



The most important characteristics of the nonprofit sector, 2017

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Introduction

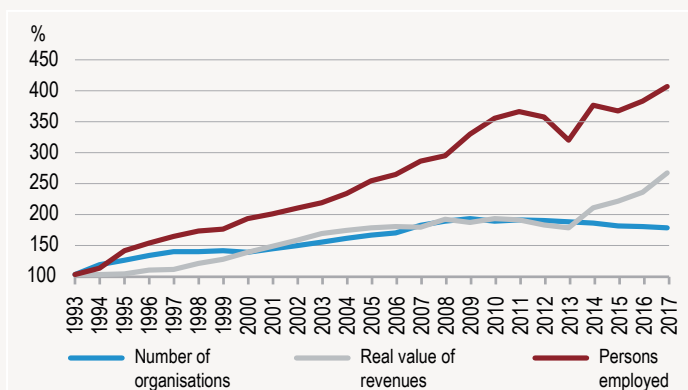
Since 1993, HCSO has carried out annual full-scale survey on the activities, management and human resources of the civilian and other nonprofit organisations. The aim of the survey is to present the economic and social weight, importance of the sector as well as its contribution to the performance of the national economy and to the improvement of the quality of life.

61,151 organisations operated in the nonprofit sector in 2017, which was 465 fewer than in the previous year. The determining factors of the sector's image can be considered as constant for years: while the classic NGOs with their number (about 54 thousand), the nonprofit enterprises with their high receipts (HUF 246 million on average) have been shaping the image of the sector.¹ The temporal development of this sector can be illustrated by three important indicators at macro level: the number of active organisations, the real value of revenues and the number of employees. Since the beginning of the regular statistical monitoring, these values almost continuously increased until 2008, then due to the economic crisis the upward trend –with the exception of employment – has become moderate, however in 2012 all three indicators decreased compared to the previous year. Since then the decline in the number of organisations can be attributable to the effect of Act CLXXV of 2011 on the Freedom of Association, on the Nonprofit Status and on the Operation and Support of Civil Organisations (“Civil Act”), which launched a “cleansing” process within the sector.² The steady increase in the number of employees lasting until 2011 became hectic in the previous years due to the restructures took place among nonprofit enterprises on the one hand, and the expansion of public employment within the sector on the other hand. As opposed to the decrease of 2.5% observed in the previous year, the number of employed people in the sector increased by 4.4% in 2016 and by 6.3% in 2017. The real value of revenues continuously increased from 2014, it rose by nearly 14% in 2017.

¹ According to organisational forms, private foundations as well as associations and federations are among the *classical non-governmental organisations*. Nonprofit business companies are called *nonprofit enterprises* as well as the government and local government founded public foundations, which have negligible economic weight compared to the former ones and mostly specialised to perform and promote public duties are grouped under this heading. The third group of nonprofit organisations is made up of *advocacy groups* (public bodies, employer, employee and professional organisations).

² The civil law states that as a consequence of the failure to submit the mandatory annual financial statements the court initiates the termination or deletion of these organisations.

Figure 1
Main indicators of the nonprofit sector (1993=100%)

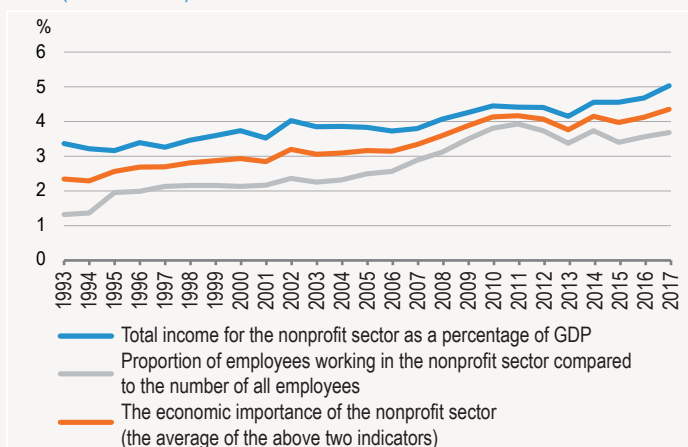


The economic importance of the nonprofit sector in the national economy

The ratio of the all revenues of nonprofit organisations to total GDP increased by one-third between 1993 and 2011, but it could not reach 5.0%. However a much more dynamic development emerged within the employment: the labour market share of the sector increased threefold over the same period, but it remained under 4.0% figure. The fluctuations of the two indicators – which are not totally independent from each other – experienced in the following years have been the consequence of structural changes that have taken place and are still ongoing among nonprofit business companies.

