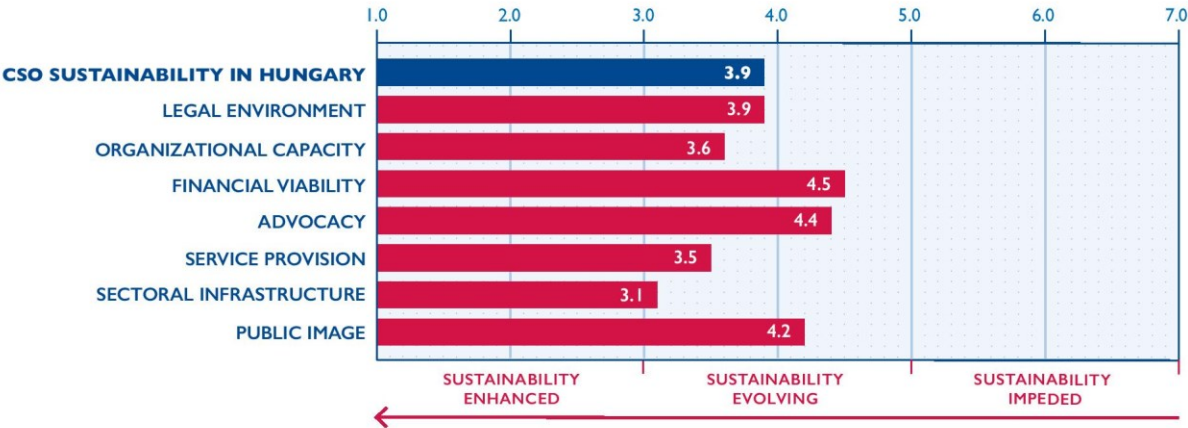


HUNGARY

Capital: Budapest
Population: 9,825,704
GDP per capita (PPP): \$29,600
Human Development Index: Very High (0.838)
Freedom in the World: Free (72/100)

OVERALL CSO SUSTAINABILITY: 3.9



In general elections held in Hungary in April, the governing party Fidesz secured a two-thirds majority in the parliament for the third time in a row. During the campaign, public and pro-government private media engaged in reckless propaganda, not only promoting the government’s fearmongering anti-immigration messages, but also vilifying and spreading lies about leading opposition figures. In the present electoral system, the opposition’s best chance of defeating Fidesz was by nominating a single consensus candidate in each district. This forced opposition parties with strong ideological and personal differences to engage in negotiations, with mixed results. Mobilization efforts were successful, with the second highest voter turnout (69.7 percent) in the country’s history. While many analysts believed that high turnout would favor the opposition, Fidesz attracted more voters than expected, especially in small towns and villages in the countryside.

Dissatisfaction with the election results, especially among urban intelligentsia, drew tens of thousands of people to the streets after the elections. However, lacking clear goals and demands, the protests dispersed before summer. According to recent research on major developments in Hungary conducted by Policy Solutions and Friedrich-Ebert-Stiftung in 2018, those dissatisfied with the government have distanced themselves from public and political life as they no longer hold out hope for change.

The government continued to pursue its agenda after the elections. In July, another constitutional amendment with several troubling provisions was passed. One such provision introduced a new administrative high court and reorganized the judiciary’s administrative branch. Detailed legislation implementing these changes was submitted to parliament in October and passed in December. The legislation confirmed that the minister of justice will directly control the administrative branch of the judiciary and have the power to nominate judges. The law also provides that former public servants can become judges in administrative courts, which hear all cases involving the state and its institutions, including freedom of information cases and disputes with the tax authority. If it becomes operational, this change would seriously jeopardize the independence and impartiality of judicial proceedings, as plaintiffs may find themselves before judges who are former colleagues of the defendants. Another new clause in the constitution criminalizes living on the streets, effectively banning homelessness. After an implementing regulation entered into force in October, several homeless people were arrested and indicted. By the end of 2018, however, all of them had been exonerated by the courts, indicating that the judiciary still retains some degree of independence.

The international community noticed these—and earlier—breaches of democratic values and principles. In September, the European Parliament, in a unique move, voted with a two-thirds majority to launch the Article 7 process against Hungary in response to the country’s serious and systematic breaches of rule of law in twelve key areas, including attacks on civil society. This process could lead to suspension of Hungary’s voting rights in the European Parliament.

