



2022 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

HUNGARY
SEPTEMBER 2023



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For Hungary

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LOCAL PARTNER

ÖKOTÁRS – HUNGARIAN ENVIRONMENTAL PARTNERSHIP FOUNDATION

Veronika Móra
Zsuzsa Foltányi †
Nóra Tokodi

PROJECT MANAGERS

FHI 360

David Lenett
Alex Nejadian

INTERNATIONAL CENTER FOR NOT-FOR-PROFIT LAW (ICNL)

Catherine Shea
Jennifer Stuart

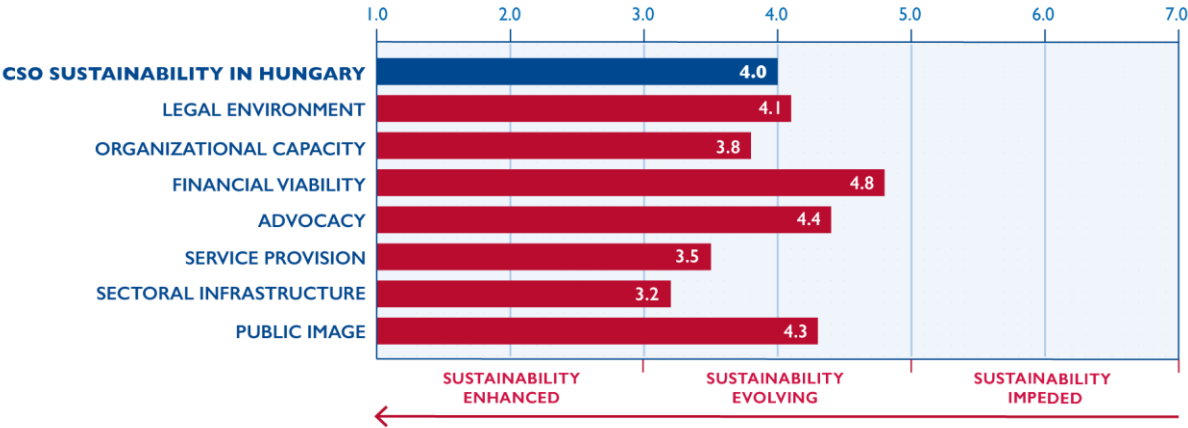
EDITORIAL COMMITTEE

Erin McCarthy, David Lenett, Jennifer Stuart, and Tamás Scaurszki

HUNGARY

Capital: Budapest
Population: 9,670,009
GDP per capita (PPP): \$43,906
Human Development Index: Very High (0.846)
Freedom in the World: Partly Free (69/100)

OVERALL CSO SUSTAINABILITY: 4.0



On April 3, 2022, parliamentary elections were held in Hungary. The election campaign dominated public attention during the first quarter of the year. In contrast to the previous two elections, the six main opposition parties—from various ends of the political spectrum—organized primaries in the fall of 2021 to choose a consensus candidate in each electoral district. This allowed the opposition to compete against the governing party, Fidesz, in one-on-one competitions in the election. This approach gave rise to cautious optimism, which was shattered when Fidesz surpassed predictions and achieved another landslide victory. With 53 percent of the votes, Fidesz won 135 of 199 seats in parliament, thus securing a comfortable, two-thirds majority for the fourth time. In an unexpected development, the radical right Mi Hazánk (Our Homeland) party also crossed the threshold, securing seven seats. The united opposition, on the other hand, performed worse than expected, receiving 35 percent of the vote and winning just fifty-six seats. The urban-rural gap was clearly demonstrated in the election results: while the opposition won fourteen of sixteen districts in Budapest, as well as the central districts of Pécs and Szeged, it failed to win any other seats.

Many factors led to this result. The gerrymandered, “winner-takes-all” electoral system unfairly favors the strongest contender. Two-thirds of media outlets are directly or indirectly controlled by the government and parrot its propaganda, while government institutions are captured by the ruling party. Fidesz receives practically unlimited campaign resources, including funding from state coffers far above the legal limit, and the government engaged in generous welfare spending in the months before the election in the form of extraordinary tax returns and freezing the price of gasoline below market rates. During the final weeks of the campaign, the war in Ukraine also became a key factor. After some initial hesitation, the government quickly settled on the message that Hungary must stay out of the conflict and remain “neutral.” It further implied that Fidesz was the only political force able to guarantee peace and security, without once condemning Putin’s aggression.

The defeat left opposition parties frustrated and exhausted both in terms of financial and human resources. This led to a certain impotence in the months after the election in addition to internal scapegoating and bickering. There were several reasons for the oppositions’ weak performance. Research shows that daily welfare and survival are the only issues on people’s minds, therefore opposition messages about democracy and corruption failed to resonate. In addition, the opposition parties were unable to fully overcome their differences and personal tensions. The election results also highlighted the fact that old patterns of paternalism and helplessness inherited from before 1989, coupled with strong individualism, persist in Hungarian society, especially in the countryside, leading people to look to the state to solve their problems.

