

## NATIONAL REPORT – HUNGARY

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# 1 GENERAL INFORMATION ABOUT VOLUNTEERING IN HUNGARY

## 1.1 History and contextual background<sup>1</sup>

Foundations and voluntary associations have a long tradition in Hungary. In contrast to other European countries, religious institutions were not the dominating force during the early years; there were for example secular hospitals and alms-houses in the Hungarian cities of the 14th and 15th century, financed by private donations and run by volunteers. A first law regulating foundations was enacted in 1723, giving the King the right to control the activities and the financial accounts of the foundations.

During the second half of the nineteenth century, a **public-private funding model of social services** emerged. There were e.g. "foundation places" in public schools and "foundation beds" in hospitals. While the foundations contributed to the provision of social services and worked well together with the state during the 19th century, voluntary associations were less well seen by the government as they became advocates for political rights and thus a threat towards those in power.

The **communist regime** that took over Hungary in 1947 halted the development of the voluntary sector. Most of the voluntary associations were banned and what remained was nationalized and brought under state control. At this time "social organisations" financed by State budgets and working closely with the Communist Party were created.

The later years of communism, particularly following the 1956 revolution, meant a gradual relaxation of the control on civil society. The emerging voluntary organisations were not banned, however they were heavily regulated and persecuted. The **rehabilitation of civil society** started slowly before the final collapse of the communist system. For example, foundations reappeared in the Civil Code in 1987.

In the running up to the **regime change**, the voluntary organisations in Hungary again became an important political vehicle; for example, one of the major charities became the Liberal Party. As the Parliament passed the Law on Association in 1989, guaranteeing the freedom of association, organisational life in Hungary took off. The number of organisations tripled during the 1990s, and from nearly non-existent, a foundational sector of almost 20,000 organisations was born.

After this initial surge, the development of the sector has been slow. Volunteering activity still bears the negative connotations due to the compulsory work called volunteering during communism. The United Nations "International Year of Volunteers" in 2001 was an important catalyst for the development of the sector as it increased cooperation between the various ministries and the NGOs and paved the way for a law on volunteering as well as the creation of the National Volunteer Centre Foundation.

## 1.2 Definitions

The everyday definitions of the Hungarian non-profit sector are influenced by the pre-war traditions, the State socialist experience, and the American and Western European models, producing a **mix of terminologies**. Expressions such as 'NGOs', 'CSOs', 'foundations', or simply 'associations' and 'non-profit sector' are commonly used to refer to the voluntary

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<sup>1</sup> Based on:

Kuti, Éva (1993) *Defining the Nonprofit Sector: Hungary*;

Association of Voluntary Service Organisations AVSO, European Volunteer Centre CEV (2003): *Country Report on the Legal Status of Volunteers in Hungary*; and

Hungarian Central Statistical Office(2008): *Methodological Practice and Practical Methodology: Fifteen Years in Nonprofit Statistics*

sector. Volunteering is intertwined with what is called the “civil sector” and is rarely dealt with on its own.

The Hungarian volunteer law, Act LXXXVIII of 2005 on voluntary activities in the public interest, defines "volunteer activities with a public aim" as work carried out within a host organisation without compensation. In article 4, the law also specifies that any person with legal capacity above the age of ten can become a volunteer.<sup>2</sup>

The **Statistical Office is focusing on non-profit organisations**, working with three types: classical non-profit organisations (foundations and associations), advocacy organisations (trade unions and employers' organisations) and other non-profit organisations (public interest organisations). The statistics only include formal types of volunteering and volunteers involved in non-profit organisations. Institutions such as health care and museums that are usually managed by local government and purely funded by the state are not defined as non-profit organisations. Therefore, the statistics omit volunteers active within these, as well as all informal volunteering.<sup>3</sup>

### 1.3 Number and profile of volunteers

The Hungarian Central Statistical Office has been collecting data on the non-profit sector more or less regularly since 1993.<sup>4</sup> The data focuses on non-profit organisations rather than volunteers. The data collected on volunteers only refers to formal volunteering within non-profit organisations, excluding all types of informal volunteering as well as volunteering carried out outside the registered non-profit organisations. This results in figures that are characterized by stakeholders as rather low. A survey undertaken by Éva Kuti and Klára Czike<sup>5</sup> in 2004 includes formal as well as informal volunteering in all kinds of settings and presents a substantially higher figure.

#### **Total number of volunteers**

According to data from the statistical office, the number of volunteers in Hungary was estimated to 472,000 in 2007, which is equivalent to **4.7% of the adult population**. This represents a slight increase from the 2003 figures, which were 400,000 volunteers or 3.9% of the adult population. The analysis of Kuti and Czike resulted in substantially higher figures for volunteering, according to which **40% of the population** or nearly 4.5 million people engaged in some kind of volunteering activity in 2004.