Following a speech by the prime minister about the new “epoch of culture” in the country, the government waged smear campaigns against artists and writers considered leftists, and complaints were published in the pro-government media about the alleged “dominance of liberal culture.” In a related move, the government announced plans to restructure and cut the funding of the Academy of Sciences’ network of research institutes. Members of the academy worried about the freedom of research clashed with the Ministry of Human Resources, while students protested against further decreases in enrollment numbers as well as the independence of universities. This also coincided with the decision of the Central European University (CEU) to move to Vienna after uncertainty about its future in Hungary over the past year.

The political atmosphere became more tense during the final weeks of the year after the government announced plans to modify the Labor Code. The changes would increase the ceiling for annual overtime hours from 250 to 400, meaning that employees could be obligated to work significantly more overtime hours, and give employers three years to pay for overtime. After initial protests by the trade unions, the parliamentary opposition—in a rare show of unity—tried to obstruct the changes by submitting an overwhelming number of amendments, which the governing majority promptly dismissed. On the date of the final vote in December, opposition members of parliament (MPs) occupied the speaker’s pulpit and tried to stop the session. Nevertheless, the majority passed the law, prompting thousands to demonstrate for several days. The protests reached a climax when over a dozen MPs from various opposition parties attempted to use their legal right to go into the public media building to broadcast their demands. Security stopped their efforts, while the leadership of the public media refused to engage with the MPs, who later were physically removed from the premises. These events also signaled a change in the nature of protests in the country and demonstrated the absence of any dialogue or reaction on the government’s side.

In the meantime, the economy is doing fairly well, with both growth and unemployment around 4 percent. Many sectors are experiencing a labor shortage. Real income is also on the rise, though it still lags behind neighboring countries. However, inequality did not decrease, and approximately 20 percent of the population still lives in or is on the verge of poverty.

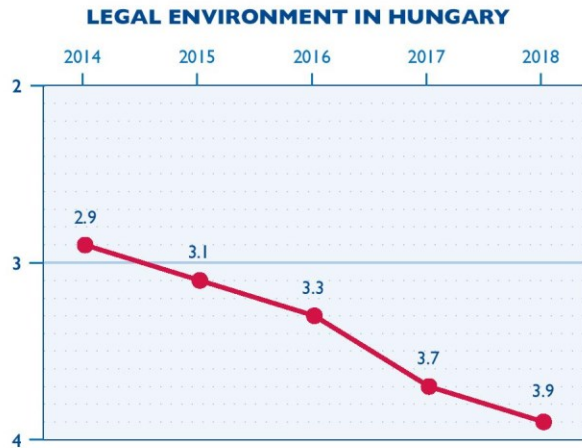
CSO sustainability continued to deteriorate in 2018. Scores for the legal environment and public image dimensions declined due to new restrictive laws and continued government harassment. Increasing political bias and the lack of transparency in public funding, coupled with the increasing wariness of donors to offer and CSOs to accept foreign funding, resulted in a slight deterioration in financial viability. Traditional channels of advocacy and attempts to negotiate with state institutions remained ineffective, and became a growing issue at the local level as well, hindering CSOs’ advocacy efforts. The space for CSOs to provide services also seemed to have narrowed more in 2018. Organizational capacity and sectoral infrastructure did not change notably in 2018.

According to the most recent data from the Hungarian Central Statistical Office, in 2017 the number of CSOs, including both associations and foundations, stayed at approximately 61,000. CSOs pursuing cultural, sports, and leisure activities are the most prominent, each with a 15 percent share of the total, followed by education at 13 percent. Approximately 20 percent of all CSOs have public benefit status.

LEGAL ENVIRONMENT: 3.9

The legal environment continued to deteriorate in 2018, with the passage of several laws that negatively affect civil society. Uncertainty about how some of these laws will be implemented has had a chilling effect on the sector.

In January, the government announced a new legislative package dubbed “Stop Soros” that targeted, but failed to define, organizations “supporting immigration.” The first draft of the law threatened to deprive such organizations of their public benefit status and penalize them with other restrictions and sanctions. Leading CSOs immediately protested the proposal through a joint international press conference and other means. The law was eventually passed in July, but in a form that differed markedly from earlier versions (e.g., provisions related to public benefit status were dropped). The approved act criminalizes support to immigration (which includes providing legal aid to



asylum seekers, as well as “propaganda” depicting immigration in a positive light), with the possibility of jail time for persons engaging in such activities. Another legislative package was enacted in summer that introduced a 25 percent tax on the income of organizations supporting immigration. The Council of Europe’s Venice Commission called on the government to withdraw both laws. These laws had no impact by the end of 2018, as not even the tax authority has been able to interpret how and to whom they should be applied.

