



The most important characteristics of the non-profit sector, 2013

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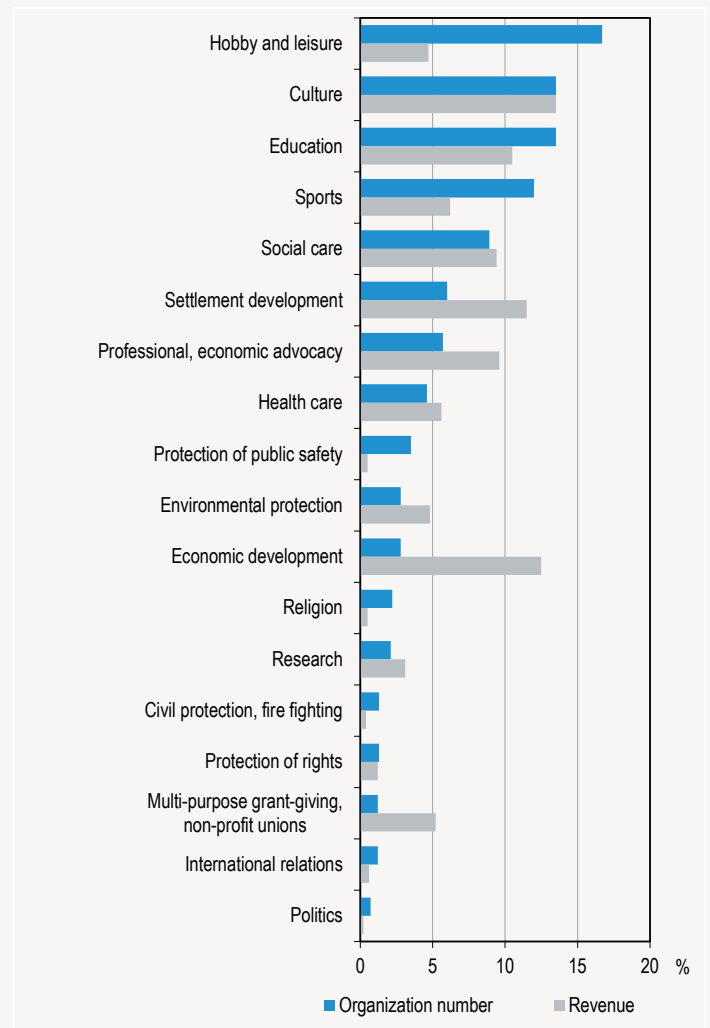
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Number of organizations

In 2013, about 64.5 thousand civil and other non-profit organizations operated in Hungary – it was seven hundred less than a year before – approximately one-third (22.5 thousand) of them operated as foundations and 42 thousand as social non-profit organizations. 62% of foundations continue to be tied to three areas of activity: education (32%), social services (16%) and culture (14%). Among social non-profit organizations, leisure (25%) and sports associations (16%), as well as cultural organizations (13%) still had the highest proportions. The proportion of organizations with public benefit status amounted to 55%.

Figure 2

Number of non-profit organizations and the distribution of their total revenues by activity groups, 2013