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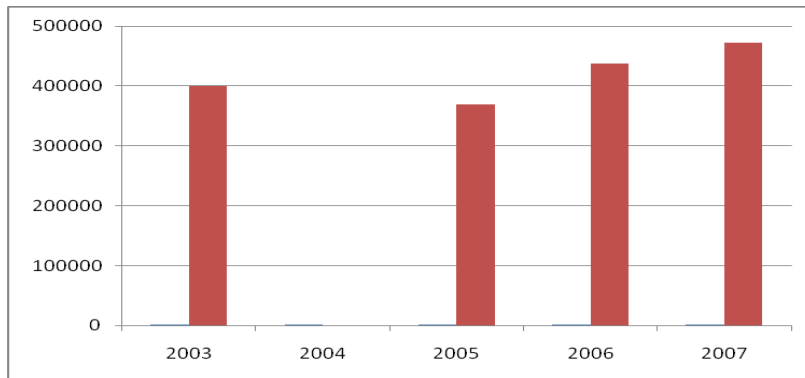
<sup>2</sup> [http://www.civil.info.hu/uploaded/documents/onkentes/1212746798vol\\_act\\_pub\\_int\\_2005\\_hu.pdf](http://www.civil.info.hu/uploaded/documents/onkentes/1212746798vol_act_pub_int_2005_hu.pdf)

<sup>3</sup> Hungarian Central Statistical Office (2008): *Methodological Practice and Practical Methodology: Fifteen Years in Nonprofit Statistics*

<sup>4</sup> Data in this section originates from Hungarian Central Statistical Office (2005, 2007, 2009) *Main Characteristics of the Non-Profit Sector* (in Hungarian) and Hungarian Central Statistical Office (2008) *Non-Profit organisations in Hungary 2006* (in Hungarian)

<sup>5</sup> Éva Kuti and Klára Czike (2005). *Citizens' Donations and Voluntary Activities*, published by the National Volunteer Centre and The Non-Profit Research Group Association. The survey was carried out among 5000 randomly selected Hungarians above 14 regarding their volunteering activity.

**Figure 1: Number of volunteers in Hungary**



Source: Hungarian Central Statistical Office

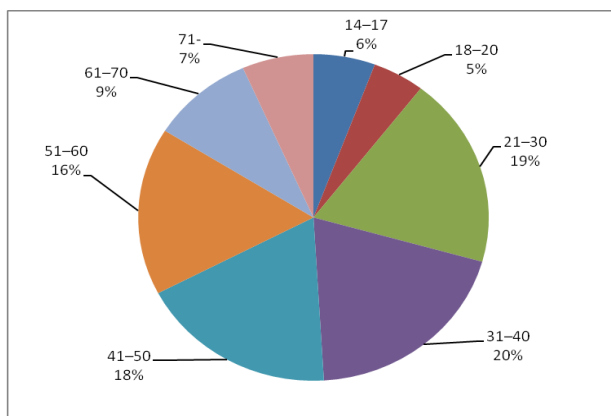
### Gender

The statistical office does not collect demographical data on volunteers, however the survey of Kuti and Czike also touched on demographic characteristics of the volunteers and concluded that **women tend to donate a lot more than men, but participate in voluntary activities much less than men do**. 43% of the men had carried out voluntary activity; for women the corresponding figure was 36.7%. Traditions would suggest otherwise as historically most of the charity work was carried out by women. A possible explanation for the current state is the fact that women tend to have a larger share of housework limiting their time available for volunteering; instead they choose to donate. Furthermore, the management of foundations and associations tend to be made up of men and the traditionally female areas of health and social care make up for a small percentage of non-profit institutions.

### Age

The above mentioned survey found that most of the volunteers, 19.7 %, are in the age group 31-40 years old. The slightly younger and slightly older make up approximately 18% of the volunteers while only 4.8% of the volunteers are 18-20 years old.

**Figure 2: Share of volunteers by age group, 2004**



Source: Kuti and Czike (2005)

### ***Geographical spread***

The survey of Kuti and Czike showed that the share of volunteers in the capital and the county capitals is fairly even; around 40% of those residing in these areas have participated in volunteering. The residents of towns participate slightly more intensively in voluntary activities; the share of those taking part in voluntary activities was about 44 %. This is likely due to the more transparent needs of a smaller community and the power of norms of making sacrifices being stronger in these communities.

### ***Education***

Statistical data does not exist on volunteering by education level. According to the survey of Kuti and Czike however, as has been shown in international research as well, the percentage of volunteers grows with the level of education. 54% of university/college degree holders participated in volunteering activity whereas only 40% of those in vocational school did.

### ***Volunteer involvement by sectors***

While the statistical office collects data on the sector of non-profit organisations, this information is not collected on individual volunteers. Again referring to the survey of Kuti and Czike, most volunteers in their analysis were involved in cultural, sport, health and social care activities as well as religious organisations.

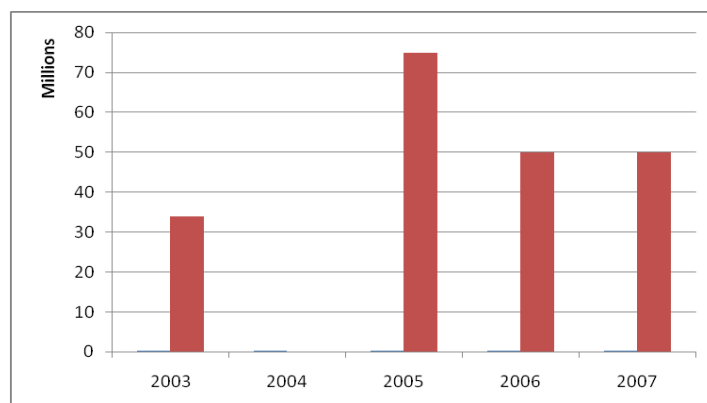
### ***Profile of volunteers by employment status***

**Active job seekers, housewives and students** participate in a much higher degree than other groups of society in voluntary activities. About 47% of the active jobseekers in the mentioned survey were involved in voluntary activities. The corresponding shares for housewives and students were 44% respectively. The higher involvement of these groups in volunteering is likely due to them having more free time available.