The 2017 act on foreign-funded organizations obligates CSOs receiving more than HUF 7.2 million (approximately \$25,500) from non-Hungarian sources to register and include the words “foreign funded” on their websites and publications. The register currently contains

about 130 organizations, but none of the affected CSOs, including the dozen that boycotted registration, have yet been penalized. The law was challenged in both the Hungarian Constitutional Court and the Europe Court of Justice in 2017; the cases remained unresolved at the end of 2018.

State harassment in many forms continued to be a problem. In the spring, a pro-government weekly published lists of the staff of leading human rights and advocacy CSOs, identifying them as members of the “Soros network.” In the summer, a Fidesz spokesperson visited the buildings where Amnesty International-Hungary, the Hungarian Helsinki Committee, and Shelter Association for Migrants are headquartered, put up stickers reading “immigration supporting organizations,” and held impromptu press conferences. The affected CSOs were not given a chance to react. In a more peculiar case, foreign nationals later clearly linked to an Israeli private intelligence company attempted to discredit some organizations, including Migration Aid. The foreigners masqueraded as potential donors and offered money to the organizations if they would engage in legally questionable activities—which the organizations promptly refused. Edited recordings from these conversations received coverage in pro-government media, but it is still unclear who ordered the operation.

State harassment spread to the local level, as well. In the 8th district of Budapest, the local government unsuccessfully used various tactics to stop the work of the Aurora community center, which houses several CSOs and provides space for a variety of forums, debates, and events. In Pécs the municipality tried to deter local real estate owners from providing space to the With the Power of Humanity Foundation, which implements a regional project supported by OSF. In Debrecen, local MPs and the mayor called on the Association of Alternative Communities, another organization supported by OSF, to cease its activities. The Managing Authority also initiated an extraordinary inspection into the association’s European Structural Fund-supported projects, which was still open at the end of 2018.

Legislation covering CSO registration and operations did not change in 2018. CSOs are able to register quite easily, though the time it takes to register and the associated administrative demands vary among the regional registering courts. Public benefit organizations in particular must meet considerable administrative requirements. Liquidating and dissolving an organization, on the other hand, is a fairly complicated process.

In 2018, a new Act on Assembly governing public demonstrations and manifestations was passed, replacing the previous law from 1989. The new law, which entered into force on October 1, was met with mixed reactions. In many ways, it simply codifies existing practices, which guarantee the right to peaceful protest after appropriate notification to the police. However, it also provides the police more room to interpret some provisions and thereby ban demonstrations.

Legal access to financial resources did not change in 2018. CSOs are still allowed to raise funds freely, earn income, and enter into contracts. CSOs can accept funds from foreign donors, but this may lead to stigmatization according to the “foreign-funded” legislation.

General rules governing taxation, including the lack of deductions for donors and the possibility for taxpayers to assign 1 percent of their owed income tax to eligible CSOs, remained the same, with one notable exception. In October, the government suddenly abolished tax benefits that had previously been available to some CSOs working in the cultural field. Previously, nonprofit cultural organizations and institutions that had registered at the

appropriate state body could enter into agreements with one or more companies to receive funding through the latter's corporate tax obligations, up to a maximum of 70 percent of the organizations' own income from ticket sales. Although journalists discovered instances in which cultural agencies had abused this system, its wholesale elimination deprives smaller cultural organizations of a major source of income. The government promised to replace this system in 2019 with public funding through grants; however, no concrete details had been made public about this plan by the end of 2018.

The availability of legal support did not change significantly in 2018. As in the past, legal expertise is primarily provided by a few professional CSOs, including Global Network for Public Interest Law (PILnet) and the Hungarian Civil Liberties Union (HCLU), but their capacities are insufficient to cover the sector's needs. This was clearly seen in 2018 when many CSOs desperately sought legal help in the weeks before the European Union's (EU's) General Data Protection Regulation (GDPR) entered into force on May 25.

ORGANIZATIONAL CAPACITY: 3.6

The CSO sector's organizational capacity did not change significantly in 2018. As in previous years, only the most professional organizations in the country have effective strategies and management structures.

There are significant geographical differences when it comes to constituency building. While many CSOs, especially larger, Budapest-based groups, recognize the importance of constituency building and engage in it more now than in the past, CSOs in the countryside struggle to build constituencies, in part because smear campaigns have had a more chilling effect in rural areas. Local people can be mobilized for "good causes," but fear or are cautious about taking any actions viewed as political. CSOs' relationships with young people are generally weak.