In the second half of the year, public attention shifted towards the unfolding economic and cost-of-living crisis, marked by soaring energy and food prices. Instead of introducing comprehensive economic policies adapted to the new situation, the government opted for short-term, ad hoc measures including price caps on some basic food

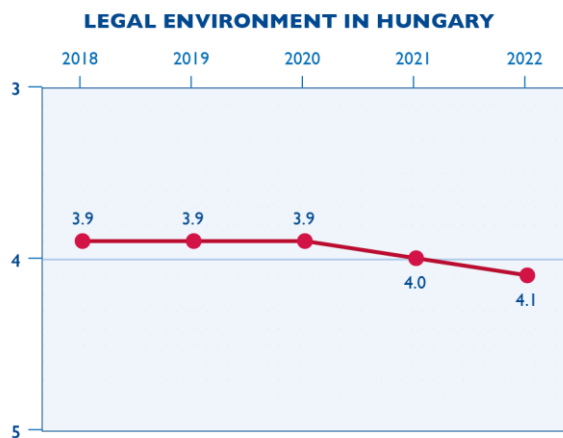
items, such as sugar, bread, and milk. These actions failed to meaningfully address the root causes of the crisis, allowing inflation to reach 25 percent by the end of the year and resulting in a significant devaluation of the national currency. In addition, the government again left vulnerable social groups to cope on their own. Many municipalities were forced to close public institutions such as libraries, culture houses, and theatres for the winter in order to curb their energy bills. Small businesses similarly struggled.

The government’s conflict with the European Commission (EC) further exacerbated the country’s economic problems. On the day after the general elections, the EC President triggered the conditionality mechanism linked to the payment of EU Cohesion Funds, obliging the Hungarian government to introduce measures and make improvements in a number of areas mainly related to fighting corruption and judicial independence. For similar reasons, the EC did not approve Hungary’s Reconstruction and Recovery Plan (RRP) to help recover from the economic damage caused by the COVID pandemic. The government responded to the EC’s actions by passing new legislation and creating new institutions, notably the Integrity Authority. However, these actions only partially addressed the EC’s conditions and it remains to be seen whether these measures will safeguard democratic institutions and advance the rule of law.

The already adverse state of civil society did not change much in 2022, although slight deteriorations were noted in several dimensions, stemming largely from the government’s sustained antipathy towards independent CSOs. The continued harassment of independent organizations drove a deterioration in the legal environment, while ongoing smear campaigns and vilification of CSOs also resulted in a worsened public image for the sector. Financial viability declined as a result of the continued bias in the distribution of public funds, some CSOs’ ongoing reliance on foreign funding, and the impact of the unfolding economic crisis and inflation. Meanwhile, CSOs’ lethargy after the elections weakened advocacy.

According to the latest data from the Central Statistical Office, which covers 2021, there were approximately 55,000 nonprofits in the country, roughly the same as in 2020. A slight decrease in the number of foundations (from 19,000 to 18,700) was offset by a similar increase in associations (from 34,000 to 34,800). Their total income reached HUF 1,070 billion (approximately \$2.89 billion).

LEGAL ENVIRONMENT: 4.1



The continued harassment of independent organizations drove a slight deterioration in the score for this dimension, even though the laws governing civil society in Hungary did not change in 2022.

Freedom of association, assembly, and expression are guaranteed by Articles VIII and IX in the Fundamental Law (Constitution) of Hungary. 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) further codifies the freedom of association and contains detailed rules on the operation of non-profit organizations. The Civil Code (2013) also contains provisions on the establishment and general functioning of associations and foundations. These laws did not change in 2022, and no new legislation relevant to civil society was

passed during the year. It should be noted though, that since spring 2020, parliament has routinely extended the “state of danger” imposed in response to the COVID pandemic and then the war in Ukraine, theoretically allowing the government to rule by decree.

Anyone can freely register a CSO at the administrative courts, though there are still some differences among the practices of courts in different parts of the country. Registration can also be completed online. There were no known cases of CSOs being deregistered in 2022. In principle, CSOs can operate freely, but in practice, administrative burdens stemming from regulation and oversight practices remain high. Organizations with public benefit status (which 20 percent of registered CSOs have) and those receiving public funding must meet rigorous

reporting obligations. For example, they must annually and publicly report separately on their accounts and activities, donations, and the use of 1 percent personal income tax assignments.

Several restrictive pieces of legislation remained in effect in 2022, though they were not implemented or were only partially implemented. For example, the 2018 Stop Soros package, which criminalizes aid to migrants and refugees, including by imposing a punitive 25 percent tax on organizational incomes, remained on the books but has not been implemented. However, the 2021 acts on organizations “capable of influencing public life” and on “homosexual propaganda to minors” were used in 2022 as a pretext to harass “unwanted” organizations.