### ***Time dedicated to volunteering***

The Central Statistical Office calculates that volunteers invested about **50 million working hours in 2007**. This is a drop from the 75 million hours invested in 2005; however an increase compared to the 2003 figure of 34 million hours.

**Figure 3: Number of working hours per year, millions**



Source: Hungarian Central Statistical Office

## 1.4 Number and types of organisations engaging volunteers

### *Definition of voluntary organisations in Hungary*

The term “voluntary organisations” is not frequently used in Hungary, nor is the term NGO. Third sector organisations are referred to as **non-profit organisations**.<sup>6</sup> According to the association law, organisations such as foundations, public foundations, public law associations, public benefit companies, non-profit enterprises, voluntary mutual insurance funds and social organisations fall in this category. The statistical definition is somewhat stricter and uses criteria established in international practice, such as the prohibition of distributing profits, organisational independence from the governmental sector, institutionalized status, public service nature, some elements of volunteerism and absence of a party-like operation.<sup>7</sup>

Under Hungarian law, there are two basic legal forms of classical civil society organisations: voluntary associations and private foundations.

- The *voluntary associations* are autonomous membership organisations formed voluntarily for a purpose agreed upon by their members and stated in their founding articles. Associations must have registered members who organise to actively pursue the associations’ aims. These organisations can be formed around common interests and hobbies or support particular institutions, ideas or actions. Examples include society clubs, self-help groups, federations, trade unions and social organisations.
- *Private foundations* can be founded either by private persons or organisations with legal personalities. Unlike associations, foundations do not have members; instead they are managed by a board. Private foundations can take several different forms, such as operating foundations (operating schools, nursing homes, health and cultural institutions, providing social services or publishing books and journals etc.), grant seeking foundations exclusively supporting public institutions or pursuing particular aims and projects (the creation of monuments and organisation of festivals) and corporate foundations supporting present or former employees of the companies.

Public law associations and public law foundations are intended to offer an institutional framework for government related non-profit activities.

- *Public law associations* are self-governing membership organisations which can only be created by the Parliament through passing a specific law on their establishment. The Academy of Sciences, the chambers of commerce and the chambers of some professions (doctors, lawyers, architects, etc.) are examples. The legal regulation of voluntary associations generally applies to public law associations; however the government may delegate additional tasks and powers to these associations, such as official registration of members, quality control and the issuing of licences.
- *Public law foundations* are foundations established to take over some government tasks (e.g. education, health care, public safety, etc.) which are defined in law as government responsibilities. Their founders can only be the Parliament, the Government and the municipalities. The public law foundations are kept financially accountable by the State Controller’s Office.

The legal forms of non-profit service provision are undergoing changes. Previous public benefit companies are replaced by *non-profit companies* that are private firms, generally

<sup>6</sup> Ministry of Social Affairs and Labour

<sup>7</sup> Hungarian Central Statistical Office (2008): Methodological Practice and Practical Methodology: Fifteen Years in Nonprofit Statistics

producing public goods. Their occasional profit cannot be distributed among their owners, managers or employees; it must be used to pursue their public purposes. Apart from the non-distribution constraint, the basic economic regulation of ordinary private firms applies to them.

The newly emerging *social cooperative* is halfway between the non-profit and the for-profit sector. The importance of their membership, their public purposes and their eligibility for the public benefit link the social cooperatives to the voluntary sector, while the evaporating non-distribution constraint is a point of similarity with the private for-profit corporations.

#### **Number of voluntary organisations and distribution per sector**

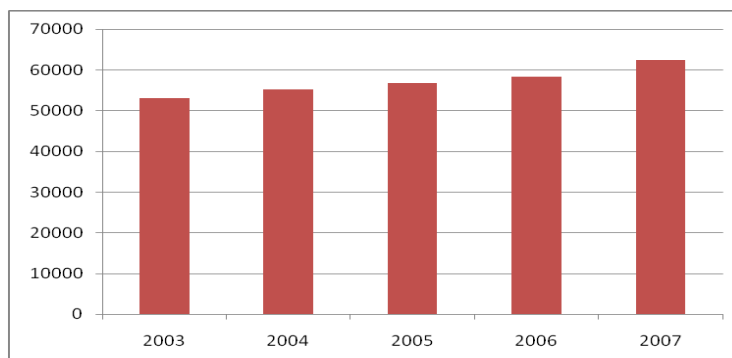
According to the Statistical Office, in 2007, there were about **62,400 non-profit organisations** registered in Hungary. The majority of these were active in the fields of hobbies (16.8 % of all non-profit organisations), education (15.7%) and sports (12.2%). Other organisations were distributed as follows.

