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*on the National Civil Fund Program\**

The Parliament recognises the necessity of ensuring the operating conditions of civil organisations and foundations by state guaranties. For the interest of ensuring that the financial sources of civil organisations are transparent, are built on budget automatics and are independent from politics, it establishes a National Civil Fund Program. The objective of the National Civil Fund Program is to strengthen the civil society, to help civil organisations to play part in a society, to promote the partnership and workshare between government and civil society for the sake of a more effective fulfilment of state and local tasks. To achieve the aims set and to promote the self-organisation of civil society, the Parliament adopts the following act.

**The objective of the Fund program**

1. § (1) The National Civil Fund Program (hereinafter: Fund Program) provides national budgetary resources for the activities and operation of civil organisations registered by the court in Hungary.

(2) The Fund Program provides payments for the following purposes:

- a) *supporting operational expenses of civil organisations;*
- b) *supporting public activity of civil organisations;*
- c) *supporting anniversaries, festivals, domestic and foreign events involving civil organisations;*
- d) *ensuring presence of the Hungarian civil organisations in international civil relations, supporting participation in domestic and foreign events, festivals;* ensuring financial support for international membership fees, support programs promoting European integration;
- e) *supporting scientific research related to the civil sector, supporting monitoring activities and administrative tasks;*
- f) *supporting educational-, service-, advising-, developing and assisting activities and institutions related to the civil sector;*
- g) *supporting presentation materials introducing the a civil sector, supporting electronic and written professional media;*
- h) *supporting civil organisations to raise their own share for tenders;*
- i) *supporting grant of organisations based on of the Fund Program Council's and the Colleges decisions determined by unified principles ensuring source-automatism;*
- j) *covering the expenses related to the operation and administration of the Fund Program;*
- k) *supporting civil brotherhood activities.*

(3) Determined by the Council annually, certain shares -but at least 60 percent- of the sources available for the Fund shall be spent to operational expenses according to Clause (2) point a).

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<sup>1</sup> The Act was adopted by the Parliament on its sitting of June 23, 2003.

## **The financial source of the Fund Program**

2. § (1) The realisation of the objectives of the Fund Program is served by the section of the central budget in the Prime Minister's Office source titled as National Civil Fund Program; over which the member of the Government assigned by this task (hereinafter: minister) disposes.

(2) Sources of the Fund Program:

- a) 1 percent of the personal income tax of the previous budgetary year, reduced by the ratio of the personal income tax actually paid to the beneficiaries indicated by the tax-payers, as defined in Paragraph 4 of the Act CXXVI/1996. The supporting amount transferred to the Fund Program can not be less than 0,5 percent of the personal income tax actually paid by private persons in the previous budgetary year.
- b) voluntary contributions and donations of legal persons, other organisations without legal personality, as well as natural persons;
- c) budgetary supports;
- d) other revenues determined by the law.

(3) Time-proportional share of the resource defined in Clause (2) point a) is provided for the Fund Program by the Hungarian Treasury quarterly, before the day 20 of the first month following the quarter. The Hungarian Treasury provides for the first and second quarterly the time-proportional share of the resource of 1 percent of the personal income tax of the previous budgetary year, reduced by the ratio of the personal income tax actually paid to the beneficiaries indicated by the tax-payers, as defined in Paragraph 4 of the Act CXXVI/1996. As source for the third quarterly the time-proportional share of the amount determined in Clause (2) point a) shall be provided, corrected by the difference between the source for the first and second quarter and of Clause (2) point a) time-proportionate amount. For the fourth quarter the time-proportionate amount determined in Clause (2) point a) shall be provided.

(4) Voluntary contributions and donations of legal persons, other organisations without legal personality as well as natural persons will be assumed as obligations for purposes of public interest. The acceptance of payments that are for determined purposes or are tied to conditions will be discussed by the Council of the Fund Program.

## **The beneficiary**

3. § (1) Support can be given to the following civil organisations:

- a) those social organisations (except for political parties, employer and employee brotherhoods, insurance institutions and churches), which are registered by the court at least one year prior the first day of the year, when the tender was announced or the fulfilment of supporting conditions determined by unified principles were determined, and which actually carry out activities according to their foundation charter;
- b) those foundations (not including public endowment), registered by the court at least one year prior the first day of the year, when the tender was announced or the fulfilment of

supporting conditions determined by unified principles were determined, and which actually carry out activities according to their foundation charter;

(2) Except purposes determined in Paragraph 1, Clause (2) points a) and j) from the Fund Program payments can only be made to civil organisations achieved legally binding the status of public utility according to Act CLVI/1997 on the organisations of public utility.

(3) Civil organisations are not entitled to the subsidy for expenses of the Fund Program which in the given budgetary year directly receive -on the basis of the Budget Act- subsidies for their expenses.