CSOs increasingly understand the need to define missions and strategies, and more CSOs are developing these tools. Implementing them, however, is often problematic, in part because of the unpredictable environment in which CSOs operate. In 2018, several think tanks and resource organizations, including the Hungarian Donors Forum, started to focus on measuring CSOs' impact. In addition, a group of individual experts launched a dedicated Impact Academy. However, these efforts are still at an initial stage.

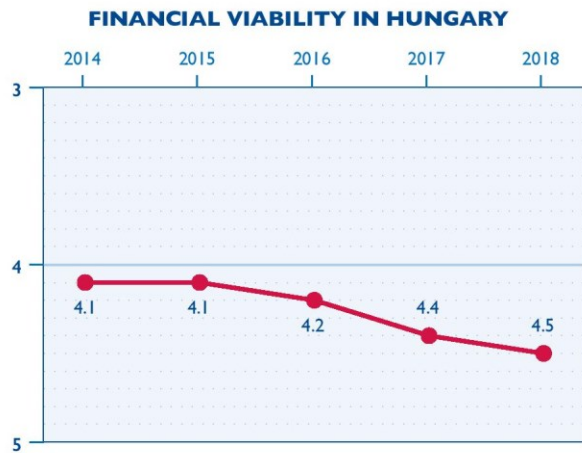
Only the strongest organizations with considerable reserves are able to cultivate a stable team of staff members; others usually only hire people on a project basis. Many medium-sized CSOs operating in smaller towns that previously employed one or two staff members now operate on a fully voluntary basis. The public often believes that the only truly civic efforts are purely voluntary, an image enforced by the media; thus the institutionalization of CSOs is not necessarily viewed as positive. Widespread emigration and brain-drain has affected the sector, as well. Estimates put the number of people who have left the country over the past years at several hundred thousand, most of which are younger and better educated people. This has made it difficult for CSOs to find qualified staff. According to the Charities Aid Foundation's 2018 World Giving Index, 12 percent of Hungarians reported volunteering in 2017, compared to the previous two years' 9 percent.

Most CSOs have access to technology, though their equipment may not be updated. CSOs use the internet, but there are large differences in their levels of professionalism, as can be seen, for example, in the frequency with which they update their online presence. Organizations more exposed to smear campaigns are rigorous in their transparency and accountability. Others often only submit their annual accounts to the courts—the minimum reporting required by law—but these accounts offer scant explanations and details and therefore make it difficult to get a full picture of the organizations' work.

ORGANIZATIONAL CAPACITY IN HUNGARY



FINANCIAL VIABILITY: 4.5



The trends of the past years—an abundance of money for “loyal” organizations on the one hand and “starving” CSOs on the other—continued to have a negative impact on CSO financial viability in 2018. According to the Hungarian Central Statistical Office, the sector’s total income grew from around HUF 630 billion (\$2.33 billion) to approximately HUF 700 billion (\$2.5 billion) in 2017, an 11 percent increase. Of this total, 41 percent comes from public funding sources; 23 percent from private funding sources, including international donors; 26 percent from CSOs’ own income, including membership fees; and 8 percent from business activities. Despite this seeming increase, CSO financial viability deteriorated during the year due to the increasing political bias in the distribution of public funding and the increasing wariness of donors to offer and CSOs to accept foreign funding, as

a result of which large parts of the sector remain underfunded.

Toward the end of the year, the government stated that funding for the National Cooperation Fund (NCF), the central vehicle that supports the operational costs of smaller CSOs, will increase, but the effects of this announcement were not seen in 2018. In the past, the level of funding provided by the NCF has been more or less constant at about HUF 5 billion (\$17.5-18 million). Most ministries and local governments also give grants to CSOs, but at a much smaller scale. For example, the total support to environmental organizations by the Ministry of Agriculture has been HUF 70 million (\$250,000) for several years. Municipal financing, or so-called local “civil funds,” rarely exceeds a few million HUF annually. As in previous years, critical and independent CSOs have virtually no access to public funding.