- Culture and arts 11.6%
- Social Services 9%
- Development and housing 8.3%
- Business and professional associations, unions 6.9%
- Health 4.7%
- Environment 2.5%
- Religion 2.4%
- Law, advocacy and politics 2.4%
- International development 1.3%
- Other sectors (including fire fighting and civil protection) 6.3%

#### **Trend**

Data on the Hungarian non profit sector has been collected by the Statistical Office since 1993. The number of organisations has increased by 80% since then. Also in recent years the trend is going upward; the number of organisations increased from 47,000 in 2000 to more than 64,000 in 2007.

**Figure 4: Number of non-profit organisations**



Source: Hungarian Central Statistical Office



### ***Types of organisations engaging volunteers***

According to statistical data, the overwhelming majority of volunteers are active in the associations. In 2006, 73% of volunteers were active in **associations** and approximately 20% in private foundations, with other types of organisations having nearly no volunteer participation at all.<sup>8</sup>

#### **1.5 Main voluntary activities**

Little information is found in the literature regarding the nature of the volunteering activities. The 2004 survey of Kuti and Czike found that most of the voluntary activities carried out by the volunteers consisted of **organisation, building and fixing**.

## **2 INSTITUTIONAL FRAMEWORK**

### **2.1 Main public bodies and other organisations involved in volunteering**

#### ***Main public body responsible for volunteering***

Volunteering is not treated as a field of its own in Hungary. It is considered part of the civil sector, for which The **Ministry of Social Affairs and Labour** has the overall responsibility. The Ministry maintains direct contact with the civil sector organisations and coordinates the Government's cooperation programs; it provides information on legal and financial issues and tenders as well as maintaining a document database and the registry of the public benefit organisations hosting volunteers. Furthermore, the Ministry supervises the regional "Civil Service Centres" that support the voluntary organisations.

In addition, all Ministries have a department for "civil dialogue", although the focus is more on the sector in general than on volunteering in particular.

#### ***Organisations that promote volunteering, facilitate cooperation and exchange of information***

##### **National Volunteering Centre Foundation (ÖKA)**

The National Volunteer Centre is the main voluntary organisation in Hungary. Its goal is to support voluntary activities in Hungary and the organisations relying on volunteers. The Centre disseminates information as well as provides consulting and training. Other aims include spreading and integrating the spirit of volunteerism into Hungarian society through activities performed in direct cooperation with private individuals, social organisations, institutions and enterprises.

##### **Civil Service Centres (CISZOK)**

The network of the Civil Service Centres provides professional and infrastructure services for the civil sector, aiming to improve cooperation and development of the various organisations. They provide advice and information, organise events and trainings and function as the regional volunteering centre.

##### **NIOK Foundation**

The NIOK foundation runs a brokerage service, a webpage and a database of volunteering organisations and has also had several programmes targeting the organisations in the sector.

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<sup>8</sup> Hungarian Central Statistical Office (2008) Non-Profit organisations in Hungary 2006 (in Hungarian)

### ***Affiliation with European umbrella organisations/networks***

Generally, voluntary organisations are not directly affiliated to European umbrella organisations, with the exception of the National Volunteering Centre that is a member of CEV, Le Centre Européen du Volontariat.

## **2.2 Policies**

### ***National strategy/framework for volunteering***

Volunteering is rather low on the political agenda in Hungary. It is seen as a **tool rather than a goal in itself** and is dealt with as part of the general development of civil society. Influenced by the **importance of volunteering on European and international level**, a change is slowly coming about, resulting in volunteering increasingly being included in strategies and policies in various areas. Public opinion is also evolving and there starts to be an interest in volunteering, especially among young people, which might influence the place of volunteering on the political agenda in the future.

At present, however there is no national strategy for volunteering in Hungary and no targets for volunteering in place. Apart from the data collection of the Central Statistical Office on non-profit organisations there are no regular reporting arrangements either.

### ***International policies***

The **UN International year on volunteering in 2001** was an important catalyst for the development of the Hungarian voluntary sector. Specifically, it contributed to increased cooperation between the various ministries and the Hungarian civil sector, which paved the way for a law on volunteering and the creation of the National Volunteer Centre Foundation.

## **2.3 Programmes**

### ***Key national programmes that stimulate volunteering at national level***

**Ötlet (2005-ongoing)** is a combined employment and volunteer programme implemented regionally. The programme is funded by the National Employment Fund and allows young job seekers (age 18-26) and jobseekers above 45 years of age to do 10 months volunteering work in order to gain experience useful on the labour market. The programme also aims at promoting volunteering in Hungary. An evaluation showed that about 2/3 of participants found employment during or after the programme, about one third of these at the host organisation.

**National Centres for Volunteering Development Fund** is created to support organisations selected to implement volunteer centre programmes. The centres will be responsible for coordinating volunteer-hosting organisations and for supporting local volunteering development in their county, i.e. support NGOs with the recruitment, training and managing of volunteers. Around 20 centres will be set up, doubling the current number of volunteer centres. For the first time a large budget (ca. 3 million euro) will be allocated to support volunteers. It is expected that the fund will strongly support the development of volunteering in the country.

**TÁMOP 5.5.2 (2009)** is part of the national programmes financed by the European Social Fund. The programme aims at promoting volunteering among citizens and strengthening the host organisations' capacity for accepting volunteers as well as raising the status and recognition of volunteering in society in general.

For the **European Year of Volunteering in 2011**, the Ministry of Social Affairs and Labour will also prepare a National Programme, involving NGOs and other Ministries.

