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# THE ROLE OF NON-GOVERNMENTAL ORGANIZATIONS IN HUNGARY AT THE LOCAL LEVEL

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## **Abstract:**

Non-governmental organizations (NGOs) in Hungary have undergone a major transformation in various aspects since the 1990s. During the last years under communist dictatorship, non-government sector was the destination for those who desired drastic changes in society because this sector was strongly supported by those, who desired a democratic reform, such as academic and media elites, foreign organizations and governments. The principal goal of this study is to present the role of Hungarian NGOs in local decision-making processes and elections through legal background, financial support and human resource management.

**Key words:** *NGOs, Hungary, Civil Society, Democratization*

## **1. NGOS IN THE SOCIO-POLITICAL THEORY**

In recent years, the importance of NGOs in providing social services and their participation in political processes has increased. The function of an intermediary between society and the market (economy) and the state in the provision of social services

and the implementation of other goals is and will be in the coming years a source of intensive development of the so-called third sector, as well as increasing the diversity of its institutions and methods of achieving its objectives. The growing number of NGOs, their increasing importance and the transfer of more and more public resources to them creates the need for comprehensive research on the role and importance of NGOs in modern societies. Such analyses attract the interest of many researchers who try to understand the role and importance of NGOs in the modern political system. The unflagging interest in the non-governmental sector results in a significant number of publications, reports regarding the role and significance of the non-governmental organizations' sector in particular countries. Of the one part, NGOs are considered to be the basis of civil society, and thus as the element that determines the democratic character of the socio-political system, and of the other part, as an element that should play a significant role in solving socio-economic problems of a given society as an alternative mechanism to the state of provision of social services.

The nineties of the twentieth century became a period of rapid growth of research on the issues of NGOs. Most academic researchers agreed that the development of third sector organizations in developing countries would play a major role in raising the standard of living, economic development and ensuring the democratic nature of political systems. [See: Drabek, 1987, Brown & Kortzen 1991, Fisher, 1993, Salamon, 1994]. The term NGO's includes various categories of entities that differ from each other by the purpose and the scope of the action, the organizational and legal form, possessed resources, etc. On the global scale as well as in individual countries, it is impossible to determine the exact number of non-governmental organizations. It is associated with a large number of organizations, the diversity of legal entities and the rules of their registration, as well as the dynamics of the creation and disruption of activities. In general, this category includes entities that do not work to achieve financial profit and do not belong to the government sector at the same time. The term "non-governmental organizations" emphasizes their independence from the public administration (government) and their non-profit activity, which is not a profit attitude that distinguishes them from business institutions. That is why NGOs are included in the so-called third sector, whereas the first sector is public administration and the second sector is business.

From an economic perspective, the necessity of the third sector explains the theories of market and state inefficiency in meeting social needs (*government and market failure theories*). The sociological and political theories emphasize their importance in increasing social integration, implementing the principle of subsidiarity, building a civil society, social dialogue and participatory democracy. In normative terms, it is assumed that they are a necessary element of the system of states that want to be considered democratic. It is assumed that the development of the third sec-

tor expresses the essence of a democratic state that ensures its citizens participate in the wielding public power.

In contemporary theories on the role and importance of non-governmental organizations, it is emphasized that in modern societies they play the role of an intermediary between power, market, and society. They express the needs of citizens and take over the service of certain areas of social life. Such an understanding of NGOs is related to the perception of them as an important part of the wider socio-political phenomenon of civil society. The third sector (non-governmental organizations), as well as local government institutions are to constitute a structure that most fully enables the development of civil society, which is a prerequisite for economic and social development and safeguard for citizens' rights.

The category of civil society is - like many concepts in the humanities - an ambiguous concept and its understanding has changed along with historical conditions. Its use depends to a large extent on the context, and in the literature, on the subject, we encounter many different ways of understanding civil society. Contemporary understanding of civil society refers to the Tocqueville tradition to a large extent, and therefore it is identified primarily with the existence of autonomous, voluntary civic associations, referred to as the third sector, which, unlike the first - covering the market, i.e. private entities and goals, the second - covering the government, where entities and goals are public, includes private entities when the goals remain public. Civil society is thus identified with groups and organizations, both formal and informal that operate independently of the state and the market/economy to ensure social interests.