The 2021 act on organizations “capable of influencing public life” affects CSOs with annual budgets above HUF 20 million or approximately \$55,000. In late May 2022, coinciding with the deadline to submit their annual reports, the State Audit Organization (SAO) ordered hundreds of CSOs falling into this category to submit documents, including internal financial rules and guidelines, through the agency’s online platform within a period of about ten days. Financial regulations oblige CSOs to have documents such as accounting policies, rules on inventory, and rules on cash and asset management, but in practice, most organizations use templates that do not reflect their actual practices and circumstances, so many of them needed to update them in a hurry. Despite the occasional malfunctioning of the online platform, all affected CSOs complied with the request, and to the author’s best knowledge, none of them received any follow-up or further requests from SAO by the end of the year.

During the electoral campaign in the spring, Amnesty International-Hungary and Háttér Society organized a campaign in partnership with fourteen other major CSOs to invalidate the referendum organized by the government on anti-LGBT amendments to the Child Protection Act. The referendum, held alongside the parliamentary elections, was the government’s response to the infringement procedure by the EC regarding the 2021 law banning “homosexual propaganda to minors.” While the government claimed that it organized the referendum to show Hungarians’ opposition to allowing LGBT activists to provide sex education in schools, it further stigmatized LGBT people in public discourse and mobilized the more homo- and trans-phobic parts of society in the general elections. Because of the manipulative nature of the referendum’s questions, the only way to ‘win’ was to invalidate it. CSOs thus encouraged voters to cast invalid votes in the referendum, successfully convincing 1.7 million people to select both answers (Yes/No) to all four questions. This rendered the whole referendum invalid, as fewer than 50 percent of eligible voters cast valid ballots.

Five days after the referendum, the National Election Commission notified all sixteen CSOs that signed on to the campaign that they were being fined for an “abuse of rights” that was counter to the purpose of exercising power through a referendum. The two main organizers were fined HUF 3 million (\$8,000) each, and the supporting organizations HUF 176,400 (\$470) each. This move was interpreted as revenge for the success of the campaign. The affected organizations jointly appealed to the Supreme Court (Curia), which overturned three of the five decisions and nullified fourteen of the sixteen fines, but refused to deal with two cases citing lack of merit. The affected organization, Háttér Society, turned to the European Court of Human Rights in the matter.

On February 21, the tax authority conducted a raid of the headquarters of Oltalom Charitable Association/Hungarian Evangelical Brotherhood, as a follow-up to an earlier fine imposed on it for non-payment of taxes. The root cause for this omission on the side of Oltalom was that following a 2016 ruling of the European Court of Human Rights, the government failed to restore the organization’s earlier church status, thereby causing it to lose billions in subsidies for its services to homeless and poor people to which it was rightfully entitled.

Authorities also restricted freedom of assembly during the year. For example, several people occupying bridges in Budapest to protest a tax change in July 2022 were fined for breaching traffic or assembly regulations. In at least one instance, the police used a taser against peaceful protesters.

In theory, CSOs can raise funds freely, earn income, and enter into contracts, though in practice the situation is more complicated (see Financial Viability section). Taxpayers continue to have the option of assigning 1 percent of their income tax to a CSO. One change related to taxation was introduced in 2022 that affected the sector, even though it was not specific to the sector. In the summer, a simplified taxation form available to very small/individual entrepreneurs (abbreviated as KATA) was unexpectedly abolished. Many CSOs issued contracts under this tax regime with their staff, and its abolition will result in higher tax rates. As in past years, CSOs were again ineligible to apply to the government for compensation in the face of the unfolding increase in energy prices.

County Civil Information Centers provide some basic legal services to CSOs, such as help drafting statutes. Budapest-based organizations like the Hungarian Civil Liberties Union (HCLU) and Global Network of Public

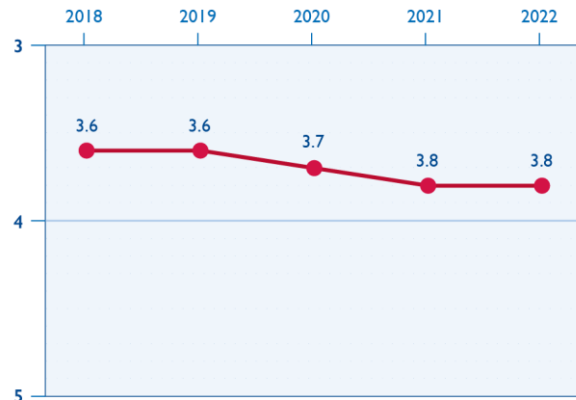
Interest Law (PILnet) can provide assistance on more complicated legal matters; however, their capacities are insufficient to meet demands, especially in light of the needs of Ukrainian refugees who arrived in Hungary throughout the year.