The following programmes aim at supporting the civil sector in general without specific focus on volunteering:

**National Civil Fund (2004-ongoing)** aims at strengthening the operation of civil society organisations and the development of the third sector through grant supports. Private foundations and non-governmental organisations (excluding employers' and employees' interest groups, political parties and insurance associations) who are registered and have been operating in Hungary at least for a year can gain support from the fund. Between 2004 and 2007 about 27 billion HUF (19 million EUR) was distributed to approximately 20,000 organisations.

**TÁMOP 2.5.1 (2008).** As part of the national programmes financed by the European Social Fund, this string of TAMOP provided funding for capacity building for NGOs and social partners. The total amount was 2 billion HUF (7 million EUR)

There are currently no programmes for supporting volunteering at regional, local or transnational level.

## 3 REGULATORY FRAMEWORK

### 3.1 General legal framework

#### *Specific legal framework which exists with respect to volunteering*

Until 2005 there was no law governing volunteerism in Hungary and volunteers had no formal rights as such. Full-time voluntary service was considered employment and any allowances awarded to full-time volunteers were subject to taxation. Organisations that hosted full-time volunteers were considered “employers” and had to pay taxes on lodging, board and pocket-money awarded to volunteers. In 2001 a legal committee was created to explore how the legal system should be changed in order to better support and promote volunteer action and in 2005 a specific law, **Act LXXXVIII of 2005 on voluntary activities in the public interest**, was adopted. This law establishes a specific legal status for volunteers and the provisions governing volunteering activity.

### 3.2 Legal framework for individual volunteers

The 2005 Act LXXXVIII on voluntary activities in the public interest established a specific **legal status** for volunteering individuals. The key components of this law are that **organisations hosting volunteers have to register** and set up a **contract** with the volunteers **in order to be eligible for tax benefits**. The volunteer is awarded a specific status and enjoys certain protection while on duty. The main aim of the law was to legalise activities that were undertaken outside any legal framework and therefore the law is limited to volunteering within specific types of NGOs.

#### *Provisions for specific categories*

There are no particular laws governing volunteering by employees, self-employed or those receiving unemployment benefits or welfare, with the exception of a specific law on community service, where unemployed perform tasks for the local community in order to receive unemployment benefit. This is however not considered as traditional voluntary work.

#### *Taxation rules*

Act LXXXVIII of 2005 on voluntary activities in the public interest stipulates which benefits are not considered to be compensation and can thus be awarded to volunteers free of tax. The benefits have to be related to the voluntary activity and include work clothes and protection equipment, travel, accommodation and meals, disease prevention services such as vaccination, training and insurance. In addition, per diem allowances and bonuses paid

to the volunteers are also tax free if the total of these over one year do not exceed twenty per cent of the current amount of the compulsory minimum wage.

### 3.3 Legal framework for organisations engaging volunteers

While the 2005 Act on voluntary activities allows every organisation to work with volunteers and recognises that there are other forms of volunteering, **only NGOs working for public benefit needs to be registered under the law as host organisations and only in case they wish to make us of the allowances specified in the law.**<sup>9</sup> Any association or foundation can apply for the “public benefit organisation” status; however the procedures and requirements can be burdensome for smaller organisations, which therefore remain outside this law, together with the volunteers they are hosting. A review of the law is planned in order to monitor its effect, application and need for revision.

In order to enjoy **tax benefits**, organisations hosting volunteers have to notify the Ministry of Social Affairs and Labour who keeps a register of such organisations. If not registered, in case of a work inspection, the volunteers can be considered as black labour and the organisation fined.

NGOs which do not intend to give any form of payment/reimbursement to their volunteers can perfectly involve volunteers without registering.

The law also requires organisations to set up a **contract** with volunteers: this has been a positive development according to the voluntary sector, as few organisations used this type of agreement in the past. OKA has been providing a toolkit to explain certain aspects of the law to provide examples of contracts.

Non-profit organisations are **exempt from corporate income tax** for all economic activities that are included in the statute of the organisation and supporting their mission. If they engage in commercial activities which are unrelated to the mission, the benefits are taxed if the income exceeds a threshold. Fundraising is considered as income from normal activities and is therefore exempt of corporate income tax. In addition, non-profit organisations do not have to pay administrative fees in connection with the start-up.

In terms of VAT, non-profit organisations are considered as any other economic actor and have the corresponding obligations to pay VAT.

### 3.4 Legal framework for profit-making organisations

Corporate volunteering is not very developed in Hungary and the concept is fairly new. There is no particular legal framework for this and no incentives (in terms of taxation for instance) for the time being.

### 3.5 Insurance and protection of volunteers

The 2005 act on voluntary activities in the public interest contains provisions regarding the insurance and protection of volunteers in service. According to this, the host organisation is responsible for any damage done on third parties following voluntary activities. Furthermore, the volunteer has the right to social protection similar to that of workers.

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<sup>9</sup> The law only requires for a certain type of organization to be registered, those with public benefit organization status. Organizations wishing to host volunteers without making use of the allowances in the law are not required to register. Registration is a prerequisite for enjoying the tax benefits granted by the volunteer law, not for hosting volunteers in general.