In the simplest definition, civil society is the whole of non-state institutions, civic organizations, and associations operating in the public sphere. These are relatively autonomous structures towards the state, created from the bottom up and generally characterized by the voluntary participation of their members. It is, therefore, a society in which there are many associations independent of the bureaucratic structures of the state, formed on the initiative of citizens in order to solve various social problems on their own [see: Cohen, Arato 1994: IX]. The universally accepted definitions point out that civil society consists of a network of political groups and voluntary associations shaped in a space extending between the individual and the state. These groups engage in expressing the interests of their members and try to shape the political culture of a given society, its values, aspirations and models of making political decisions [Cohen, Kennedy 2007: 71]. Contemporary concepts of civil society perceive them as a society operating outside the sphere of politics (e.g. in the form of associations and non-profit organizations, foundations).

As a result of the polemics, both academic and publicist, the conviction was established that liberal democracy is not only democratic political institutions, but also, and perhaps above all, an active citizen. Without the structures of civil society, the construction called the democratic state is only a scaffolding, which must be en-

capsulated with constant civic activity. A necessary condition for a democratic society is therefore the creation of a network of autonomous social institutions and associations, which are an expression of voluntary agreements of citizens, their pursuit of self-interest and self-development. It is thanks to them that civil society has specific structural boundaries and is defined internally by various entities.

Contemporary political theory and, at the same time, political practice, is dominated by the vision of such a state organization in which active individuals and the so-called civil society play the most important role. Therefore, at the present stage of development of political institutions, the model of a participative unit, i.e. directly solving its own economic, social and political problems, as well as the model of the “active” society is preferred. In this model, non-governmental organizations play an important role, which is treated as a necessary mechanism for the good functioning of a democratic society.

## **2. THE ROLE OF NGOS IN SOCIO-POLITICAL DEVELOPMENT**

NGOs are an essential element of the modern liberal-democratic society by creating structures enabling people to take up social and economic activities. They are, therefore, the element that expresses the essence of civil society. That’s the socio-political theory. It should not be underestimated because it has its impact on shaping the way of thinking about the world of politicians and representatives of public administration, and thus affects the practical activity of political and economic institutions. In accordance with the assumptions currently made, modern non-governmental organizations (NGOs) are perceived as one of the basic actors of socio-economic processes, as well as the most effective form of social policy implementation.

The development of NGOs in the contemporary world is related to the fact that they are perceived as the most effective way to achieve social objectives, and are also seen as an essential element of a democratic society. Therefore, NGOs receive significant financial support for their socio-political activities, which makes this form of social activity very attractive. The transfer of funds and other resources through the structures of non-governmental organizations is now standard practice, and NGOs are considered as an indispensable partner in the implementation of a large part of social policy.

The practice of supporting NGOs is associated primarily with attempts to find the best mechanism by which we can support socio-economic development in developing countries. This problem became particularly important at the turn of the eighties and nineties when the fall of the so-called the Eastern Block has put a large number of countries in political transformation towards a market economy and a democratic society. The question arose how to support this transformation and mitigate its effects. NGOs have begun to be seen as an alternative to the inefficient and often corrupt administrative structures institutional mechanism for solving social problems. Moreover, due to the perception of NGOs as an important part of civil society, it was recognized that support for the non-governmental sector is tantamount to supporting

the construction of a democratic society and political attitudes characterizing highly developed societies. In the early nineties, World Bank Vice President Moeen Qureshi said that NGOs are the most effective instrument in reducing poverty in developing countries. The main task of NGOs was to create formal structures that would mobilize people to take actions for the development and raising of the standard of living and quality of life.

The significance that began to be attributed to NGOs arose from the theoretical and ideological assumptions. The collapse of statist economies and political systems resulted in the state-administrative structures being considered an ineffective tool for solving socio-economic problems. Therefore, it was assumed that the most effective source of social and economic development is primarily the activity of individuals (entrepreneurs, volunteers, etc.). Starting from these premises, NGOs started to be given a great role because it was assumed that development should be initiated *by citizens* and *for citizens*. There was a widespread view that people should organize themselves to solve local problems, and the state's administrative structures, especially in developing countries, are too weak and ineffective. Therefore, various social organizations should play a central role in the process of mobilizing people to work together for the socio-economic development. Representatives of governmental administration and international institutions began to see NGOs as an alternative institutional mechanism enabling the effective transfer of funds to developing countries, and the development of NGOs was identified with the development of democratic structures. Therefore, more and more resources were being transferred to the development of NGOs, and it became a very common practice to make the transfer of funds dependent on the inclusion of non-governmental organizations in the decision-making processes concerning their use. Therefore, the nineties became a period of rapid development of NGOs, which gradually became one of the important socio-political entities.

