

THE NATURE OF HUNGARIAN SPORT ASSOCIATIONS AFTER THE CHANGE OF THE POLITICAL SYSTEM

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INTRODUCTION

After the collapse of the communist regime in Hungary – similarly to other post-communist countries in the Middle-European region – the economic decline became severely obvious. Economists even argued, that the level of Hungarian economy fell back to the state of the early 1970s. Under these circumstances it seemed to be an inevitable process that certain fields of Hungarian society, – such as education and sport – were neglected, and the state was partly withdrawing from financing them¹. As an outcome of the recent economic conditions, sport, an important and organic part of Hungarian society, has found itself in an odd situation. Sport is one of the most expensive fields of social life and the state spends a lot of money especially on maintaining sport facilities and supporting elite sports. Nevertheless, sport, in Hungary, has recently been experiencing a low social status². This weak position of sport comes from the fact that, for instance, culture and education have a higher prestige in society, and somehow, for sport, it is hard to regain its previous social acceptance. Unfortunately, some rare, but relevant negative aspects of sport – such as hooliganism and violence in stadium – also deteriorate the image of this field.

We often emphasise, that sport is done mainly in the sport associations, which are part of the non-profit sector. These associations provide space for sport activities, the development of these organisations is a key point for the development of the Hungarian sport. Hearing the word “sports club” most people in Hungary think of those big, old and traditional sport clubs, which are the workshops of the most successful sports, where the most known and successful sportsmen are training. The number of these big clubs are not more than 40-50, while – under statistical data – there are about 6.000 sport associations in Hungary today. There are not much information on the circumstances and characteristics of these clubs.

In Hungarian sport today one of the most important role players are the local municipalities. Their significance can be compared to the role of the central government before the political changes. In providing financial sources, legal background and the maintenance of the local sport facilities they are the most important partners of both the central government and the local sport clubs³. Examining the sport policy of the local municipalities is unavoidable when carrying out a research on sport clubs.

The paper consists of the most important results of a survey, which was carried out with questionnaires and in-depth interviews, with the participation of 253 different sport associations (NGOs) and near 150 local municipalities. This article is about the structure of the Hungarian sport sphere, the main changes after the change of the political system, types of the currently existing sport NGOs, and the main characteristics of the currently existing sport clubs.

THE GENERAL SITUATION OF HUNGARIAN SPORT BEFORE AND AFTER 1989

The role of the central government

First of all, there is an important question to ask: how much the state (central budget and local municipalities) should influence sport, and through which channels should they finance sport? This question was first raised after the emergence of modern sport systems in nation-states, and each country has provided us with a different answer. In Hungary, after the birth of the first sport associations in the late 1800s, the central co-ordination and financial support to sport on national level became obvious in the first years of the 20th century⁴. (The first governmental body of sport, the National Sports Office, was established in 1913). Since this period, sport in Hungary always had a strong governmental office, which was not only the administrative and executive body. But it was always the ideological centre of Hungarian sport, giving guidelines and directives to the sport sphere – more in the socialist system, less afterwards.

Hence, one may argue that it is a common principle that on the first place the state should create appropriate circumstances, for instance, providing citizens with access to sports – both on the elite and leisure levels. On the first place it means, that the state should be responsible for building and maintaining sport facilities, and developing conceptions for having sufficient and well-distributed facilities in the country. This job is partly done by the central budget, partly by the local municipalities. Usually both sources take part in financing the construction of sport facilities – while the maintenance and operation is mostly taken over by the municipalities, or the sport clubs themselves⁵.

In the socialist system, sport was completely dominated by the government. Actually, compared to other fields of society, sport, being a neutral field of society, could keep its relatively independent status⁶. Although the existence of sport associations (clubs, Olympic Committee) was permitted legally, the foundation of new ones and their operation was strictly controlled by the state. It was the consequence of the paranoid way of thinking, the “three men already form a group”, that the state was really afraid of. A very well known example shows how the state control worked: in 1984, as it is, Hungary did not participate at the Olympic Games in Los Angeles. The decision was formally made by the assembly of the Hungarian Olympic Committee, but of course they had no other choice as the order came from the political leaders of Hungary.

The government's general sport policy was different on paper and in reality. On paper they declared the equality of sport for all and top sport. In reality the top sport was clearly distinguished: the sport successes were important elements of the political propaganda⁷. Therefore the financial sources went mostly to top sport clubs, athletes, coaches, while only few and not really effective sport for all movements were organized centrally.

After the collapse of the communist regime in 1989, the state partly withdrew from financing sport. It created a very hard situation for the role played of sport. It took more than a decade for the government to define its role under the new circumstances, and its participation was also strongly dependent on the actual financial capacities. Today it is more or less clear: the government should be responsible for building sport facilities, finance talent development programs, national teams and the work of sport federations, finance the activities within the Olympic movement, promote sport participation through programs and support the sport for the disabled and other disadvantageous groups in the society. Beside that, mainly financial tasks of the government, the most important responsibility is to create legal framework for sport and represent the advantages of sport in the governmental programs.