(4) Civil organisations are not entitled to the subsidy of the Fund Program which carry out direct political activity according to Paragraph 26., point d) of Act CLVI/1997 on the organisations of public utility.

### **The organisation of the Fund Program**

**4. §** (1) *The Council is the principal governing body of the Fund Program. Within the frame of the present Act, it determines the basic regulations of the functioning of the Fund Program, the regulation guidelines of the subsidies provided from the Fund Program, the maximum decree of subsidies to be given for a civil organisation in a budgetary year; the rate at which subsidies will be divided among Colleges and performs other tasks determined by the present Act.*

(2) The Council consists of seventeen members; of which two members are delegated by the relevant Committee of the Parliament (hereinafter: Committee) and appointed by the minister; three members are delegated by the minister at his discretion and appointed by the minister. Twelve members of the Council are elected by the national civil representation system determined by Paragraphs 12-13 of the present Act. The chairman of the Council is asked among the members of the Council by the minister with the agreement of the Committee based on the recommendation of the Council.

(3) The Council shall commence its operation following the delegation and appointment of all of its members. The first session of the Council shall be called upon by the minister.

(4) The lawfully assembled Council is only capable of making a decision if more than half of its members are involved in the voting. All the members of the Council have one vote each. The Council shall adopt its resolutions by the agreement of more than half of its members.

(5) The rules of procedure determines the functioning of the Council. The wording of these rules will be drawn up by the mutual consent of the Chairman of the Council and the minister. The Council adopts its rules of procedures and its modifications by at least 2/3<sup>rd</sup> of the members voting "yes"

(6) The Chairman of the Council and any member may raise an objection to the minister within 30 days from adopting a resolution. The minister shall decide on the question of the objection within 30 days. In case the minister establishes that there is an infringement of law or the rules of procedure were not applied, he shall rule in a reasoned decision that the

resolution is inoperative. In such cases the Council is obliged to adopt a new resolution within 30 days.

**5 § (1)** The Colleges are the operative decision-making bodies of the Fund Program which are organised by regional and professional considerations. *The Colleges decide on the normative based subsidies, publications and judgement of scholarships based on the supporting principles, methods and rates determined by the Council.*

(2) The Colleges consist of at least 5 but not more than 11 members. The Colleges are established by the minister with the agreement of the Council. The question on the number of members of the Colleges and on which electoral party shall be present at electing the civil delegates of the Colleges in accordance of Paragraph 12. Section (6) of the present Act is decided by the minister based on the recommendation of the Council. One member of the College is delegated by the minister at his discretion, the other members are elected by a method determined in Paragraphs 12-13 of the present Act. The leaders of the Colleges are appointed by the minister, based on the recommendation of the College and the agreement of the Council.

(3) The Colleges are capable of making decisions if at least half of the members are present. *All members of the Colleges have one vote each.* The Colleges shall make its decisions by at least a simple majority. In case of a tie votes the vote of the leader decides.

(4) *There are rules of procedure determining the functioning of the College within the boundaries of the provisions of law and the decrees of the Council. The wording of these rules will be drawn up by the mutual consent of the leader of the College and the Chairman of the Council. A 2/3rd majority of the College is necessary to accept the rules of procedures and its modifications.*

(5) The Chairman or any member of the Council, or any leader or member of the Colleges may raise an objection against the resolution of the College to the Council within 30 days. The Council shall decide on the question of the objection within 30 days. In case the Council establishes that there is an infringement of law or the rules of procedure were not applied, it shall rule in a reasoned decision that the resolution is inoperative. In such cases the College is obliged to adopt a new resolution within 30 days.

**6. § (1)** *The members of the Council and the College -within 15 days following their appointment- will be commissioned by the minister. The assignment of a member of the Council or the College lasts for three years. After termination of the mandate the member of the Council or of the Colleges can be re-delegated one more time.*

(2) *The members of the Council and of the College (including the Chairman of the Council and the leader of the College) receive an amount determined annually by the minister for their activities. The minimum amount of the monthly payment is the minimum wage determined by law, while the maximum amount of the monthly payment is three times the minimum wage. Apart from the monthly payment, the members and chairman of the Council and the Colleges can be reimbursed for their justified travel expenses in relation to the activity of the Fund Program. No other expenses can be claimed for.*

(3) Civil servants appointed by the minister as members of the Council or the Colleges are not entitled to a payment determined in Section (2) above. Civil servants of the Council and

the Colleges are entitled to be reimbursed for their justified travel expenses in relation to the activity of the Fund Program.