### **3. THE ROLE OF NGO IN HUNGARY AT THE LOCAL LEVEL**

In order to understand the contemporary role played by Hungarian NGOs in the socio-political system, it is necessary to take into account the historical Background of NGOs in Hungary. As European system claims that one of the most important consequences of civic transformation is when a citizen knows his/her right and is willing to take an active role in public life, non-profit sector was formed with the same spirit in Hungary. Alongside the state, the civil society also governs the political movements and aims to have a certain influence on the state. A strong civil society guarantees a strong non-profit sector and the development of political parties. The civic sector is a part of the civil society where smaller groups functioning as an institution can stand up and raise their voice.

The civic sector in Hungary was born in the reform era but only after 1867 did this sector actually witness a major development. If there were 319 associations in 1862, by 1878, this number was multiplied by six times. Around 2000 associations varying

in forms and goals were founded until the First World War. Some of them already aimed at political goals or, at least, had the attempt to influence the political life. Notably, there was a feminist association which strived for women suffrage from 1904 and national associations which were concerned with the autonomy of different nations. Between the First and the Second World War this period featured the blooming of approximately 14 000 organizations in different fields. According to Putnam [Putnam 2000], there were more than 400 registered organizations only in Budapest. The era from the Second World War until 1990 s slipped into the shadow of Communist dictatorship; therefore, everything was subjected to close inspection of the centralized authority. A number of organizations were still allowed to continue their work as long as they did not pose any threat to the political regime. For example, the Post Pigeon Sport Association founded in 1882 could remain their operation with 10 000 members during this period. It is safe to say that organizations which dealt with hobbies and culture could still survive during this time. Towards the end of this period, the non-profit sector and non-profit organizations had experienced a significant change. The sector was supported actively by Hungarian intellectual community as well as foreign associations aiming at democratization. Associations created in this era were financed from abroad with an international background. During the 1980s, George Soros provided generous financial support for education, culture and science so that with the modification of law, associations were still able to operate independently.

The modification of the Civic Code of Law marked the reemergence of foundations in Hungary: there were more than 8000 new organizations registered by 1989. The merging law of 1989 paved the way for independent organizations. Regardless of the deep crisis in economy, education, healthcare, etc., non-profit sector had an unexpected fast growth which can be explained in many ways. Eva Kuti [Kuti 1992] has summarized the main reasons for this phenomenon which are presented as follows: 1) Respect for traditions: When the Civic Code of Law was approved, people revived the organizations which were previously banned due to political reasons, namely the Scout Organization; 2) Nostalgia: People tended to have strong nostalgia towards the Pre-communist time; 3) Solutions for ex-party members: Associations and foundations were places where ex-party members could take refuge in to survive in the new era; 4) Support from the government: The development of this sector was strongly supported by the government in terms of finance and politics; 5) Replacing public services: During the first year after the change of regime, most public services were missing; therefore the appearance of non-profit organizations became crucially important [Kuti 1992].

In addition, one can also take into consideration the fear and disappointment by 1990 as one of the reasons. While a part of the society wanted a more radical change, the other part was already satisfied with what they had achieved. A lot of political organizations had a starting point as civil organizations, but later on they became po-



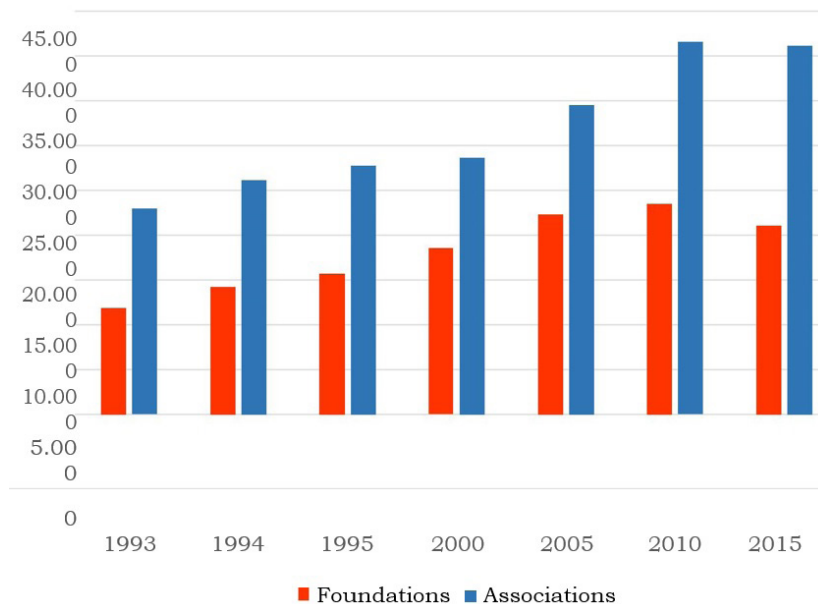
litical parties. It cannot be denied that neither the government nor the private sector could react to the changed demands of the society, hence there came the exponential growth of the non-profit organizations.