CSOs are usually not eligible to be the primary applicants for EU Structural Fund grants, which are distributed by the government, but can only participate as partners of local governments, churches, or state institutions. The EU’s Community-Led Local Development (CLLD) program is an exception to this rule. Under this program, public funding—managed and distributed by municipalities—is theoretically available for CSOs and community development. As the first calls were only launched late in 2018, this program’s success remains to be seen. Initial signs are mixed, as in some cities only loyal organizations received funding, while in others meaningful projects from new groups also received support. CSOs note a trend of local mayors and other persons of power establishing or leading associations or foundations with the sole goal of improving their chances of obtaining grants, thereby displacing authentic CSOs.

A growing number of CSOs are reaching out to individual donors through crowdfunding platforms and other modern means of fundraising, a trend enabled by the general increase in household income. According to 2018 World Giving Index, 22 percent of respondents in Hungary donated money in 2017 compared to 13 percent in 2016. In a quick poll conducted by Závecz Research before Christmas, more than half of respondents said they gave donations, though this included 1 percent income tax assignments and in-kind contributions. Still, individual donations represent a small share of the sector’s income. Furthermore, the remaining independent media outlets in the country have also started collecting donations, thereby competing with CSOs for public support.

The total amount of 1 percent personal income tax assignments grew in 2018 from HUF 7.5 to 8.28 billion (approximately \$26.8 million to \$29.5 million). However, the number of taxpayers using this opportunity decreased, most likely as a result of the “automatic” tax declaration system introduced in 2017. Under this system, the tax authority prepares the tax forms for taxpayers based on data employers submit, eliminating the need for taxpayers to make declarations themselves unless they want to check their accuracy or assign taxes to a CSO.

Membership fees continue to be negligible, with most CSOs that collect dues only asking for insignificant amounts. There is no concrete data on the overall level of corporate giving, but the number of companies providing support to communities through small-scale open grant programs continues to grow. In 2018, companies including Tesco, Auchan, dm, and Vodafone announced such calls.

Competition within Hungary for international funding is huge. CSOs are still legally allowed to receive funds from abroad, and organizations that have registered as foreign funded, including the Red Cross, various animal shelters, and the World Wild Fund for Nature (WWF), did not suffer any direct stigmatization. However, according to CSOs, some donors have become more reluctant to give or will only give anonymously as a result of the legislation on foreign-funded organizations. In addition, some CSOs, particularly smaller organizations, now hesitate to accept money from abroad.

Some international foundations that were active in the region until the early 2000s reappeared in Hungary in 2018 while a few other foundations started funding projects in the country for the first time. Notably, Civitates, a philanthropic initiative that began operations in 2018 under the umbrella of the Network of European Foundations, provides funding to civil society to play a role in shaping open European democracies. Civitates is a consortium of sixteen foundations, including well-known donors such as OSF and the Charles Stewart Mott Foundation, as well as lesser-known foundations such as Adessium, Luminare, Körber, and Mercator Stiftungs. OSF, the only stable international donor over the past few years, relocated its regional office from Budapest to Berlin in 2018 after being the target of continuous smear campaigns and harassment. CSOs can also apply for EU grants managed by the European Commission from Brussels, although Hungarian partners lead few supported projects. Hungary is now the only beneficiary country yet to conclude a memorandum of understanding with the donor countries of the European Economic Area (EEA) and Norway Grants due to disputes over the management of the fund for civil society.

Many donors and international organizations, including NESsT, Badur Foundation, and the EU Structural Funds, promote and make funds available for social entrepreneurship and innovation. Despite this, very few initiatives have proven themselves able to survive without external funding. Conditions for this funding are also difficult to meet.

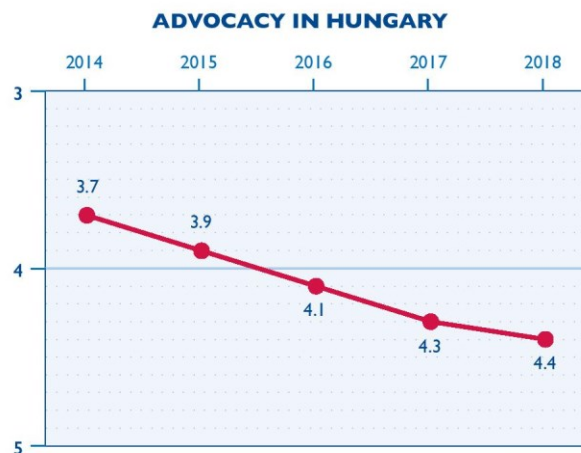
In a positive development, a Hungarian owned-bank, Magnet, now provides bridge loans to CSOs to pre-finance grants. Some CSOs also note the phenomenon of for-profit businesses creating nonprofit arms in order to win dedicated grants to cover their losses.