Figure 2

The weight the nonprofit sector in the national economy (1993=100%)



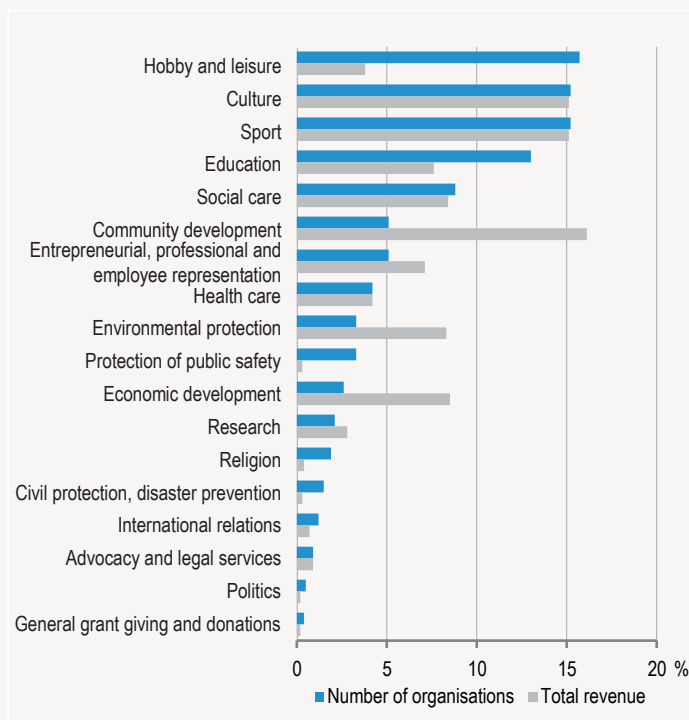
Based on the average of income – as a percentage of GDP – and of the share of employees, the weight of the sector in the national economy almost doubled between 1993 and 2017 and it reached the proportion of 4.3% in 2017, which was the highest so far. This is largely the effect of – the abovementioned – changes that took place in carrying out public services and public functions.

Number of organisations

In 2017, from the approximately 61.2 thousand civilian and other nonprofit organisations one-third (nearly 20 thousand) operated as foundations and two-thirds (41 thousand) as corporate nonprofit organisations. In line with earlier trends, the activities of a significant part of the foundations were related to education (33%), social services (16%) and culture (15%). Among corporate nonprofit organisations, the proportion of leisure (22%) and sports associations (21%) as well as cultural organisations (15%) was the highest.

Figure 3

Distribution of the number and total revenue of nonprofit organisations by main groups of activity, 2017



Changes in the public benefit status in light of the civil law

The act on nonprofit organisations was adopted in Hungary in 1997.³ As a result of the regulations existing for one and a half decade approximately half of the civil sector received public benefit status and a further 5–6% of them eminently public benefit status. As one of the main innovations of the new civil law adopted in 2011, the certification was changed to a single stage certification and tied to public functions for a certain period of time.

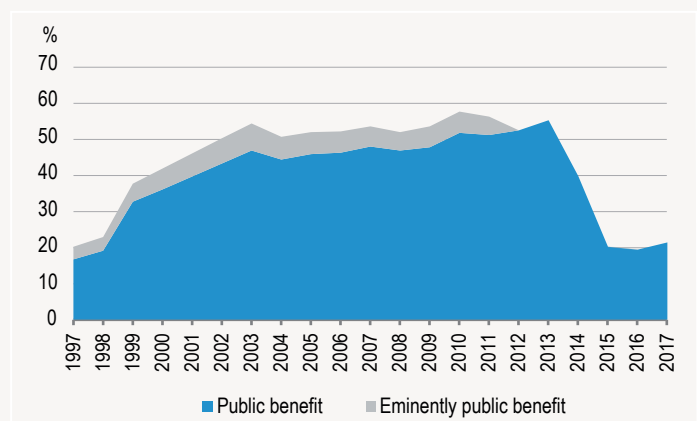
As a result of which, according to data available at the end of 2015, just over one-fifth of registered organisations had public benefit certification against 55% measured in 2013 which was the last year in this system. In 2016, the proportion of these organisations continued to decrease (to 19%), however the tendency stopped in 2017, their share rose by 2.0 percentage points.