More attention started to be given to international organizations, governments and private figures who financially supported new organizations. However, there have been no studies so far about how the organizations were chosen other than the general demand for the organization to be democratic, legal and respect the organization that gave them support. On the whole, the growth of this sector at this time can be well-defined in numbers. Non-profit organizations were a new frame for advocacy and social convergence. It was possible for different groups to conduct advocacy for themselves and handle social problems without the intervention of the government. In brief, one can conclude that the most important elements of traditional civic democracy were active participation, legal and political equality and solidarity.

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#### 4. FROM THE 1990S UNTIL NOW

**Fig. 1. Existing non-profit organizations between 1993-2015**

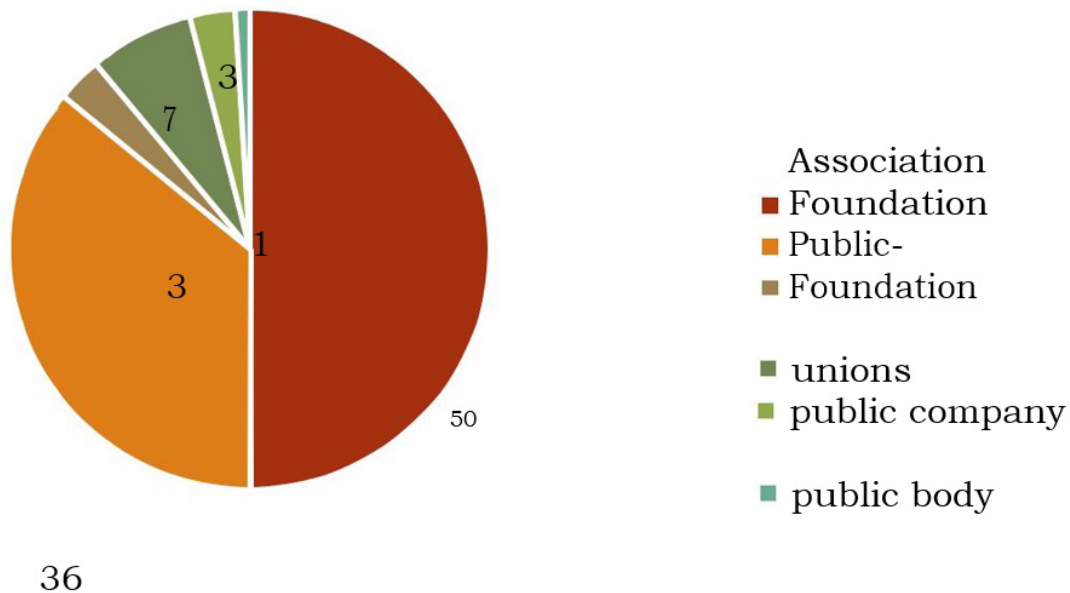


Source: KSH database

By the mid-1990s, the change of regime resulted in disappointment for many people. Apart from the adoption of presidential institution of the republic and constitutional

court, the acceptance of parties, parliament and media was declining rapidly. The reason why trade unions' acceptance has never been on a high level after the change of regime although they played an important role for the third sector would certainly worth researching. The growth of the civil sector was essentially steady until 2010, when the number of organizations started to decrease due to the new regulators and the change in political environment.

**Fig. 2. Formation of the NGO's in 2015**



Once again, there was a major transformation in the development of the civil sector in the beginning of the new millennium. Lots of trainings and other opportunities were given to the non-profit sector, including the outcome of the Phare Program as a preparation for European Union membership. Participants in the non-profit sector acquired necessary financial and legal knowledge to stabilize the operation of their organizations. Therefore, it was not difficult to realize that the quality of services offered by civil associations were substantially improved.

However, like other countries in Eastern Europe, the rapid and spectacular growth of organizations may mask the fact that there is a relatively low level of participation and commitment towards civil organizations. The market-like environment was seen as a huge challenge for a majority of people who had been able to plan and live their lives without competition before. In the new system, conviction of being left alone is the only thing that needs to be solved. This individualization is different from Western Europe since there have been already market players who competed against each other.

In the 2000s and even today, there have been a major issue whether actors in the civil sector can work on cooperation's that have mutual benefits and are able to build partnership with governmental and economic actors or not. Several researchers in-



cluding Robert D. Putman have examined this area and finally concluded that states function better and people live better when civil sphere is strong. Putman (2000) also indicated that in a community that works efficiently, there are more people who are members of all kinds of civil society. Therefore, there is an actual and strong network that can have a positive impact on both the state and the government as well as the decisions of economic operators. Governance is regarded to be much more effective when society was willing to act to enforce its interest and tend to cooperate with others.

