

MA/Summary Hungary

The GuideStar Europe project (April 2007 - September 2008) will assess the feasibility of implementing GuideStar systems for four European countries including Germany, the Netherlands, Ireland and Hungary as well as a pilot European portal site. A GuideStar system provides an online, highly searchable catalogue of reports on the civil society organizations (CSOs) operating in a country. Information is sourced from government filings as well as supplementary information supplied directly by the CSOs themselves. These systems enable organizations to communicate their work effectively and easily to national and international audiences. Recently a market analysis has been conducted in Hungary by the NIOK Foundation based on previous studies, available secondary materials and expert views to map the context, the market, the need and the recommendations concerning a national, comprehensive database. The conclusions of the study are as follows:

Although there is only limited valid information available on individual organizations of data, we do know that by 2005 there were some 56 694¹ registered and operating nonprofit entities in Hungary. Although there was 73% revenue growth in the sector between 2000 and 2005, 44% of the organizations still received less than HUF 500,000 as an income in 2005.

At present there are several state institutions in Hungary that have registry information on NGOs, however none of these databases are exhaustive or up-to-date and only some of them are available on the Internet. The most important ones include the registries of the Tax and Financial Control Administration (APEH), the data collected by the Hungarian Central Statistical Office (HCSO) and the registry of the Office of the National Judicial Council (ONJC).

The registry of the Office of the National Judicial Council (ONJC) is the single database that contains public information on almost all legally existing NGOs in Hungary (except for public benefit companies) in one electronic database. Hungarian NGOs are required to register at the district courts, in Budapest, Metropolitan Court, and elsewhere, the county court. The registration is paper-based and requires the registration of NGO's key governing document as well as basic information. The databases run by the courts that register the organizations contain much wider and sometimes more accurate furthermore legally valid, public information on each organization as stipulated in the Ministry of Justice Decree 6/1989 (VI. 8.) than the ONJC database. The ONJC database could serve the basis of the official part of a Guidestar-type system only if it was extended and updated to contain quality data on NGOs.

In August 2007 a proposal of the Ministry of Social Affairs and Labour (MSAL) on the relationship development between the governmental and the nonprofit sector was accepted by the government. The aim of the Government Decree 1065/2007. (VIII.23.) is to ensure the publicity of data of public interest by establishing a comprehensive nonprofit database and information portal that presents the data in order to guarantee 'the electronic freedom of information' and the liability of the government to make data of public interest available free of charge. Such liability of the government is stipulated in the so called 'glass pocket' act² and in the act on Electronic Freedom of Information³ as well as in the recommendations of the State Audit Office.

¹ The Most Important Characteristics of the Nonprofit Sector in 2005, Central Statistical Office, 2007 www.ksh.hu.
² Act XXIV of 2003 'glass pocket act'

³ Act XC. of 2005 on the Electronic Freedom of Information

Among other measures the Decree suggests the following actions:

1. To set up and operate a nonprofit information portal in order to present governmental activities connected to the nonprofit sector in a concentrated and transparent format.
2. To establish and operate a national nonprofit database that collects the data of registries run by the state/local governments into one place in order to provide valid and up-dated information on NGOs. To achieve this, the registries of the different ministries and institutions should be updated and made available online, a common registration number should be applied in all registries (the tax number is suggested) and the IT systems of the different institutions harmonized.
3. To work out the procedures and regulations for electronic administration of NGOs (the establishment of new organizations, registration, modification of their official data) together with safe and valid electronic data provision to the Central Statistical Office and other institutions like the National Civil Fund or the Tax and Financial Control Administration. The system would also make it possible for NGOs on the long run to file their public benefit and 1% utilization reports electronically.

According to our research it is anticipated that the database would gather the data from the place where it is generated namely from the different institutions and ministries and will be presented on the nonprofit information portal that should be developed by June 2008. The ONJC database together with the database of the APEH would serve as the basis of the nonprofit database. The APEH database would provide the names of the organizations while that of the ONJC would serve as a basis for comparison. The nonprofit organizations would be requested to check and modify their data in case of discrepancies. The seven fields of the ONJC database would be used, even so it does not involve as important data as the acquisition of a public benefit status. At the first phase it is not planned to be changed, however it depends on the decision of the Ministry of Justice that might change on the long run. According to their plans the database would operate similarly to the National Company Registration and Company Information Service providing data for fees. The voluntary database could be built on the official data and provide additional information on the nonprofit organizations on a separate portal operated by an independent organization, most probably by the NIOK or an other newly established organization. A two-year action plan and a feasibility study should be worked out in cooperation with the Department of Nonprofit Relations to create databases containing hard and soft data that are able to connect to each other. Presently, it seems that the longer term feasibility of the comprehensive database is only partly solved, as the voluntary part would not be financed by the state. The only phase for which state funding and close cooperation with the Ministry of Social Affairs and Labour is highly probable is the development phase which means that much more efforts should be put on developing fundraising strategies and feasibility plans.

To address the lack of centrally available information voluntarily run NGO databases sprung up. Some run at regional level, maintained mostly by a regional NGO information center, while others run at national level. Some are published in print format, while others are available online. There have been several initiatives that started their operation with ambitious goals but after setting up a database of some 1000 organizations they did not have the capacity or the tools to keep it up-dated. Some examples that fall in this category are ngo.hu, sansz.org, civilporta.hu, mindentudo.hu, civilmagyarorszag.hu., civilhirado.hu. The “Nonprofit Self-Portrait” (available on www.nonprofit.hu) is the most used voluntarily run database, and as it is the oldest and has the most information. It is highly publicized, well structured, has links to NGO fundraising campaigns and contains other information needed by the NGO community. It was created in 1997 by the Nonprofit Information and Training Center (NIOK) Foundation. Initially made public in print then in CD format, it is now available on the Internet. NGOs register with www.nonprofit.hu at will and

sign an agreement with NIOK as to the validity of the data they provide. Currently, the database holds information about almost 11,300 NGOs (20% of all operating registered organizations in Hungary).

The harmonization among these databases has become an issue for several reasons. Because a voluntary database, organizations are not obliged to provide information. Thus, they may or may not do so, and not all organizations are legally present in the database. It is the task of the operators to try to convince the NGOs to update their data at least once a year. To consider national harmonization of these voluntary local databases and the possibilities of cooperation a work group will be set up with the co-ordination of NIOK.

If a Guidestar like system would be implemented in Hungary it would be supported by different interest groups and governmental or social institutions. Firstly, there are a number of NGOs and umbrella organizations that fight for the transparency and development of the nonprofit sector that would welcome a comprehensive national database and some of them would probably be partners in promoting and developing it. Secondly, there are several nonprofit resource centers mainly members of the so called CISZOK network who have been trying to build and maintain their own databases facing the same problems namely that it is very difficult to provide up-to-date and valid information on the sector. And finally, and most importantly the provision of hard data is going to be solved due to a decree passed by the government. In that respect the MSAL and its Department of Nonprofit Relations together with its other institutions like the European Social Fund Agency and the National Civil Fund would hoped to be strategic partners in developing, implementing and promoting a Guidestar type system.

In Hungary a Guidestar type system would not face much competition but rather the clashing of interests of the potential stakeholders mainly deriving from ownership conflicts and different ideas on the quality and quantity of the data to be provided through the database. To overcome the difficulties coming from the differences of interests it is inevitable to engage the various actors even in the process of developing the system in important decisions. It is also vital to work out methods and communication strategies to make the strategic partners aware of the importance of a comprehensive national database providing valid and up-to-date information of public interest and also voluntary data. Another challenge is to ensure the long-term sustainability of the database and develop plans for finding support and funds for it.