All the rest (programs, sport activities, organising sport events etc.) is mainly the responsibility of the civil sector, the government should only be a partner in their realisation.

State companies

Under the communist regime the government financed sport through two fundamental channels: directly from the central budget, and indirectly through state-owned companies⁸. These companies were heavy industrial, transport or other industrial companies. Among others, mines, metallurgic companies, the Hungarian railway company had sport clubs, as well as some ministries in case of sport clubs in Budapest. They were forced by the government to finance the operation of their sport clubs, maintain the sport facilities and employ the sportsmen and their coaches. It was only a "quasi" employment: on paper some sportsmen were coal miner, others were workers in the factory, while in reality they were full time sport employees, therefore professional sportsmen. Full time coaches had the similar status.

After 1989 many of these state companies were over – such as mines and heavy industrial companies –, others were privatized and their operation was rationalized. It meant, that sport clubs, which were supported by them, also disappeared, or found themselves in a very difficult financial situation. The privatized companies either stopped supporting the clubs or they kept them with a decreased financial support. In some cases it led to the complete termination of a sport club, in other cases the sport activity of the surviving sport club decreased drastically.

The worst consequence of the privatisation was the loss of sport facilities: most of them were sold or terminated. The ownership conditions of those facilities in 1989 were very unclear. A regulation, which protected sport facilities, was ratified only in 1992, when many of them were already lost. The final clearance of the protected status of sport facilities was declared in the sport law in 1996.

Today, the role of private sector in terms of financing sport is still not well-defined in Hungary. The sponsoring institution mostly works in the case of large events, popular sports, such as football and some other ball games, which generally attract a large audience and, thus, possess high commercial value. However, the private companies are about to realise that they have responsibilities towards those fields of society from which they cannot gain high surplus, perhaps, gain prestige. It is particularly so with some local enterprises having some 'healthy patriotism', and which are willing to sponsor local sport clubs.

Companies have also realized that it is important for them to provide their employees with the possibility of doing physical activity. Many of them only distribute tickets to enter fitness clubs free – others support their own company sport clubs, where the employees can practice different sport activities together. This latter should be more promoted, since it can increase groups cohesion, which can be beneficial for companies, as it can contribute to higher profit. For instance in Hungary, Tungsram, an electronics company, sponsored elite sports and possessed valuable facilities. When General Electrics annexed this company, they decided to provide their employees with facilities for leisure activities, instead of perpetuating elite sports.

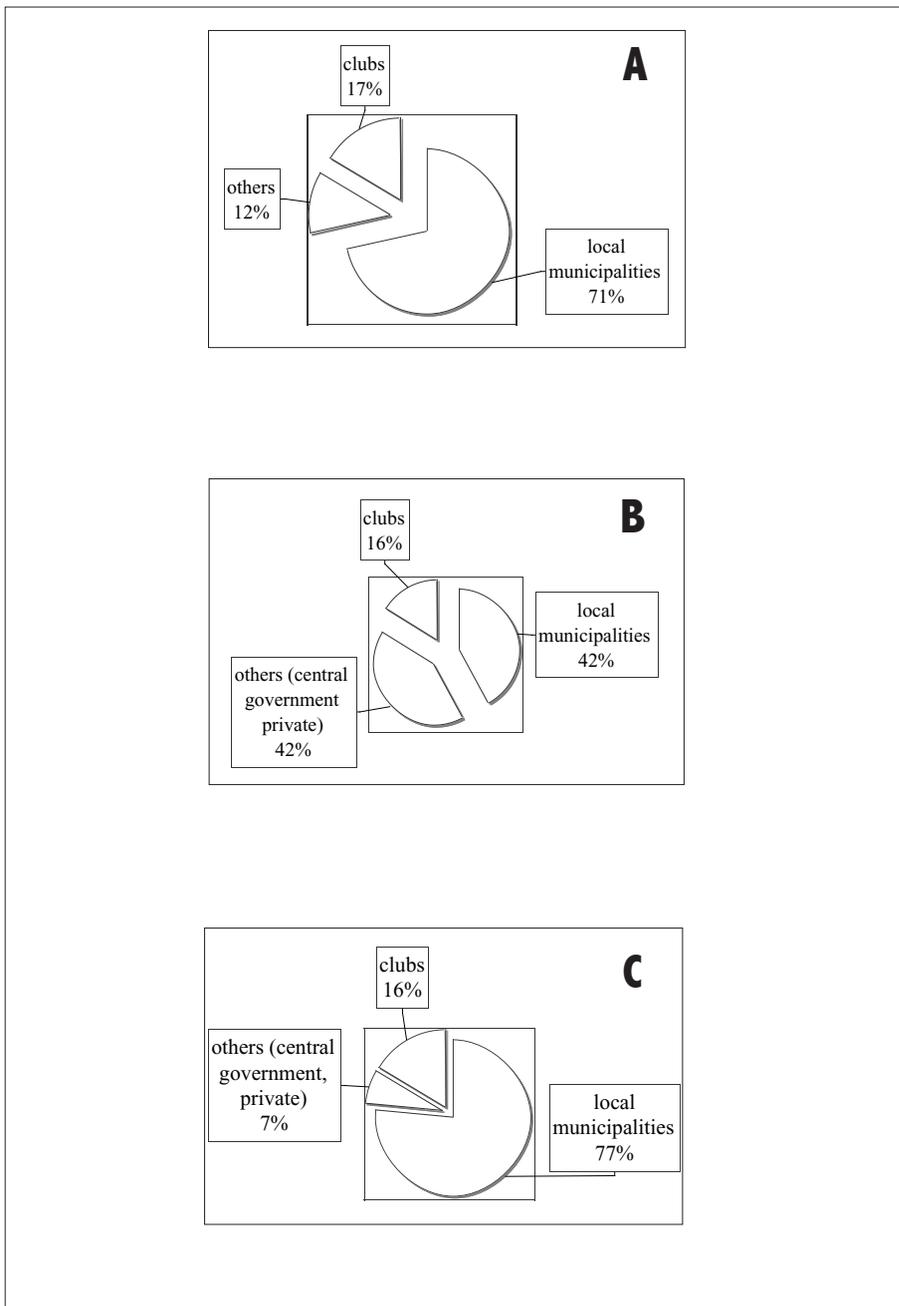
Therefore, it can be argued that a very important task of the state should be of supporting those companies indirectly (e.g. by tax allowances), which are willing to invest a given sum of money into sport. In Hungary, the sport lobby is still not developed enough for achieving these goals in the Ministry of Finance. Hopefully, at a certain stage of the process of economic growth, it will become more mature.