ORGANIZATIONAL CAPACITY: 3.8

In 2022, CSOs mobilized masses of volunteers to respond to both the Ukrainian refugee crisis and the parliamentary elections. At the same time, however, the gap between the capacities of large Budapest-based organizations and smaller CSOs in rural regions increased further. These opposing trends resulted in an unchanged organizational capacity score.

Immediately after Russia’s invasion of Ukraine, tens of thousands of Ukrainians—many of them Hungarian speakers from the border regions—fled to Hungary. CSOs and church-based charities were the first to respond. Volunteers welcomed the arrivals at the borders and the main train stations in Budapest. Organizations such as the Budapest Bike Maffia launched aid collections (both monetary and in-kind), organized shelter, and later helped those intending to stay to find their way through the labyrinthine institutional system to become legal. In the first few weeks, civil society was alone in these efforts. When the government stepped in later, it pushed out CSOs, centralizing and delegating the management of arrivals to the five main church-based charities – Red Cross, Baptist Aid, Ecumenic Aid, Caritas, and the Hungarian Charity Service of the Order of Malta.

ORGANIZATIONAL CAPACITY IN HUNGARY



During the election campaign, in addition to other types of activities, CSOs mobilized almost 20,000 volunteers to serve as election observers and vote counters in the polling stations. This was the first time that many of these individuals engaged in this type of action. Unfortunately, disappointment with the election results caused many of them to cease their civic engagement afterwards.

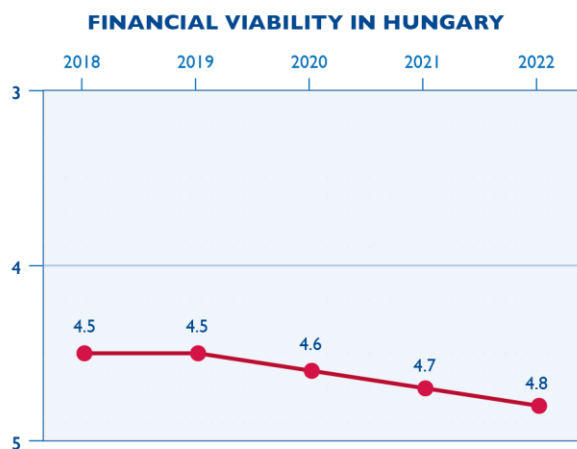
The turbulence of the past few years has not been conducive to strategic operations, and in 2022, both the Russian-Ukrainian war and the election results overrode organizational strategies. Many independent organizations were shocked by the election results and it took the whole summer to overcome this paralysis.

In terms of management, staffing, and technical capacities, the gap between the more institutionalized, Budapest-based organizations and smaller groups in the countryside continued to expand. Only the former are able to maintain functional and transparent management systems, although some newer CSOs founded by professionals increasingly rely on practices learned from the private sector. As a positive side effect, the SAO document requests (see above) forced many organizations to “put their houses in order,” at least to some extent.

Combined with the unexpected changes in taxation described above, record-high inflation increased CSOs’ difficulties in retaining staff. This affected even the more professional organizations, especially as rigid funding systems (such as that of the EU) were not prepared to accommodate these types of changes. Most organizations also struggle to reach out to and involve young people and are just starting to learn “the language” of the Y and Z generations. At the same time, the effects of working under adverse conditions for many years are becoming increasingly felt, manifesting in fatigue, burnout, and loss of motivation. As a result, the need to address “staff well-being” and mental health became more generally acknowledged. However, little is happening to address these issues in practice at this point.

The technical conditions of CSOs remain the same: most organizations have the necessary equipment, albeit in various states of obsolescence, but there are huge variations in the ability to use it. The use of videoconferencing has become standard by now. CSOs increasingly used encrypted channels to increase security, although there were no reports of surveillance targeting CSOs in 2022.

FINANCIAL VIABILITY: 4.8



CSO financial viability deteriorated slightly in 2022 as a result of the continued bias in the distribution of public funds, certain CSOs' ongoing reliance on foreign funding, and the impact of the unfolding economic crisis and inflation.

Large discrepancies continue to persist within the sector in terms of individual organizations' overall budgets. According to the latest official statistics for 2021, 35 percent of CSOs continue to work with annual budgets less than HUF 500,000 (\$1,350) and three-quarters have budgets below HUF 5 million (approximately \$13,500), with the average being around HUF 21 million (approximately \$56,800) per organization.

About 44 percent of the sector's income is comprised of state funding, including EU Structural Fund support

distributed by the Hungarian government, while 22 percent comes from private sources. The remainder is made up of organizations' own income and other sources of income. The central state support instrument to CSOs, the National Cooperation Fund, provided grants totaling HUF 11 billion (approximately EUR 29.75 million) to approximately 4,000 organizations in 2022, and the so-called Village and Town Civil Funds (for CSOs operating in settlements under and over 5,000 inhabitants, respectively) each distributed HUF 5 billion (EUR 13.5 million). The operation of these funds remains rather non-transparent. For example, grants are not searchable on the webpage, and decision making has been shown to be politically-biased towards organizations directly controlled by local Fidesz politicians or their affiliates. As a result, independent organizations, while not formally excluded from applying for public funding, rarely secure such grants.