## **5. CHALLENGES FACED BY CIVIL SECTOR IN CURRENT SYSTEM**

There has been a growing doubt among citizens about the situation of civil sector no matter how far Hungarian political system progresses. The problem at European Union level is that they do not see how they can influence decision-making processes. Because of the internal contradictions of representative democracy in Europe and Hungary in particular, their problems are often articulated by civilians.

Changing the welfare system leads to the decrease of trust in the state. In Hungary, the promise about a welfare state has created nothing but an unfulfilled dream. This negative effect, therefore, causes citizens to turn away from traditional political organizations and membership of parties. Trade unions, not to be excluded, also lie in this downward trend. Thanks to democratization, nowadays the gap between decision makers and ordinary people has been widened greatly since it is not until the election period that there are much more activities to be done. After the regime change, trust in political parties and politicians in Hungary has never been high, but nowadays, we can see that the rejection of traditional political parties is becoming a trend in many other European countries.

Regarding the activities of NGOs, there is a constant dilemma between the achievement and acceptance of national organization. The one-tiered national organizations of Kadar system, which were guided by the state, haunted people with centralization processes. The reorganization observed since 2010 in Hungarian political system clearly shows the marks of centralization. Jean Monnet once listed some essential principles of democracy participation, "There is nothing possible without the help of people, without institutions, without patience there is nothing constant". As the civil society plays a major role in the operation of democratic systems, we had better pay more attention to where and how civil society can be strengthened. Well-established and well-functioning NGOs are able to exercise constant control over elected leaders and have influence on periods which are not only before elections.

Besides, in order to tackle these challenges, it is vital that actors from non-profit sector reach a high level of dialogue and cooperation. There are two paths for effective national and international organizations. One is that organizations working on a professional basis (for example legal aid, security, or education...) are horizontally structured based on their portfolio. The other way requires local level coopera-

tion that creates trust and mutual benefits. Thanks to the Internet, there are plenty of resources for those who are looking for good examples of effective operation of non-profit sector. In many cases, these cooperations are mainly based on personal relationships and there is a sense of trust but no institutional relationship.

It is easily seen that the central government is strongly involved in decision-making processes in many cases. The majority of decision-making bodies in different decision-making bodies are now given to government delegates. The downgrading of the local government also caused serious damage to the civil sector as they were potential negotiating partners and practicing terrain where civil organizations were able to act effectively for their members. The state level is considered bureaucratic, and does not guarantee necessary conditions for effective work in terms of organization and finance. There is no “rural foot”, a bottom-up cooperation framework in the majority of civil society organizations.

Here, someone may question the funding of civil sector. In the previous time, foundations and associations were created out of donations from private individuals. There was a dependence: if a donor had secured the fund, the organization must have clearly met the donor’s expectations, but this was independent from the state. Nowadays modern civil organizations in Hungary as well as elsewhere in the world receive funds mostly from where their controlled activities are expected to expand.

## **6. POTENTIAL SOLUTIONS FOR CIVIL SECTOR**

There should be cooperation between public bodies and civil organizations that would guarantee their intervention in decision-making processes but do not become addictive to sponsoring programs. Companies, businesses and international or domestic aid can help free the civil sphere from excessive use of public crutches. There are also problems caused by actors and winners of recent post-communist market economy with no social profile, the new owner or manager middle class “philanthropy” of the long established stable and open capitalism with centuries’ old socio-cultural norms who give, help, merge and measure traditions of self-help cultures.

It is ultimately important that civil sector should have an area that must maintain its independence in every circumstance. This is the area of legal rights protection, political culture, democratic rights and procedures. In Hungary, the potential for cooperation between these types of organizations and the appropriate level of state increases. This happens due to the fact that a number of human right principles are enshrined in the principles of European Union. In order to protect these principles, they are willing to provide financial resources, professional and political support to Hungarian organizations. It should be noted that these types of organizations have to retain their independence from other “donors”.

Today’s political debates are filled with operation of NGOs in Hungary and the transparency of their funding. There was a bill before that parliament would make it mandatory to indicate all foreign donations to all Hungarian NGOs. Hungarian legislation

adapts to international practice in the sense that political parties and their organizations cannot belong to non-profit organizations. There is a difference among the opinions on which organizations belong to political sphere. The new law adopted in 2011 excludes Hungarian political parties from the non-profit sector, but foundations and associations that support them and also participate in election campaigns are considered non-profit organizations.

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