Generally, only the most professional organizations have effective financial management systems and practices. While these organizations have their books audited, smaller ones are unable to afford auditors' fees.

ADVOCACY: 4.4

Although there were a few isolated advocacy successes in 2018, the year was largely characterized by a lack of cooperation between the state and CSOs.

Traditional channels of advocacy and attempts to negotiate with state institutions remain ineffective. While legislation provides for participation, the government frequently circumvents or otherwise fails to adhere to these requirements. For example, individual MPs, instead of the government, often submit major pieces of legislation to the parliament, thereby precluding public discussion. In other cases, affected parties are given just a few hours to submit their comments. This is increasingly the case at the local level as well, with local governments viewing local independent CSOs as potential threats to their power. Municipalities increasingly discourage participation by brushing away and ridiculing legitimate public concerns or holding public hearings at inconvenient times, for example, starting them early in the morning. Freedom of information requests must regularly be taken to court: this was the only way that HCLU was able to obtain information on the prevalence of hospital infections. The government often declares questionable measures and investments to be of “national strategic importance,” thereby exempting them from public oversight or control.



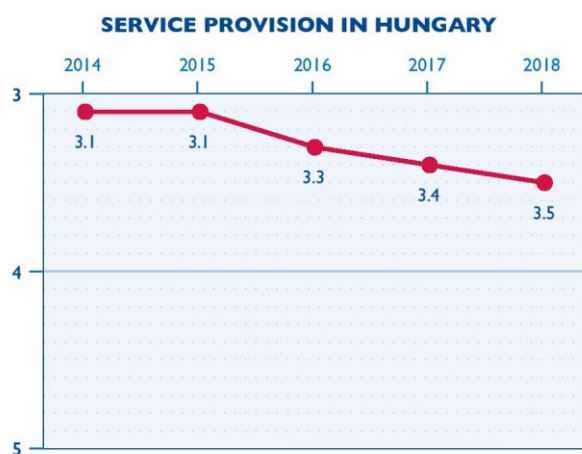
Some CSOs, such as environmental organizations, still have good connections with lower levels of the administration, such as department heads. In autumn, however, the government initiated another downsizing of the central administration, hitting sectors such as nature and heritage protection especially hard. As a result, CSOs lost their last remaining contacts in the ministries.

Important decisions are often made by governmental bodies without considering expert positions from CSOs. Instead, the government engages in one-way communication with the public through so-called national consultations— pseudo-surveys with leading questions or untrue statements—the latest of which was focused on family values. The government only communicates with certain organizations, generally those that follow the official line, such as family associations.

CSOs that still try to initiate dialogue with the government immediately find themselves the targets of smear campaigns. In spite of this, a few isolated campaigns achieved success and broad public mobilization during 2018, mainly on issues that are not central to the government or on which there is disagreement within the governing structures. For example, a campaign to increase the home-care benefits the state pays persons raising severely disabled children or taking care of relatives at home—a pittance far below the minimum wage—began five years ago by a group of mothers in the association *Lépjünk, hogy léphessenek!* with support from a broader coalition of various platforms. Using community organizing tactics, they stepped up their campaign in early 2017 and collected more than 50,000 signatures on- and offline, bombarded the Ministry of Human Resources with petitions, and staged several protests in front of the parliament. Despite being accused in pro-government press of being “Soros agents,” their perseverance eventually paid off and they achieved their primary goal in the fall of 2018, securing a dramatic increase in benefits. Another was the successful mobilization led by WWF-Hungary, which collected 60,000 signatures to stop the building of a narrow-gauge railroad in the pristine Csarna Valley. In a rare example of cooperation, members of the CSO Roundtable on Sustainable Development Goals (SDGs) successfully engaged in a dialogue with the Ministry of Foreign Affairs.

Under present circumstances, advocacy for CSO law reform is out of the question, though awareness about its need has increased slightly. The Civilization coalition, a platform for self-defense and exchange of know-how, plays a key role in defending civil society against further restrictions and promoting an enabling environment.

SERVICE PROVISION: 3.5



Although concrete data is not available, the space for CSOs to provide services seems to have narrowed more in 2018.