Many smaller organizations depend on one or two local (e.g., municipal) sources of funding. However, the financial resources of local governments are decreasing as well. In spite of this, some local governments made efforts to help local CSOs cope with their growing energy bills in 2022.

There are no dedicated national public funding sources that specifically support CSOs engaged in the areas of democracy, rule of law, and fundamental rights. The government also did not provide any additional funding to CSOs engaged in the refugee crisis stemming from the war in Ukraine. Thus, CSOs engaged in these issues remain dependent on international philanthropic and institutional donors, but often only those with sufficient expertise, language skills, and international contacts have a chance to secure such support. Although foreign funding comprises a minor part of the sector's overall income, it plays a crucial role in the income structure of these organizations. Private philanthropies that had already been active in Hungary, such as United Way and Civitates, created special funds in 2022 to support CSOs' work with refugees from Ukraine. In addition, both the EU (through the Citizens, Equality, Rights, and Values program) and the US (through USAID) opened up new sources of funding to be re-granted by local intermediaries. However, these programs were effectively launched only in 2023, so their impact was not yet seen in 2022.

Individual giving and crowdsourcing have become mainstream and were instrumental in raising support to aid the refugees arriving from Ukraine in spring 2022. CSOs themselves are also becoming more professional in collecting donations, especially online and through other creative tools, such as collections by "ambassadors" and Giving Tuesday. Ninety-eight campaigns collected more than HUF 70 million (approximately \$190,000) through the adjukossze.hu platform in 2022, a slight decrease from 2021 (HUF 76 million or \$205,000).

The cost-of-living crisis will likely have a negative impact on the success of future fundraising efforts. Indeed, the number of people who assigned 1 percent of their income tax to a CSO decreased in 2022 compared to the year before by 13 percent (from 1.65 million to 1.44 million), although the total amount given grew slightly. However, as the period of collecting these donations coincided with the election campaign, the latter probably drew people's attention elsewhere.

Domestic institutional philanthropy remains weak, although five new community foundations launched small local grant programs in 2022. Altogether, seven community foundations provided local CSO projects with HUF 62 million (\$168,000) in support in 2022.

In 2022, the Hungarian branches of some large multinational companies, such as Tesco and E.on, continued their small grant programs aimed at local communities. Many other businesses provided mainly in-kind support to refugees from Ukraine, especially during the first half of the year. Local businesses usually give on an ad hoc basis, often through relatives and acquaintances. Few organizations, including social enterprises, are able to generate significant income on their own. Besides running webshops and selling merchandise, there is a growing network of Community-Supported Agriculture (CSA) and similar initiatives sprouting up around the country.

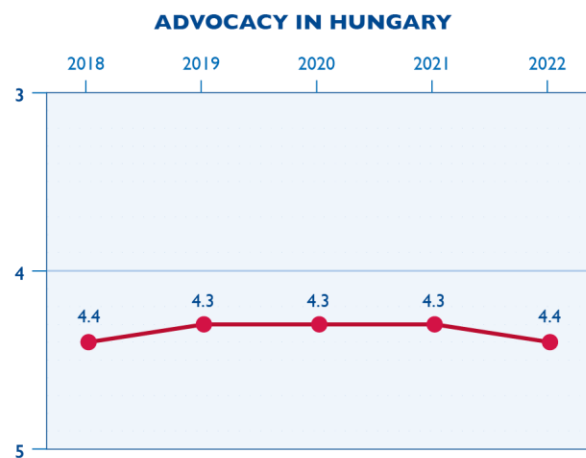
All CSOs are required by law to prepare and publish their annual financial reports and accounts. Only the larger and more exposed organizations maintain more sophisticated systems and have their books audited, another area in which the growing gap in capacity within the sector can be observed.

ADVOCACY: 4.4

Despite the success of the referendum campaign and new legislation passed upon pressure from the EU, CSO advocacy deteriorated slightly in 2022 as a result of the lethargy after the elections.

In theory, Act CXXXI. of 2010 on Public Participation in Legislation provides for public participation in the legislative process, however, it is hardly implemented. In practice, draft legislation is usually published for comments with a very short deadline (maximum eight days), if at all. Public consultations are often not organized at all for important acts. In an effort to meet the conditionality criteria to access EU funds, an amendment of the above act was passed in the summer that introduces some new sanctions for non-compliance. But CSOs point out that this is no more than window-dressing in the absence of the proper implementation of existing rules. Indeed, the Minister of Justice submitted this amendment to parliament without any public consultation. Also, CSOs including HCLU, Hungarian Helsinki Committee, and K-Monitor Association regularly go to court to obtain public-interest data, but even after a positive ruling, authorities often drag their feet to implement the court's orders.