**7§ (1)** *The member of the Council or his/her close relative cannot be a member of the College.*

*(2) The member of the College cannot participate in decision-making if he/she or his/her close relative is an official or was within 3 years an official in the civil organisation supported, or if the member or a close relative or a civil organisation represented by the member would financially profit as a result of the decision.*

*(3) Individuals, who had within 5 years prior to appointment fulfilled executive position in a civil organisation, the operation of which has been terminated, and accumulated public debts during the last two years before its termination and did not pay those debts although there is definitive judgement, may not become members of the Council or the professional Colleges, unless his/her mandate for executive position was especially for the sake of managing the financial situation of the organisation.*

*(4) Incompatibility related to Chairman of the Council should be directed towards the minister, while incompatibility related to the leader of the College should be directed towards the Chairman of the Council.*

*(5) In case of incompatibility, the minister or the Chairman of the Council will ask the member to cease incompatibility within a given period. Until incompatibility ceases the member may not exercise his/her voting rights within the organisation. In case of a dispute concerning the question of incompatibility -by the request of the concerned member of the Council or the Colleges- the minister makes a decision.*

*(6) If a member fails to report his/her incompatibility, he/she becomes unworthy of membership of the Council or the College. Those decisions that are directly concerned by the case of incompatibility and were made by the supportive vote of the incompatible member are all invalid. The statement of invalidity cannot cause the injury of gained and exercised rights of the civil organisation.*

*(7) If the concerned member does not cease incompatibility within the given time period, his/her mandates terminates on the day following the deadline.*

*(8) If the member of the Council or College did not participate in more than half of the meetings calculated in an annual average, the Chairman of the Council or the leader of the College may initiate the withdrawal of the assignment with the minister. If the chairman of the Council or the leader of the College did not participate in more than half of the meetings calculated in an annual average, the members of the Council or the College may initiate the withdrawal of the assignment with the minister. If such initiatives are found well-grounded, the minister may withdraw the assignment of the member, chairman or leader of the Council or the College.*

**8. § (1)** *The assignment of the member of the Council or the College terminates:*

- a) with the termination of its mandate
- b) in case the member did not cease incompatibility within the set deadline
- c) in case of becoming unworthy
- d) withdrawing assignment in accordance with this Act
- e) *with the resignation of the assignment*
- f) *when the member dies.*

(2) Apart from cases determined in Section (1), the mandate of the member of the Colleges terminates with the cessation of College.

(3) The assignment of individuals appointed by the Committee will be withdrawn by the minister whose decision is based on the decision of the Committee.

(4) The members of the Council or College may resign in a written format and directed to the minister.

(5) In case of a mandate terminates in a way described in Section (1), the minister is obliged to fill the position according to the procedures set in the present Act. In cases of members that are to be delegated by the minister, the appointment shall be carried out within 15 days following the decision of terminating the mandate or 15 days following being informed about termination. In cases of members of civil representation the minister shall commence the procedure described in Paragraphs 12-13 of the present Act within 15 days following the decision of terminating the mandate or 15 days following being informed about termination.

**(9) § (1)** *The meetings of the Council and the Colleges are open to the public.* The place, date and agenda of the meetings shall be disclosed on a homepage described in Section (2) at the same time as sending the invitations. *On the motion of the Chairman of the Council or the leader of the College, the Council or the College with a 2/3<sup>rd</sup> majority may decide on a secret session if the protection of personal rights, of data or if fair competition related to tenders should be ensured.* Even in this case the announcement of the resolution shall be public as well.

*(2) Publicity of the functioning of the Fund Program is ensured by a separate homepage. The decisions of the Council and the College are to be made public on this homepage within 30 days after adoption. On the homepage the following should be accessible: laws in connection with the functioning of the Fund Program, all resolutions concerning the operation of the Fund Program and the managing bodies and the members' names (of the Council and the Colleges). The Chairman of the Council and the leader of the Colleges ensure the disclosure of such information.*

(3) Announcements shall be disclosed on the homepage described in Section (2) and at least two national newspapers and in a civil professional press.

*(4) The Government Assign as often as necessary but at least by the 31<sup>st</sup> of March each year shall report to the minister on the previous year activities and operation of the Fund Program and the experiences of application of the present Act.*

(5) The minister by the 31<sup>st</sup> of June each year shall report to the Committee on the previous year activities and operation of the Fund Program and the experiences of application of the

present Act, further it examines the necessity of modifications of the present Act. The Committee shall send the minutes of the ministerial hearing to the Chairman of the Council within 30 days, and the Chairman ensures the disclosure of the minutes in accordance of Section (2) within 30 days.

**10.§** At least 80 percent of the subsidies can be won through public tenders, and the remaining part shall be won by supporting decisions determined by unified principles.

**11.§ (1)** *Subsidies within the Fund Program may be granted as refundable, partly refundable and non-refundable subsidies* what the resolution establishing the subsidy shall regulate.