## 4 ECONOMIC DIMENSION OF VOLUNTEERING

### 4.1 Funding arrangements for volunteering

#### *National budget allocated to volunteering*

According to statistical data, total national funding for the non-profit sector amounted to nearly **1.6 billion Euro in 2007**.<sup>10</sup> This however is not exclusively funding for volunteering; the data includes operating costs as well. The Ministry of Social Affairs and Labour estimates funding for volunteering only to be around 25 million Euro per year.

#### *Sources of funding for voluntary organisations*

The **state support is of vital importance** for the Hungarian non-profit sector because personal income levels remain low in Hungary, which limits the share of private donations. The share of the state grants in the total income of voluntary organisations increased substantially between 2000 and 2007. In 2000, 28% of the total sector income came from state or local grants. By 2007, this had increased to **35 %**. The share of private funding decreased from 16 % to 9 % between 2000 and 2007.

The state grants are partly **normative subsidies** given to NGOs for performing public functions (social activities, education etc) and are partly distributed through **calls for proposals** for funds originating from the National Civil Fund.

In addition, Hungarian citizens have the **possibility to donate 1% of their income tax to a non-profit organisation** of their choice. In 2008 around 28,000 organisations obtained support from taxpayers' 1% contributions. This source is particularly important for the organisations that do not receive any state funding.<sup>11</sup>

#### *Social Services of General Interest (SSGI)*

The history of social services provided by non-profit organisations is rather young in Hungary and information is limited. A process of **decentralization** following the system change meant that provision of public services was increasingly shifted from national to local level. At the same time, local governments faced **increasing budget constraints**; in this context the non-profit organisations provided a cost efficient and flexible alternative. The **inclusion of non-governmental and non-profit organisations in the provision of social services** essentially developed with Hungary's accession process to the European Union.

The organisational forms of public law associations and public law foundations were specifically created for the provision of public services, but Hungarian law also allows for local government to provide services through other non-governmental organisations. Social services can be provided subject to a written contract between local government and an association/foundation, who typically receives normative subsidies for this.

There is little recent data on to which extent non-profit organisations actually take part in the provision of social services. The statistical office carried out a survey<sup>12</sup> in 2000 on the relations between local government and non-profit organisations which showed that **20% of the local governments had an agreement on service provision with a non-profit organisation** and 80% had some kind of relation with non-profit organisations. Compared to a similar survey in 1996, the trend was clearly upward. About **23% of the local**

<sup>10</sup> Hungarian Central Statistical Office

<sup>11</sup> <http://www.nonprofit.hu/english/egyszazalek.html>

<sup>12</sup> Hungarian Central Statistical Office (2002) Relations between local government and non-profit organisations. 3158 local governments participated in the survey.

**governments reported they were assisted by volunteers** from the non-profit organisations, which was four times more than in 1996, also showing a positive trend.

An issue is that the boundary between what is considered a service provided by the local government and what is considered to be provided by a non-profit organisation is blurry. As local governments themselves can found public law associations and public law foundations, externalized services are not always considered as such.<sup>13</sup>

## 4.2 Economic value of volunteering

### *Income generated through volunteering*

There are no calculations of the income generated through volunteering specifically, however according to statistics from the Central Statistical Office, the income generated by the non-profit organisations themselves amounted to approximately **1.8 billion euro in 2007**. Nearly half of this, 48%, came from sales or fees charged for services while membership fees counted for nearly 10%.

### *Economic value of volunteering*

The statistical office estimates the volunteers to have contributed with approximately **fifty million working hours in 2007, equalling 24 600 FTEs**. The value of this work is estimated to **177 million euro**. The trend was going upward and reached a peak of 254 million euro in 2005 after which the value of volunteering started to decline again.

### *Value of volunteering work as a share of GDP*

The value of volunteering work as share of GDP is not specifically collected. Based on statistical data it can be calculated to **0.18% in 2007**.<sup>14</sup> The share has been declining since the peak year 2005 when it was 0.24%

### *Issues of service substitution and job substitution*

To date, no studies have investigated the issues of service and job substitution. Stakeholders indicate that the risk of service substitution is fairly limited as the volunteering sector is not developed enough to be a real threat. Where volunteering organisations have developed around state provided services such as hospitals or education, it is to perform a complementary activity that the public institution wouldn't be able to provide.

As for job substitution, stakeholders indicate the risk to be limited. Volunteers are still not involved enough and are predominantly seen as additional support staff. Furthermore, in some sectors, such as healthcare, volunteers are not able to replace the paid staff as professionals with the relevant degrees are needed.

One of the objectives of the **2005 law on voluntary activities** in the public interest was precisely to draw up **clear boundaries** within which volunteering can take place in order to limit illegal job substitution in certain types of host organisations.

With the financial crisis, the issue of the use of volunteers in the public sector (in particular health care) might become more salient.

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<sup>13</sup> Margit Kinyik, Attila Vitál (2005). Provision of Public Service by the Civil Sector, Szocioeast Association

<sup>14</sup> Calculated as value of volunteering work over total GDP.

## 5 SOCIAL AND CULTURAL DIMENSION OF VOLUNTEERING

### 5.1 Key benefits for volunteers, the community and direct beneficiaries

Few studies have looked at the cultural and social benefits of volunteering specifically. A 2003 study published by the Hungarian Non-Profit Research Group<sup>15</sup> argues that volunteering promotes active citizenship, develops people's capacity for initiative and produces important economic value. Furthermore it can be a tool for social inclusion, encouraging reciprocity and solidarity.