While various consultative bodies, such as the National Council on Sustainable Development, have civil society representatives, they are rarely convened and their functions are often formal, without any substance. Again, in order to meet EU criteria, a new Anti-corruption Roundtable was established towards the end of the year that includes representatives of relevant CSOs, such as Transparency International-Hungary and K-Monitor Association. It remains to be seen whether this body will have any real impact in practice. Also to meet EU criteria, for the first time, CSOs could apply through an open call to become members of the Monitoring Committees of the EU Structural Funds. Other forms of dialogue and civic participation have become practically non-existent, as traditional channels of advocacy and consultation with state institutions ceased to work years ago. Open letters and petitions are routinely ignored—or even vilified—by the government. While some organizations, including those engaged in nature conservation, are still able to maintain good contacts with lower levels of the public administration, their results are frequently overruled by the higher levels.



Instead of real participation, the government still uses so-called “national consultations,” i.e. questionnaires on topical issues with leading questions and distorted statements that are sent occasionally to all households. In autumn 2022, a consultation on the “damages caused by Brussels’ sanctions” was carried out. As the government never releases any verifiable information on the results of the questionnaires (such as return rates or division of responses), it is safe to say that these exercises largely serve to promote the government’s narratives rather than to offer people a real opportunity to express their opinions.

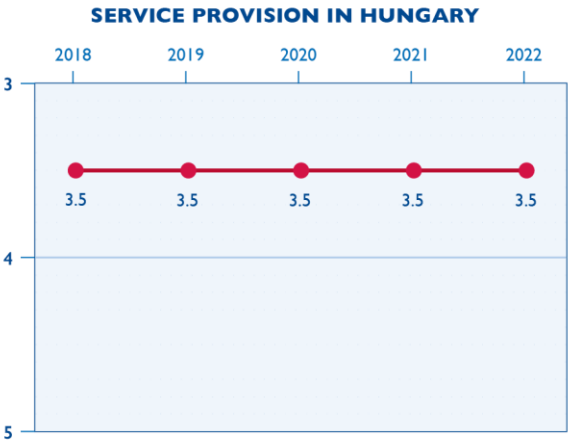
The campaign leading up to the parliamentary elections and referendum involved an unprecedented civil society mobilization, as described above. During this period, CSO coalitions advocated for their causes on both the local and national levels. For example, the united opposition’s election program ultimately included Civil Minimum 2022, an outline for a future government’s civil society strategy that was compiled by the Civilization coalition in 2021. Other CSOs and networks made similar initiatives in their respective fields, such as housing. In addition, CSOs engaged in voter mobilization, election monitoring, and fraud prevention initiatives. Their efforts secured the presence of two independent observers in each polling station for the first time ever. (Under relevant legislation, officially only parties can nominate members to these polling commissions, but the vast majority of the volunteers had no party affiliations and were recruited and trained by CSOs). Nevertheless, the election results were a major disappointment for many CSOs, and the lethargy that followed was palpable throughout the remainder of the year.

Besides the elections, problems facing public education—undignified pay, adverse working conditions, lack of autonomy stemming from excessive centralization—sparked the largest wave of protests, bringing together teachers’ movements and unions and organizations of parents and students alike. The first mass demonstrations took place at the beginning of the year along with strikes in some schools. In response, the government severely curtailed teachers’ right to strike by requiring children to be supervised in schools during the strike. This inspired some to engage in acts of civil disobedience. During the election period and summer break, teachers suspended their activism, but revitalized it with the start of the school year. This time, high school students and to some extent parents’ organizations mobilized as well, staging some spectacular actions, such as living chains around the capital, sit-ins, and flashmobs. Teacher strikes—both legal and illegal—and civil disobedience continued, too. Rather than engaging in dialogue with the teachers or accommodating their demands in any way, the government—specifically the Ministry of Interior, which is now responsible for education matters—responded by firing a total of thirteen teachers in Budapest high schools. Those fired were not necessarily the leaders of the activities, and the seemingly arbitrary nature of the firings seemed designed to deter others from speaking up.

Plans to build factories for electric car batteries with enormous state subsidies in several locations around the country, including Debrecen and Győr, were also contentious during the year. The government views this as the industry of the future and has simply swept aside citizen concerns regarding potential pollution or the excessive water and energy needs of these huge installations, tagging the critics as “politically motivated.” This led to heated scenes in public hearings between angry citizens and official representatives, as well as to demonstrations in the affected cities.