(2) *The refund obligation as described in Section (2) is considered as public debt to be collected, as regulated by the Act on the order of taxation.*

(3) The part of the subsidy which the beneficiary used not in accordance with the concerning subsidy contract shall be collected as public debt.

(4) On the further use of the refunded amount described in the present Paragraph the College, which originally decided on the subsidy is entitled to make a decision.

### **The civil representation system**

**12.§ (1)** Through the civil representation system the national civil organisations shall elect five members of the Council in a way to elect one-one member from civil organisations in the area of:

- a) health-conservation, illness prevention, recovery, health rehabilitation activity, social activity, family-assistance, tending, assistance of the socially disadvantaged;
- b) cultural activities, educational, pedagogical activities, activities concerning Hungarian national and ethnical minority, activities related to Hungarians outside Hungary;
- c) nature protection, animal protection, environmental protection and cultural heritage protection;
- d) child and youth representation, protection, sport, leisure-time;
- e) *the protection of public order and safety, voluntary fire-fighting, rescuing, prevention of catastrophies, protection of human and constitutional rights, consumer protection, improvement of Euro-atlantic integration, services, support and donations for the non-profit civil sector, other non-profit activities.*

(2) One-one member of the Council per regions shall be elected through the civil representation system.

(3) The number and constitution of each College shall be determined by the minister in accordance with the rules determined in Paragraph 5 Section (2) of the present Act. The civil delegated members of the Colleges shall be elected through the civil representation system.

(4) Those regional or national civil organisations can send electors to the civil representation system, which indicate their intention to participate in the system in accordance with the concerned announcement of the minister. The deadline for application cannot be shorter than 30 days. Each regional civil organisation can send one elector in its operational territory. Each national civil organisation can send one elector at the national civil organisations



assembly only. In the application is shall be indicated that in which electoral assembly shall the concerned civil organisation send an elector.

(5) All civil organisations applied in accordance with Section (4) above can delegate one elector, and in one electoral procedure every person can enact on behalf of only one organisation.

(6) The electoral assembly of the national civil organisations and the regional electoral assemblies shall be called upon by the minister. The place, date and method of mandatum-calculation shall be disclosed in a public announcement.

**13. § (1)** The members of the Council and of the Colleges to be elected by the civil representation system shall be elected by a small-list method, described in the present Act.

(2) The names of all of those candidates who won 10 percent of the votes of the electors present in an open vote are indicated in the voting-paper.

(3) The electors can only vote for as many candidates in the voting-paper, as many members shall be elected in the concerned procedure.

(4) The members of the Council and of the Colleges shall be those candidates, who obtained the most votes. In case of tie votes, it shall be decided by lot, who receives the mandate.

### **Interpreting provisions**

**14. §** For the purpose of this Act:

- a) *civil delegate*: should be understood as the member of the Council or the Colleges who was elected by the civil organisations in a civil representation system in accordance with Paragraphs 12-13 of the present Act;
- b) *civil organisation*: should be understood as an organisation with a legal personality established by Act II/1989 of associations, society (except for political parties, employer and employee brotherhoods, insurance associations and the church) foundations with legal personality (not including public endowments) established in accordance with Act IV/1959 of the Civil Code;
- c) *close relative*: should be understood as wife or husband, direct descendents, adopted-, step- or foster child, adoptive-, step- or foster parent, sister or brother, partner in life;
- d) *assumption of obligations for purposes of public interest*: should be understood as determined in Paragraphs 593-596, Act IV/1959 of the Civil Code;
- e) *public utility*: should be understood as determined in Act CLVI/1997 on organisations of public utility;
- f) *national civil organisation*: should be understood as a civil organisation which in accordance with the regulation executing this Act justifies that it carries out the activities determined in its constitution at least in seven counties;

- g) *region: should be understood as determined in Clause e), Paragraph 5 of Act XXI/1996 on regional development: planning-statistical region as determined in Clause ea) Paragraph 5 of OGY decision 35/1998 on the National Regional Development Concept;*
- h) *regional civil organisation: should be understood as a civil organisation which in accordance with the regulation executing this Act justifies that it carries out the activities determined in its constitution at least in one county.*

### **Closing provisions**

*15. § (1) This Act becomes effective on the 15<sup>th</sup> day as of its announcement. Point a) of Section 2 of Paragraph 2 shall come into effect on the 1<sup>st</sup> of January, 2004.*

*(2) After the coming into effect of the present Act, the mandate of the members of the first Council and the first Colleges established in the agreement of the Council lasts for 2 years.*

*(3) The Parliament entitles the Government to regulate the detailed rules of operation of the civil representation system, the administering and utilising the Fund Program, the order of controlling and reporting in a Decree.*

*Dr. Ferenc MádI  
President of the Republic of Hungary*

*dr. Katalin Szili  
President of the Hungarian Parliament*