesz-led governments following the example of the national government, while opposition-led municipalities tend to make efforts to develop and provide services jointly with CSOs. However, as most services have been nationalized and centralized, there are fewer opportunities to do so.

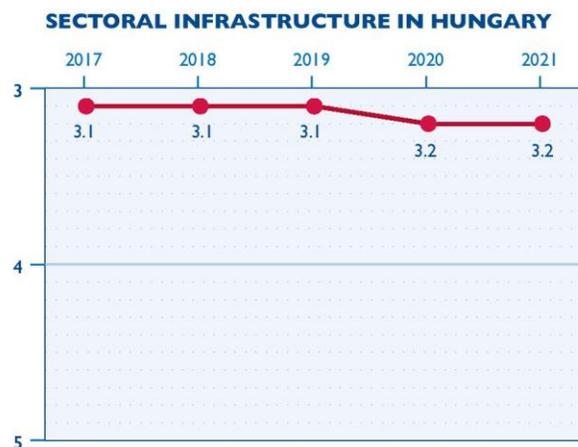
SECTORAL INFRASTRUCTURE: 3.2

The infrastructure supporting the CSO sector did not change notably in 2021.

CSOs continue to have access to resource centers, which increasingly provide online services. NIOK in Budapest and the regional organizations in the major urban centers of Pécs, Szeged, Debrecen, and Miskolc that emerged as a result of targeted support programs by the Open Society Foundations (OSF) and Civic Europe are especially important in this regard. The state-appointed system of county Civil Information Centers continues to operate, but its level of professionalism is generally considered rather low, as in most places these functions are performed by local organizations with little or no track record or expertise.

In 2021, the two regional small grant programs of OSF in the southwest and northeast of the country gave out their final round of grants. At the same time, existing community foundations in the 9th district of Budapest (Ferencváros) and in Pécs became more consolidated, while new community foundations were formed in Eger, Nyíregyháza, Nagykanizsa, and in the 2nd and 3rd districts of Budapest. Generally, the notion of community giving is gaining ground, even if it has not yet manifested in much actual financial support.

Civilization, a coalition focused on defending civic space in Hungary, continued to be a significant actor throughout the year with close to forty "full" members and a growing "outside" circle. In addition to issuing common positions



and statements on a number of issues affecting the sector, it implemented joint communication campaigns and launched the Civil Minimum 2022 initiative described above. In a new development, CSOs working in specific sectors formed their own coalitions. Notable examples include the platform of CSOs engaged in housing issues and the Egalipe network of pro-Roma advocacy organizations. LGBTI organizations formed the Rainbow coalition in response to the homophobic legislation passed in summer. Also, more traditional networks, such as that of the environmental movement, continued to operate. However, there is still a long way to go to expand the reach of these networks to more remote, rural areas.

Cooperation with other sectors is more mixed. Advocacy organizations have strong links with independent media. Businesses cooperate with CSOs in pursuit of specific goals and issues, such as children’s health and women’s equality, based on their corporate social responsibility (CSR) strategies. Several organizations, including Effekteam Association and the Body of Ethical Fundraising Organizations, help generate CSO-business cooperation.

CSOs have access to a variety of short-term trainings, with online forms (webinars) becoming the norm. The most in-demand training topics are still communications, fundraising, and general organizational and project management. There are fewer available opportunities in more specialized areas or for in-depth, longer learning. The programs supported by OSF and Civic Europe—Stronger Roots implemented by NIOK and the East Wind operated by Dialogue Association and Association of Alternative Communities in Northeast-Hungary—offered a combination of year-long training and mentoring programs coupled with small grants to a limited number of CSOs (twelve and six, respectively). MA courses on civic and community studies are offered by universities in Budapest and Győr.

PUBLIC IMAGE: 4.2



The public image of the CSO sector was affected by conflicting trends in 2021, resulting in no change in the score for this dimension.

As in previous years, pro-government media outlets, which comprise the vast majority of the Hungarian media landscape (including the public broadcaster, all commercial radio stations, and regional newspapers), remained generally hostile towards independent CSOs. These outlets mostly do not report on CSOs’ activities, or if they do, it is in a negative light or a scandalous manner. The main targets in 2021 were LGBTI and children’s rights organizations, which were accused of spreading “homosexual propaganda,” “gender craze,” and the “transsexualization of children,” in addition to similar such falsehoods. These attacks, along with the legal

changes described above, efficiently deterred teachers and principals from working with these organizations and allowing them to bring their sensitization courses to schools. In addition, CSOS continue to be accused of being “agents of the Soros network.” But the sensitivity of organizations toward such smear campaigns seemingly decreased, as they became used to or adapted to this situation (and therefore may report less intensive harassment). On the other hand, the remaining independent media increasingly covers CSOs’ activities, not least due to the proactive roles they played during the pandemic and the help they can provide to investigative journalism, for example in corruption cases. In addition, in the last few years, activists have created new YouTube channels and podcasts that regularly discuss matters relevant to civil society that have gained in popularity. For example, the Partizán Youtube channel, which offers a variety of interviews and debates, has 267,000 followers.

Despite the negative coverage, the public still largely views civil society positively, in part thanks to CSOs’ visible efforts in the face of the pandemic. According to a poll commissioned by Civilization and carried out in late 2021, 16 percent of respondents said they or their families or friends received some kind of assistance from a CSO, up from 11 percent in 2019. In turn, 36 percent said they gave help to a CSO. At the same time, fewer respondents (47 percent compared to 65 in 2019) believe CSOs should criticize the government. The latest data related to the 1 percent personal income tax assignments indicates that the organizations most harassed by the government received significantly more from more people in 2021 than before. For example, Háttér’ Association, a leading

LGBTI group, tripled its income from this source compared to the year before. Nevertheless, the extreme polarization of Hungarian public life influences opinions about civil society as well.

Under these circumstances, CSOs must increasingly develop their own communication tools, especially social media. Facebook remains the dominant platform, although Instagram is increasing in importance. While larger organizations use these with increasing sophistication, the lack of resources may hinder their success, as without paid advertisements, their reach remains limited to the “usual” circles.

The government’s opinion of CSOs remained the same, dividing the sector into ‘good,’ loyal (and more and more government-organized) organizations, and ‘bad,’ critical organizations. On the local level, this is determined by the municipalities’ colors: Fidesz mayors follow the government’s lines, while opposition-led municipalities usually strive to engage and develop cooperation with CSOs, with varying levels of success. The business sector’s attitudes are mixed: while some companies openly engage with critical organizations on controversial issues (such as child abuse), others are more cautious and keep a low profile or only support large, traditional charities such as the Red Cross. But generally, an increasing openness on the side of corporate actors can be observed.

CSO self-regulation did not change in 2021. CSOs publish annual reports in accordance with their legal obligations, and those frequently targeted by the government are particularly rigorous about their transparency. Yet, there are still no broadly accepted written codes of conduct, and no attempts to develop one. The Body of Ethical Fundraising Organizations, which has about fifty members, is the only significant actor in this field.

Disclaimer: *The opinions expressed herein are those of the panelists and other project researchers and do not necessarily reflect the views of USAID or FHI 360.*

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