On the local level, opposition-led municipalities are usually open to dialogue and experiment with various participation methods, including citizen assemblies in Budapest, Miskolc, and Érd and participatory budgeting in Budapest and some of its districts, as well as Pécs. However, they often lack the necessary expertise, and even more importantly have little room to maneuver as their competencies and financing were severely curtailed, in part under the guise of the COVID crisis.

SERVICE PROVISION: 3.5



The conditions and characteristics of CSO service provision remained basically unchanged in 2022, although the impact of the cost-of-living crisis was starting to be felt towards the end of the year. The continued absence of reliable data makes it difficult to draw an accurate and comprehensive picture of this aspect of CSOs’ work.

The majority of Hungarian CSOs continue to have a strong service orientation, in part due to the perceived dangers of advocacy, including smear campaigns and defunding. CSOs provide a range of services, mainly in the human and social fields, such as social care, health, education, and culture, attempting to fill the growing gaps left by the deteriorating official institutional system. CSOs primarily respond to immediate needs. A case in point was the broad mobilization to help the waves of refugees

arriving after the war broke out in Ukraine. Many organizations quickly responded to the crisis and provided services ranging from immediate relief to supporting the longer-term settlement of the arrivals. Only a minority of CSOs provide services with a longer-term, strategic vision. Most needs assessments rely on anecdotal data and direct contacts with constituencies instead of formal research. Only a few CSOs offer professional services, consultancies, or consumer protection services. For example, the Energy Club develops local Climate and Energy Action Plans for municipalities.

CSOs are increasingly pushed out of social services, as the government exclusively contracts the five main church-based charities for these purposes. Even among these organizations, the Order of Malta has gained exceptional status, which raises conflict of interest issues, as its vice-chair is also a Prime Minister’s Commissioner. The Order of Malta was appointed to manage the only publicly-funded program to help rural people living in deep poverty (mostly Roma) in 300 villages, thereby gaining a quasi-monopoly status in the field. While it involves other organizations in the actual work on the ground, they must commit themselves to using the Order of Malta’s methods and work under its direction.

Other CSOs must rely on unpredictable grants and fundraising to cover their costs, as their target groups are usually not in a position to pay for the services. Increasing energy prices in the fall hit service-providing organizations especially hard, with little or no recognition from the central government. In contrast, some municipalities tried to alleviate the problems by providing compensation to the extent that they were able.

SECTORAL INFRASTRUCTURE: 3.2

No significant changes were observed in the infrastructure supporting the CSO sector in 2022.

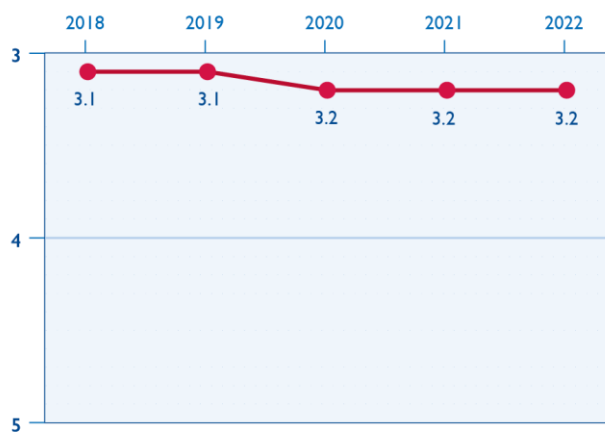
The government-appointed network of county Civil Information Centers continues to operate, and some of them have become more experienced and professional over the past few years. In addition, traditional resource centers, such as the Non-profit Information and Education Centre (NIOK), remain important. A new actor in the field is the Roots and Wings Foundation, which supports new and existing community foundations around the country. Strong CSOs that work as resource centers in the cities of Pécs, Szeged, Debrecen, and Miskolc recently formed an umbrella to exchange knowledge called the Aspect group. Some resource centers—especially With the Power of Humanity Foundation in Pécs—are also

active in local grant-making. Currently, seven community foundations are active in the country, five of which – those in Eger, Nyíregyháza, and the 2nd and 3rd districts of Budapest – effectively started working in 2022. On the corporate side, Magnetbank is an important local grantmaker.

With the proliferation of webinars, CSOs now have significant access to a variety of short-term trainings. Some specialized organizations such as Civil College Foundation and the School of Public Life also offer longer courses coupled with mentoring in the fields of community organizing, participation, and citizen activism. In the framework of its Stronger Roots program, NIOK previously offered training in constituency building coupled with grants to a limited number of CSOs. In 2022, NIOK presented the results of this work in a collection of case studies and webinars. In the face of increasing hardship, however, many organizations lack the time and capacity to invest in educational efforts. In terms of formal higher education, the Budapest-based university ELTE, as well as universities in Szeged and Győr, offer MA courses on Civic and Community Studies, while the Budapest Technical University includes nonprofit management as part of its economics curricula.