Service-providing organizations comprise two-thirds of the sector. Centralization and nationalization of key service areas continue to affect service provision. Absent outsourcing and funding contracts, CSOs have few opportunities to provide meaningful services in their traditional areas of expertise, including social benefits, education, and inclusion of Roma. Practically all resources needed to perform services—including money, but also buildings and land—are controlled by the state and, to a lesser extent, churches. In this situation, CSOs can only contribute in fields the government ignores or underfunds, such as poverty relief in marginalized

regions, homelessness, and some disability services. CSOs often rely on volunteers and crowdsourcing to support these efforts. Refugee integration services were completely eliminated in 2018, as the Ministry of Interior did not renew EU-funded contracts with CSOs working in this field. Indeed, as described in the legal environment section above, services to asylum seekers were practically made illegal.

Although there is no tangible data on the topic, experts believe that, as in previous years, service-providing CSOs working locally usually have a fairly clear picture of their constituents’ needs, though they do not conduct systematic research. National CSOs do not always adapt their services to local circumstances. This trend was demonstrated by the limited audiences in some locations of the nationwide training series offered by Transparency

International-Hungary on combatting corruption. CSOs normally provide services to clients beyond their membership without discrimination. However, only a few really committed organizations make efforts to involve hard-to-reach groups, such as marginalized Roma communities in remote villages or hardcore drug users; with shrinking capacities, most CSOs tend to work with easier targets.

CSOs struggle to recover their costs as many service beneficiaries belong to marginalized groups that cannot afford to pay. Even most social enterprises cannot rely solely on their service income. Users contribute fees only in a few instances, such as foundation-run private schools.

There is a wide gap between the government's rhetoric and practices in relation to CSO services. The government views traditional charitable activity in a positive light. However, when service-providing CSOs speak up on behalf of their clients, they, like some other CSOs, immediately become the target of smear campaigns and are tagged as "Soros mercenaries." Financial support accompanies recognition only in rare cases. For example, after many years of struggling, Tanodas—special after-school and extracurricular programs serving marginalized and Roma children, most of which CSOs operate—were promised more stable state funding at the end of 2018. At the same time, they will be obliged to obtain official accreditation, which will likely also mean increased state control. The government also suppresses civic monitoring and criticism of government services. For example, beginning in 2018, the EU-prescribed annual monitoring on Roma integration, an allegedly independent report, can only be submitted to the European Commission after receiving governmental approval.

SECTORAL INFRASTRUCTURE: 3.1

The state of the infrastructure supporting the sector remained unchanged in 2018.

Intermediary support organizations (ISOs) and resource centers serving CSOs take several forms in Hungary. The system of twenty government-appointed county Civil Information Centers continues to operate, but only a few, such as the Civil House in Pécs, have the expertise to provide meaningful services to CSOs. Most others limit their activities to occasional newsletters and information days. In the southwest and northeast of the country, programs initiated and supported by OSF were able to partially fill gaps in services to CSOs by providing small grants to local CSOs and communities coupled with trainings and by encouraging networking. Other, long-standing support organizations, such as Non-profit Information and Training Center (NIOK), NESsT, and Ashoka, still operate to the extent that their funding allows.

Training is theoretically available in a broad range of subjects, though such opportunities often fail to reach beyond the regional centers. In addition, according to some trainers, CSOs need other types of assistance, such as problem mapping and intensive mentoring, than what are offered to develop their capacities. Furthermore, CSOs do not necessarily take advantage of these opportunities—either for lack of interest or time to participate, or because they cannot afford to pay the associated fees. CSOs are usually unable to pay for trainings and other assistance. For example, Civil Support, whose business model is based on CSOs paying for services, experiences less and less demand. NIOK, on the other hand, has made the crowdsourcing platform adjukossze.hu and its related services self-sustaining.

The four community foundations established earlier continue to work effectively. For instance, Ferencváros Community Foundation ran a program called Our New Neighbors to learn about migrants and support their participation in public life. The Roots and Wings Foundation advertised a call in 2018 to help establish new community foundations. Four applications were received in October and their work was subsequently launched. Two of OSF's regional programs, managed by With the Power of Humanity in Pécs and the Association of Alternative Communities in Debrecen, also provide grantmaking services.