³ Act CLVI of 1997 on public benefit organisations.

⁴ TAO supports in the sector were more than HUF 102 billion in 2017.

Figure 4

The proportion of public benefit and eminently public benefit nonprofit organisations within the entire sector

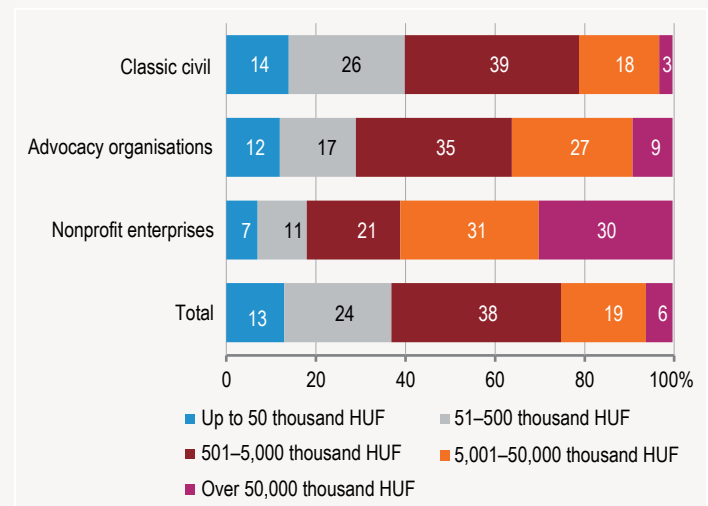


Economic background

In 2017, only 2.2% of the organisations did not carry out any financial activity within the sector. 92.7% of them conducted an overall cash flow, 0.9% of them only recorded revenues and 4.2% of them only expenditures. Total revenues for 2017 were more than HUF 1,924 billion, they increased by 16.3% at current prices and by 13.6% in real terms compared to the previous year. The proportion of organisations with an annual income of below HUF 500 thousand was still significant (37%). Low revenues are still the most common in the case of classical non-governmental organisations.

Figure 5

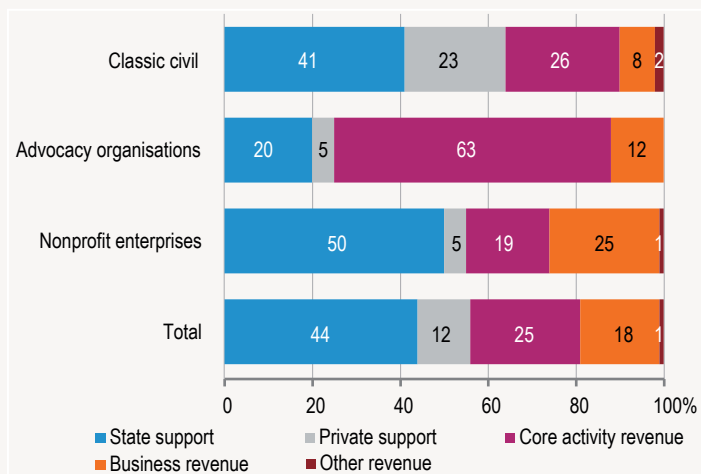
Distribution of nonprofit organisations by revenue size, 2017



The numerous leisure and education organisations had a much smaller proportion in resources than their weight. However, the financial situation of organisations active in economic and community development as well as in environmental protection was much more favourable than the average mainly due to the high proportion of nonprofit business companies. In addition, sport organisations also received almost as much share from the revenues of the sector as their proportion, primarily due to the TAO (corporate income tax) supports.⁴

Figure 6

Distribution of revenues in nonprofit organisations by resources, 2017



The proportion of funds from state subsidies increased significantly compared to 2016. 44% in the revenues of the whole sector came from state or municipal budgets, which was 4.0 percentage points, or as an absolute amount HUF 194 billion more than the previous year's figure. In contrast, the proportion of *own revenues (basic activity, business)* fell to 43%, thus the support index⁵ of the sector increased by 1.0 percentage point to 56% compared to one year earlier.

In 2017, through applications, 16 thousand organisations received from a total of HUF 187 billion reserved for this purpose, which meant a significant increase compared to the previous year (HUF 156 billion).

In the period under review, 10 thousand organisations provided cash or in-kind donations, hardly one-fifth of which went to the population and four-fifths to various organisations. From a subsidy of HUF 237 billion, HUF 207 billion was cash donation.