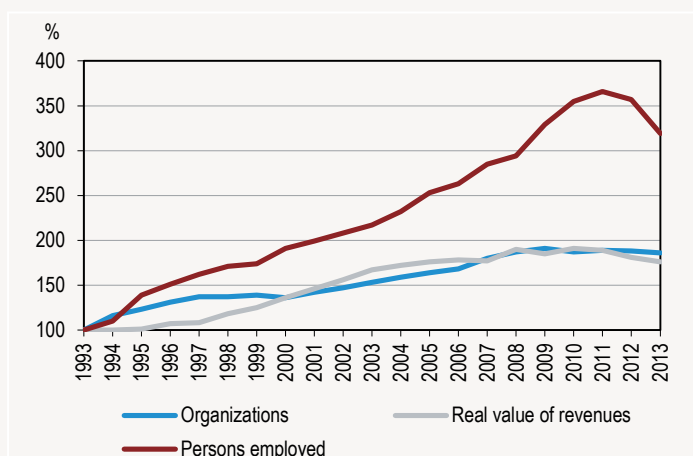


Size and structure

The changes in the size as well as in the economic and social weight of the non-profit sector can be illustrated by three main indicators: the number of organizations, the real value of revenue and the number of employees. Since the 1993 start of the regular statistical monitoring, these values have increased steadily at different rates, and with the exception of a few years. Since 2008, this trend, with the exception of employment, has become very moderate. However, 2012 was the first time that each of these three curves shifted down compared to the previous year, and this decline continued in 2013. Though the decrease in the organization number was not significant, but the real value of revenues fell by 3% and the number of employees decreased by 11%. Nevertheless, this reduction observed at the sector level is only detectable among the service provider non-profit enterprises (a 13% drop in revenues, a 17% decline in employment) without a change in their number.

Figure 1

Changes in the non-profit sector (1993=100%)

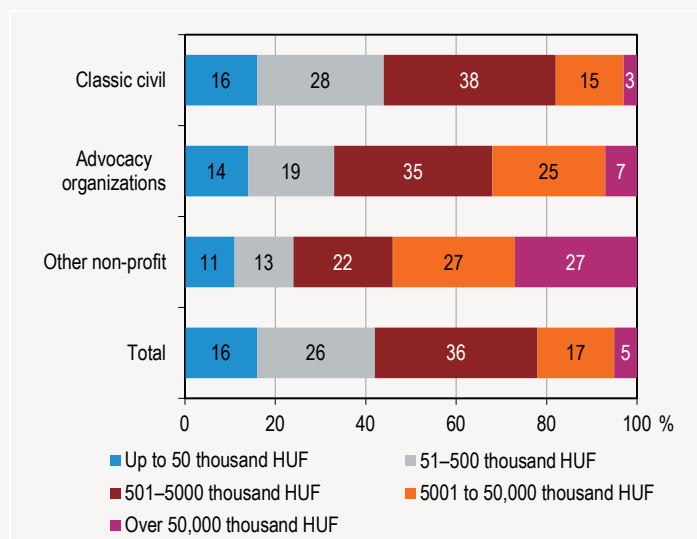


Economic background

91% of organizations had a full cash flow in the reference year, 2% of them had only revenues and 3% had only expenditures. 4% of the organizations did not conducted any financial activities. The amount of revenues was nearly HUF 1,242 billion, this was a 1% decline at current prices and a 3% decrease in real terms compared to 2012. The proportion of organizations with a revenue of less than HUF 500 thousand decreased from 45 to 42%.

Figure 3

The distribution of non-profit organizations by revenue size, 2013



Looking at the distribution of revenues according to settlement types, the reduction in inequality, which could be traced for several years, continued; 56% of the resources were concentrated in the capital city against the 7% share of villages. Within the different activity groups, we observed significant differences also in respect of revenues and the number of organizations. The large number of sports and leisure organizations had a much smaller share in the resources than their weight in the number of organizations, however, the financial position of organizations active in the field of economic and community development was much better than the average.

The proportion of *funding from state aid* continued to decrease. In 2013, 35% of the revenues of the entire sector originated from state or local government budgets, which was a 5 percentage point decline compared to the previous year.¹ Simultaneously, the proportion of *own (basic activity and business) revenues* increased from 40 to 44%, so the 60% support index² of the sector decreased to 56%.

Compared to 2012, the state contribution in the sector decreased by HUF 74 billion, this evolved as the balance of the HUF 87 billion withdrawal of funds related to non-profit enterprises and the HUF 14 billion surplus emerging in the different forms of associations as well as the HUF 1 billion "loss" in the foundation sector.

In 2013, 15 thousand organizations received grant supports of HUF 136 billion in total, that means, in the sector, every ninth forint reached the organizations in this form. Budapest-based organizations won 45% of the grant revenues.