This study also quotes increased sense of responsibility and commitment to the local community as positive effects of volunteering. Stakeholders provide anecdotal evidence on stronger and more active communities and improved local environment, where people work together for the common good and see the possibility to change their own situation by taking action.

A 2006 study<sup>16</sup> looked at the relation of volunteering and **unemployment** by interviewing a representative sample of 5000 Hungarians. 7.9% of the interviewees said their voluntary activity had some relation with them finding a new job.

The same study also looked at added value of volunteering, particularly from the **young and recent graduates**' perspective. For this group, volunteering can be an important bridge between the theory acquired in school and the reality of working life. Voluntary activity can be a tool for improving a CV, as it allows to acquire practical experience, not only in the traditional fields of social and healthcare sector, but also in areas such as PR, organisational development and management. Furthermore, volunteering can develop skills such as decision making, problem solving and leadership and develop the young people's networks.

Anecdotal evidence provided by stakeholders mention new skills and experiences, increasing confidence, sense for the local community and useful way of spending spare time as added value from the individual volunteers' perspective.

### 5.2 Factors that motivate individuals to volunteer

In 2004, a survey<sup>17</sup> was carried out that investigated the motives for volunteering among a representative sample of the Hungarian population. The most cited reason for volunteering activity was the **personal satisfaction of helping others**, chosen by 80% of the respondents. Many were also motivated by a tradition of volunteering in the family. Following the study, the researchers identified two types of volunteers with different characteristics and different motivations for their activity. The "old type" volunteers were predominantly women over 30 years of age, married with children and qualifications corresponding to secondary school or lower. This group was motivated by traditional civil values, solidarity, family and often a religious background. A typical "new type" volunteer was a single man below 30, with an academic degree. His motivations included the acquisition of knowledge, the useful spending of free time and self-development.

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<sup>15</sup> Non-Profit Research Group (2003) *Worth to Know for Government Officials about Non-Profit Research* (in Hungarian)

<sup>16</sup> Éva Kuti, Klara Czizke (2006) *Volunteering, Charity and Integration in Society* (in Hungarian)

<sup>17</sup> Éva Kuti, Klára Czike (2005), *Citizens' Donations and Voluntary Activities*, published by the National Volunteer Centre and The Non-Profit Research Group Association.

**Table 1: Types of volunteers and their motivations<sup>18</sup>**

	Old type volunteer	New type volunteer
<b>Characteristics</b>	<ul style="list-style-type: none"> <li>• A woman over 30</li> <li>• Married with children</li> <li>• Education level secondary school or lower.</li> </ul>	<ul style="list-style-type: none"> <li>• A man below 30</li> <li>• Single</li> <li>• Academic degree</li> </ul>
<b>Motivations</b>	<ul style="list-style-type: none"> <li>• Traditional civil values</li> <li>• Solidarity</li> <li>• Family</li> <li>• Religious background</li> </ul>	<ul style="list-style-type: none"> <li>• The acquisition of knowledge</li> <li>• The useful spending of free time</li> <li>• Self-development.</li> </ul>

While international research shows an increase in the motivations associated with the “new type” of volunteers, the survey of Kuti and Czike found very low support for statements related to connecting to the community, useful spending of free time, self-development and gain of experience. A possible explanation for this is the fact that volunteering is not yet promoted or recognized in the Hungarian education system.

## 6 VOLUNTEERING IN THE CONTEXT OF EDUCATION AND TRAINING

### 6.1 Recognition of volunteers’ skills and competences within the national educational and training system

There are currently **no standards for recognition or accreditation of volunteers’ skills** in the education system in Hungary. The National Volunteer Centre provides downloadable documents for creating a "volunteering portfolio" to record experiences gained through volunteering, but the spread of this type of documents is limited.

No national programmes for the promotion of volunteering among youngsters exist and recognition is limited. There are a few programs for the development of volunteering, such as the Ötlet programme mentioned above; however, this is more related to employment policy than education.

Stakeholders indicate that the status of volunteering and the level of activity in the educational institutions depend to great extent on the mentality and attitude, particularly of management, at the individual institutions. In some educational institutions volunteering is encouraged while in others not at all. Another important factor is whether the institutions are in touch with any voluntary associations who are often the driving partner in volunteering in the schools.

An issue is that for many, volunteering in educational institutions recalls the compulsory pioneer movement under the socialist regime, resulting in negative connotations.

<sup>18</sup> Based on Éva Kuti, Klára Czike (2005), *Citizens’ Donations and Voluntary Activities*, published by the National Volunteer Centre and The Non-Profit Research Group Association.



## 6.2 Education and training opportunities for volunteers

The act on volunteering activities in the public interest stipulates that the host organisation is to facilitate “the acquisition of all information, guidance and knowledge” necessary for the performance of the tasks. In practice, there are no national standards regarding what training should be provided to volunteers. It is always the organisation hosting the volunteer that provides the training; usually it is only provided by the larger organisations. The type of training depends on the work the volunteer is to carry out and can sometimes be substantial. In most cases, learning by doing prevails.

The volunteer centres that will be set up at the end of 2009 will support the training of volunteers by preparing volunteer hosting organisations. It is expected that this will increase the training of volunteers.