Civilization continues to be the main coalition engaged in the defense of civil space. It remained active throughout the year and expanded its membership, which now includes forty major CSOs. Networks of CSOs working in specific thematic fields such as the environment or with Roma (the Egalipe network) also continue to operate. Similar structures, such as the Child Rights Coalition, emerged in 2022 in a few other areas. In the autumn, broad

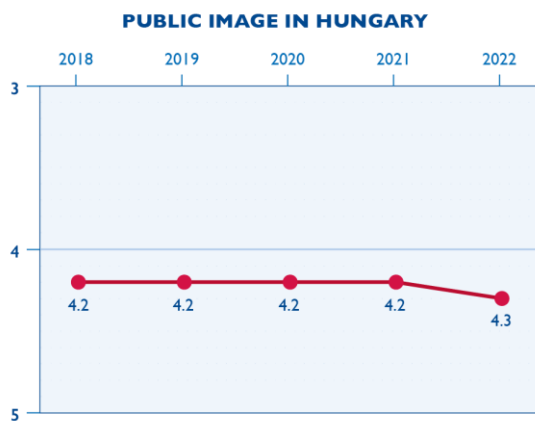
SECTORAL INFRASTRUCTURE IN HUNGARY



informal cooperation between teachers', students', and parents' organizations and unions developed parallel to the protests (see above).

No changes were observed during the year in terms of cooperation or partnership between CSOs and other sectors. Some large companies have working partnerships with specific CSOs that have resulted in long-term joint activities. The partnership between IKEA and NaNE, a leading women's rights association, is an example of this. The growing social pressure—and legal obligations in some sectors, such as banking—on companies to develop environment, social, and governance (ESG) policies and reporting will likely motivate them to develop more such partnerships in the future. Organizations like Effekteam Association help nurture CSO-business cooperation.

PUBLIC IMAGE: 4.3



The public image of Hungarian civil society was affected by conflicting phenomena stemming from the deep polarization in the country in 2022, but deteriorated slightly overall.

The ubiquitous pro-government media conglomerate either does not report on civil society activities or smears and vilifies CSOs with disinformation. In the first half of the year, a new scam targeted several CSO leaders. Lured with the promise of fake job interviews, they were asked to reveal condemning information about their funding sources or political ties, which was promptly leaked to and distorted in several media outlets. In the autumn, after the elections, Magyar Nemzet ran a series of articles on US “interference” in Hungarian politics. The stories mainly targeted the political opposition, but also accused CSOs active in the election and

referendum campaigns of being foreign agents funded from abroad. A new catchphrase “rolling dollars” was coined to refer to money being sent from foreign powers to the Hungarian opposition to undermine the nation; governmental figures have used the phrase often ever since. In several instances, courts ruled against these misleading statements in slander and libel suits brought by human rights organizations such as the Hungarian Helsinki Committee.

The independent media outlets that continue to operate, such as the TV channel RTL and online outlets, cover CSOs' activities quite intensively. For example, they actively covered the proactive roles CSOs played in aiding refugees. Some CSOs are also important allies to investigative journalists, for instance, in corruption cases. In the last few years, YouTube channels and podcasts run by activists that regularly discuss matters relevant to civil society have gained in popularity. The Partizán YouTube channel, for example, has 325,000 followers.

With small independent online media cropping up in more and more countryside cities, including Debrecen, Szeged, and Kecskemét, CSOs have better coverage locally. Civil Szemle, a professional journal, has published research on civil society since 2004.

Social media platforms remain crucial communications channels for CSOs. While Facebook remains the dominant social media platform in Hungary, CSOs increasingly use Instagram as well. However, changes in the algorithms continually decrease their reach (even as paid advertisements), a problem affecting many larger organizations. Most see the remedy in direct messaging to their constituencies through e-newsletters and similar means.

While there was no comprehensive research on the public perception of civil society in 2022, the general impression is that in the increasingly adverse circumstances in the country, the public increasingly appreciates the role of independent CSOs, although negative propaganda has had an impact, especially in the countryside. In a poll conducted by Publicus Institute in November 2022, 72 percent of the adult population (including many government supporters) said they support the ongoing teachers' protest.

The corporate sector—especially multinationals with regional or European policies on social impact and responsibility—is increasingly open to CSOs, albeit with some variations. While some companies openly engage with critical organizations on controversial issues (such as child abuse or LGBTQI people), others are more cautious, keeping a low profile or only supporting large, traditional charities such as the Red Cross.

The Commissioner of Fundamental Rights has failed to adequately address a range of human rights concerns, including violations against ethnic minorities, LGBTI people, refugees and migrants. In May, this led to a demotion of this office to category B by the Global Alliance of National Human Rights Institutions.

CSO self-regulation did not change in 2022. CSOs continue to be legally obliged to publish annual reports, but in the absence of practical guidelines, the quality of these reports varies. The Body of Ethical Fundraising Organizations has a growing impact and membership, adding a few additional members over the year.

U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

www.usaid.gov