¹ In 2013, revenues deriving from TAO support and first listed as a separate item – which amounted to HUF 34 billion, and represented nearly 3% of the revenues – under the statistical classification are accounted for among the private grants. However, it can be assumed that in previous years, some of the data providers listed this as state funding.

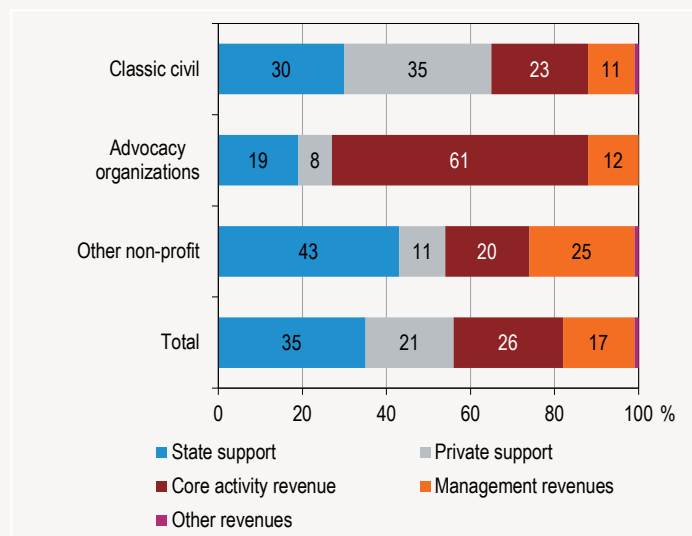
² The proportion of the total (public and private) support in all revenues.

³ Compared to the number of employed persons aged 15–74. Source: Labour Force Survey.

⁴ This calculated value expresses how many full-time employees in main job are replaced by volunteers in the organizations.

Figure 4

Distribution of the revenue of non-profit organizations by sources, 2013



In 2013, nearly 12 thousand organizations provided cash or in-kind donations for the public and various organizations. Three fourths of the HUF 131 billion support coming from the non-profit sector (of which HUF 114 billion was in cash) was received by organizations and one fourth was received by individuals.

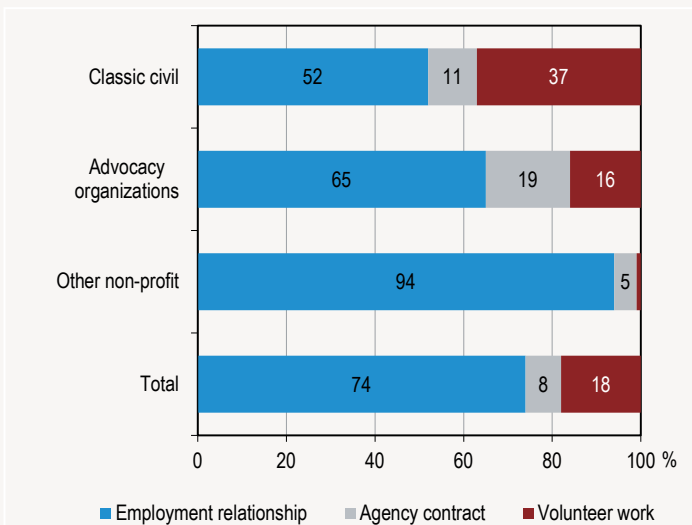
Human resources

Between 2012 and 2013, the number of those employed in the non-profit sector decreased by 10%; in 2013 the total number exceeded 130 thousand. This value amounted to more than 3% of those employed³ in the national economy. Within this, the number of full-time workers in main job was 83.5 thousand, beside them 46.9 thousand employees worked part-time or in non full employment. So the joint performance of the sector corresponded to the work of 104 thousand calculated full-time employees. Non-profit companies accounted for 64% of the calculated full-time employees, while associations or foundations accounted for the rest. Non-profit organizations active in the capital city and the county seats provided employment opportunities for about two-thirds of the paid staff, one quarter of them worked in small-town organizations and only 7% of them worked in village organizations. The average gross annual salary of nearly HUF 2.25 million measured in the sector was 19% below the average gross earnings measured in the national economy.