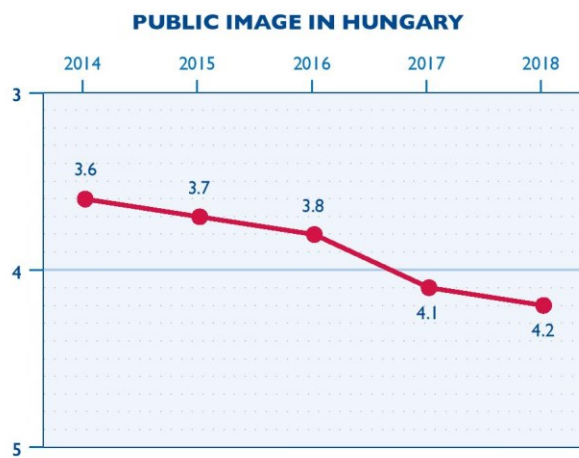
SECTORAL INFRASTRUCTURE IN HUNGARY



The Civilization coalition, established as a platform to defend the sector and exchange know-how in the face of attacks, continued to operate in 2018, though with fewer spectacular actions than in 2017. During the year, its thirty-plus members created an efficient mode and structure of operations and continued to remain in regular contact with a broad circle of about 330 organizations. However, the coalition’s nationwide constituency did not grow significantly. As a series of interviews and events organized by Ökotárs Foundation in the fall showed, local CSOs, especially in the more well-to-do western regions, are hard to reach and motivate to join wide networks. In the summer, Civilization and two other recently initiated partnerships received grants from Civitates aimed at supporting their development in 2019. Besides these, there are functioning networks in some sub-sectors—including the environment and issues affecting lesbian, gay, bisexual, transgender, and intersex (LGBTI) individuals—but these tend to work in isolation.

Collaboration between CSOs and businesses is growing, but is still not widespread. For example, Prezi and BAGázs Association work together to help Roma children do better in school and become better integrated in their communities. As described above, CSO collaboration with the government is very strongly influenced by the political environment and therefore quite limited.

PUBLIC IMAGE: 4.2



The sector’s public image further deteriorated in 2018 as a result of the ongoing smear campaigns orchestrated by the dominant pro-government media and leading politicians.

In November, nearly 500 outlets—print, online, radio, and TV—were formally consolidated under the umbrella of the Central European Press and Media Foundation, a nominally nonprofit organization, through “voluntary” donations from the owners of these outlets, primarily oligarchs and other prominent figures with ties to the ruling party. As a result, ownership of about 80 percent of the private media in the country, with virtually full coverage of the countryside, is now centralized and fueled by income from government advertising. In response to this situation, one of the key demands of the

protests in mid-December was to “free the public media” and return it to balanced reporting. The few remaining independent outlets—mostly online ones—struggle to survive. Under these circumstances, smear campaigns against CSOs critical of the government are efficiently orchestrated. Organizations dealing with refugees and asylum seekers were the main targets in 2018. The Hungarian Helsinki Committee won several slander cases in 2018 concerning public statements by leading state figures.

CSOs have limited options to defend themselves, as pro-government media do not cover CSO positions and views. Independent media pay increasing attention to independent CSOs, and try to encourage public support, but their reach is minute compared to the ubiquity of government propaganda and vilification. CSOs therefore largely rely on peer-to-peer communication and social media (mainly Facebook) to promote their work. While the more established organizations have succeeded in building their brands through these channels, many smaller groups have limited online presence. Many have outdated webpages, or lack them altogether. Some CSOs’ online presence is limited to badly maintained Facebook pages, with rare posts and little activity. Hungarian Civils (Magyar Civilek or MACI), a joint campaign aimed at promoting a positive image of CSOs, continued to publish occasional videos with personal stories of CSOs’ members and clients in 2018.

The public perception of civil society is mixed and diverges along political lines. While several institutes conducted surveys about CSOs in 2017, they did not repeat these in 2018. Absent new data, experts can only rely on their impressions, according to which the government’s propaganda was in some ways counterproductive: while people do not necessarily have a clear understanding about what CSOs do and many distrust them, they also now pay more attention to CSOs. The business sector is generally positive towards CSOs, even if its support often remains quiet or focuses on non-controversial issues. However, businesses do not actively defend civil society.

While there is some awareness within the CSO sector about the need for a code of ethics, no attempts were made to create one during the year. The Body of Ethical Fundraising Organizations remains the only relevant actor, but has a relatively small membership (thirty-four CSOs at the time of writing) and thus limited influence on broader circles. Since 2016, the Civil Society Award initiated by NIOK and the Civil Compass Foundation has been awarded in eight categories that promote best practices; it has significantly helped CSOs gain visibility and standing in the public over the past three years. CSOs are legally obligated to submit annual reports to the court; however these are often of poor quality and lack relevant information. There were no organized efforts to improve the level of their quality and detail in 2018.

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.*