Human resources

In 2017, the total number of those with employment relationship in the nonprofit sector was 162 thousand. The number of employed people was more than 133 thousand, within which 91 thousand were full-time employees and 42 thousand were part-time and not full-time employees. The joint performance of the sector (together with the 29 thousand public workers) was equal to the work of 133 thousand calculated⁶ full-time employees. The average gross annual salary of the employees in the sector (more than HUF 2.6 million) – similarly to the previous year – was 26% lower than the average gross earnings measured in the national economy.⁷

53% of the employees are women, 70% of them belonged to the age group of 25–54 year-olds and nearly a quarter of them to the 55–64 age group. The highest proportion of employed people, 46% have secondary educational attainment, the remaining proportion can be divided between those having primary or tertiary educational attainment which was about 50% in both groups. The number of pensioners employed in the sector was above 5 thousand persons. At the same time, the number of employees with reduced working capacity (24 thousand people) and with deficiency (4 thousand people) was also significant, the vast majority of them were employed at nonprofit business companies.

⁵ The proportion of all supports (public and private) from the total revenue.

⁶ Calculated number of full-time employees: full-time (main job holder) employees plus the half of the part-time (main job holder) employees, one tenth of non-main job holder employees and the total annual work performance of public workers converted into the number of full-time employees working eight hours per day.

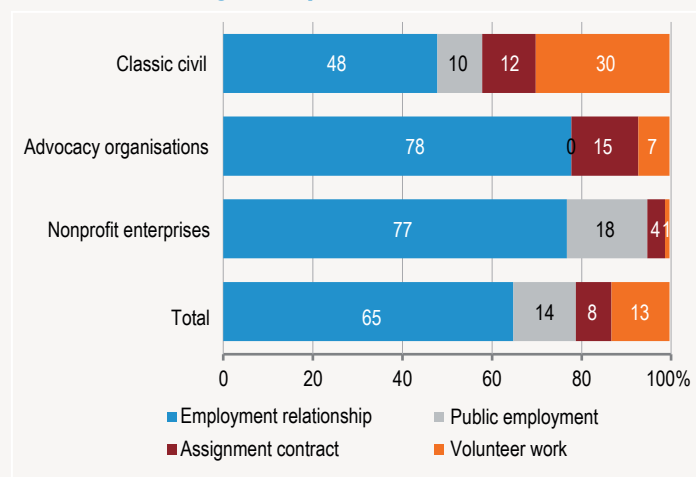
⁷ Source: http://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_qi012b.html

⁸ This calculated value expresses that how many full-time employees are replaced by volunteers in these organisations.

In 2017, the estimated number of volunteers working in the sector was 364 thousand people. The nearly 45 million working hours performed by them were equal to the working time of more than 21 thousand full-time employees,⁸ the estimated value of their work was HUF 56 billion. Residential help is particularly significant for smaller organisations.

Figure 7

Composition of human resources in the nonprofit sector on the basis of working time expenses, 2017



In this sector, 87%, i.e. the majority of the required human resources were ensured by employment relationship and 13% by the involvement of volunteers. Although, the presence of paid workers was dominant for all types of organisations, at the classic NGOs, the proportion of free work, which could be accounted for as time donation, reached 30%.

The weight of the classic civil sector in the overall nonprofit sector

In 2017, the number of organisations that can be classified into the classic civil sector (classic private foundations and associations) was nearly 54 thousand. From this, nearly 19 thousand organisations operated as foundations and about 35 thousand as associations (federations).

Human resources of the classic civil sector differ from the rest of the sector both in volume and form. The number of employees was almost 49 thousand (33 thousand calculated full-time employees) in total for classic civilians. However, the number of those who help as volunteers for foundations and associations accounted for a dominant proportion, this gives 95% of the whole sector, and this was the case for those employed with assignment contract (60%).

The group is under-represented considering its share from the revenues: classic NGOs accounting for 88% of nonprofit organisations could use up only 36% of the amounts received in 2017. Two-thirds of their revenues still come from grants, HUF 284 billion came from the state and a further HUF 165 billion from the private sector. While grants from the state increased by almost HUF 44 billion compared to the previous year, the amount of grants from the private sector practically remained unchanged. In the case of the classic sub-sector largely consisting of associations, the amounts received from membership fees are not negligible (HUF 29 billion). The presence of foundations in turn implies the opposite movement of grant related funds, HUF 124 billion was spent to help individuals and institutions in 2017.

Further data, information (links):
[Tables \(STADAT\)](#)

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