In 2013, the estimated number of *volunteers* active in the sector was 490 thousand. The 51 million hours performed by them corresponded to⁴ the working time of more than 24.5 thousand full-time employees; the estimated value of their work was HUF 55 billion. The role of residential volunteers was particularly significant in smaller organizations. The value of volunteer work in the category of revenues below HUF 50 thousand exceeded fifteen times the cash income, but in case of organizations managing an amount of between HUF 51 and 500 thousand it was also twice as high.

Figure 5

Composition of human resources in the non-profit sector based on work-time expenses, 2013



In the sector, three-quarters of the necessary human resources were ensured by employment and nearly one-fifth of them by the involvement of volunteers. Although in case of all types of organizations paid workers predominated, at the classic NGOs the share of free work that can be booked as time donation reached 37%.

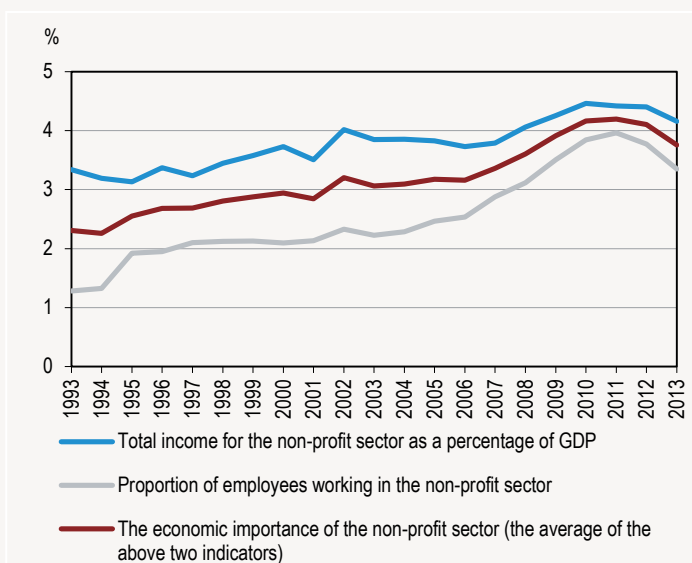
The weight of the non-profit sector in the national economy

Many data are available on the non-profit sector's role in the national economy, its direct and indirect participation in public services, its contribution to the gross domestic product and its employment potential.

Between 1993 and 2011, the total revenue to GDP ratio of non-profit organizations increased modestly, by just one-third, but still did not reach 5%. A much more dynamic development evolved in employment: the labour market share of the sector increased nearly threefold. Since during this period the total number of employees was virtually unchanged in the country; this expansion was realized in absolute terms as well. This positive trend was broken in 2012, and there was a further decline in 2013.

Figure 6

The weight of the non-profit sector in the national economy (1993=100%)



There is a close relationship between income and employment, so these are not two independent variables. If we take the average of the two indicators, and this is considered as the weight of the sector in the national economy, it can be stated that this weight ratio has steadily increased – almost doubled and exceeded 4% during 2010–2012 – however, it decreased in 2013. This is due to changes occurred in the provision of public services, which, within the sector, had a significant impact on the non-profit companies.