# 7 EU POLICIES AND VOLUNTEERING

The impact of EU policies on volunteering have not been measured specifically, however in general it can be said that EU funds have been used to support non-profit organisations, allowing them to develop their competence and activities. The focus on volunteering on EU level seems also to have contributed to highlighting the area on national level as well.

# 8 CHALLENGES AND OPPORTUNITIES FOR VOLUNTEERING

## 8.1 Challenges for volunteering

The main challenges for the development of volunteering activity in Hungary can be summarized as follows:

- *Mentality, attitude towards volunteering, in particular in public institutions.* Volunteering is rather low on the political agenda and there is no long term strategy, merely punctual programs or actions. Publicly run organisations are in general not open to accepting volunteers and there are no incentives for doing so. In addition, the concept of volunteering is struggling with stereotypes and negative connotations (discussed below) and trust in civil society organisations is rather low. In education institutions in particular (schools), nothing is done to encourage or recognised volunteering. This might be related to the image of volunteering in the past with the pioneer movement under socialist regime. Ever since, no “youth” movement have developed.

- *Mismatch between the expectations of volunteers and what host organisations can offer.* As volunteering is getting more popular, volunteers’ demands are increasing in terms of experience, training and support. At the same time, the host organisations lack the necessary skills and resources, both in terms of time and money, to meet these expectations and to properly manage the volunteers.

- *Unsustainable funding.* Funding is often short term and on project basis, resulting in organisations having to spend their time securing funding instead of developing their activities long term. Funds are often provided for the start up of an organisation or a program but not for the long term operation of it.

- *Underdeveloped infrastructure.* National coverage of volunteer centres is not complete, making it difficult to access information and volunteering opportunities in some regions and cities.

Perhaps the major challenge in Hungary is the attitude to volunteering and recognition of it in general. Although volunteering has long tradition, recent history has resulted in many

negative connotations. During communist times, people were forced to carry out activities and tasks for the “common good” without pay. This was called voluntary work but had few elements of voluntarism. Right after the system change, during the early 1990s, non-profit activity was promoted by highly favourable treatment, in terms of taxes for example, which resulted in many cases of abuse and misuse of funds. Trust in civil society and NGOs is generally low and given the unstable economic development, people are dedicating themselves to their own affairs instead of helping others. In the survey of Kuti and Czike<sup>19</sup>, respondents were asked why they did not donate or volunteer. More than half answered they themselves needed help and couldn't afford to help others.

## 8.2 Opportunities for volunteering

The main opportunities for volunteering in Hungary can be summarized as follows:

- *Increased interest for volunteering, particularly among the young generation.* The number of volunteers is increasing according to statistical data and this is also supported by stakeholders. Particularly young people discover the advantages of volunteering and start dedicating themselves to a chosen cause.

- *More research around volunteering subjects.* Apart from the statistical data which has been collected for several years by the Central Statistical Office, several reports and research projects are carried out on different themes related to volunteering, improving knowledge and data on the subject. For example, in order to address the issues related to volunteering management, the Ministry of Labour and Social Affairs has commissioned research on the motivation of volunteers. The aim is to identify specificities of volunteering in Hungary, and the needs of volunteers, compared with other MS in order to among other things, discover needs for training.

- *Volunteering starts to appear on the political agenda.* Volunteering is increasingly included in strategy documents and programmes in various policy areas such as employment and the care of elderly people. A National Programme is planned for the European Year of Volunteering in 2011. During Hungary's Presidency of the EU (first half of 2011), a policy type conference could be organised to encourage Member States to share their practices/experience in this field, and their laws, legal framework, funding mechanisms.

- *Review of the 2005 Act on voluntary activities:* A review of the law is planned in order to monitor its effect, application and need for revision. So far around 1000 NGOs have registered under the framework of the 2005 law. In total there are more than 60,000 NGOs, of which 50% could potentially register, as public benefit organisations. It is believed that so far the NGOs that registered are the bigger ones (have the necessary resources, in terms of accountancy, book keeping, data recording etc). The law imposes relatively constraining obligations in terms of administration. There might also be a lack of awareness of the law, among NGOs. Moreover amongst the registered NGOs, there is an over-representation of organisations in the hospital and education sector. The reasons why they want to involve volunteers more frequently are not known. In the future the revised law could enable the Ministry to better monitor which NGOs register.

- *Corporate Social Responsibility:* Incentives should be provided to companies, as partners from the corporate sector will be indispensable to develop volunteering. The role of the Ministry in the future could be to provide the regulatory environment that encourages this type of volunteering (e.g. tax relief).

- *Improved information on volunteering for the public and host organisations.* The infrastructure is under development with the setting up of 20 new volunteer centres to

<sup>19</sup> Éva Kuti, Klára Czike (2005), *Citizens' Donations and Voluntary Activities*, published by the National Volunteer Centre and The Non-Profit Research Group Association.

provide information, training and coordination services regionally for host organisations and there are several organisations developing databases and providing brokerage services between volunteers and organisations. Some NGOs, such as the National Volunteering Centre Foundation, are actively working for making volunteering more popular among the citizens and public institutions alike.

- *Volunteer management*: NGOs should be encouraged to set up volunteer policies (to identify their needs in terms of number of volunteers, positions to fill, then recruitment, communication etc), to provide a more favourable environment for volunteers.

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