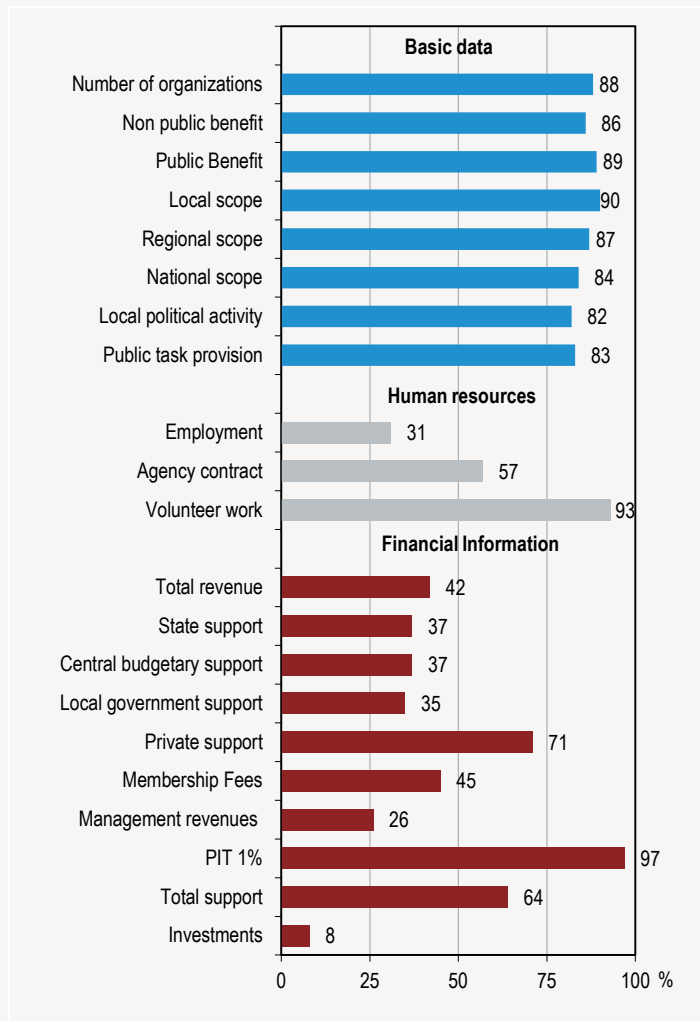
The weight of the classic civil sector within the entire nonprofit sector

In 2013, 88% of organizations in the entire non-profit sector could be classified into the *classical civil sector*. Their proportion by public benefit status was equal to the sector average. The same can not be said about their scope, compared to the distribution observed in the entire sector, among foundations and associations, the local scope was somewhat more frequent and the national less frequent.

Their human resources were different from the rest of the sector both in volume and form. In 2013, only 31% of the paid labour force worked in private foundations, associations, however, 93% of the quantifiable performance of volunteers was realized here.

Figure 7

Key performance indicators on weight within the sector of classic NGOs, 2013*



* The percentages show that from the total value of the different indicators (the non-profit sector as a whole is 100%) what portion is represented by the classic NGOs.

Their share from revenues is underrepresented; in 2013 88% of non-governmental organizations had only 42% of the sum obtained. In addition, in the classic civil sector, the composition of supports was significantly different from the sector average, state funds contributed only 30% of revenues (35% of the value measured in the whole sector), in contrast, on average, more than one third of their budget was ensured from private funding, while it was one-fifth in case of the entire sector. In other words: the state gave 30% and the private sector 70% of their total support to the civil society. All of this, of course, was also reflected in the volume of revenues and grants arriving in the subsector.

Within the state support, the two subsystems of the government participated with different intensity in the financing of the classic organizations. Considering the amount, the central budget allocated about five times more HUF to the non-profit sector than local governments, in case of civilians this ratio was slightly, five and a half times higher in 2013. Thus from the grants arriving to the entire sector, civil society beneficiaries received 37% of the first source and 35% of the latter sources.

In respect of the classic subsector, which is largely composed of associations, it is not surprising that the role of the membership fees was higher than average among the sources of income, and the amounts coming from the 1% of the personal income tax receipts showed an outstanding civic participation (97%) in 2013 as well, since the latter possibility was primarily created to support these organizations. The relatively modest share of the non-core activities related management and business revenues is no surprise, as these - also because of legal requirements - can only be complementary in creating the financial resources of the classic civil action.

However, the willingness to grant aid, which was seemingly low compared to the organization number, was still high above the average of the entire sector, if we compare this 64% share to their 42% revenue share.

The limitations of the institutionalization of the civil sector and the scarcity of their financial resources are shown by their negligible share in investments, which has been unchanged since years.

Further information, data (links):

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