Sport facilities

As it is mentioned above, the greatest loss of the unorganized change in the sport sphere was the drastic decrease in the number of sport facilities. These sport clubs, that were supported by the terminated companies, also disappeared, and sport facilities were sold or terminated. Thus, the operation of the remaining facilities was mainly taken over by local municipalities. Only a few sport clubs could manage to become owners of their sport facilities. The situation was different in Budapest. The big sport clubs (e.g. Ferencváros, Újpest, Vasas) belonged to either companies or ministries. (Since they produced most of the Hungarian elite sport successes, they were also distinguished financially). These ministries (Agricultural, Defence, Industrial, and Ministry of Interior) continued financing some of the big sport facilities (or even the clubs). Since 2000, all of these facilities went to a common holding company, which is entirely owned by the Hungarian government. Today there is a tendency to give these facilities to sport clubs for a symbolic amount to operate them for 50 years. It will be very interesting to see how they can use the opportunity: if the clubs are ready to make a profit by successfully running them.

Such example exist only rarely: in Hungary nearly 71% of the sport facilities are owned by the local governments. This ratio is different in the districts of Budapest is only 43% (the capital, Budapest also owns only 3-4 big sport facilities). The ratio of the facilities owned by sport clubs is the same as the country average – 15-20%. Therefore, the municipalities of the districts of Budapest play a less significant role in financing sport than other cities do in the countryside.

Figure 1 – A, B, C
The ownership of sport facilities in total,
in Budapest and in the 22 biggest cities in Hungary (Budapest not included)



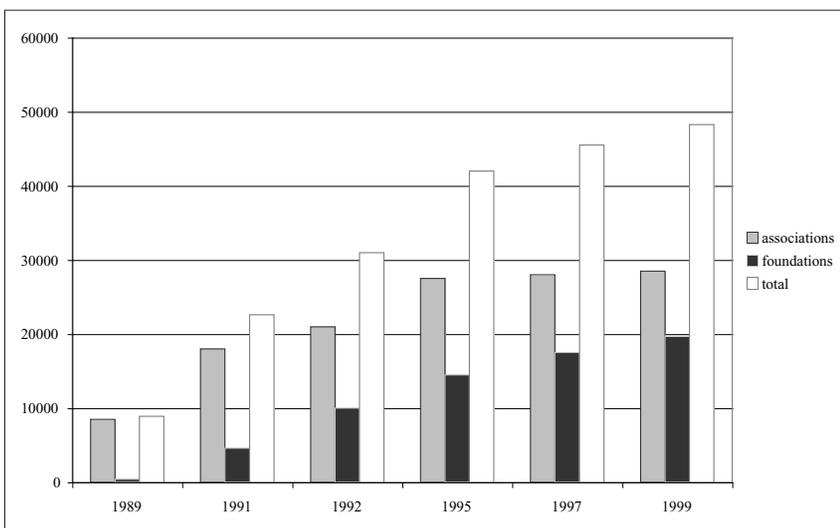
The local municipalities spend on average 40% of their sport budget on the maintenance of sport facilities. It means yearly 7 billion HUF (28 million Euros). The biggest amount (since the biggest facilities are there) is spent by the 22 biggest cities of Hungary (they have a special legal status in Hungary: cities with county rank – it means they have territorial competences so as the county municipalities).

The sport facility situation in Hungary was already critical in the 80's. As the economic decline was more and more severe, in this period there was hardly any reconstruction or construction of new ones. After the political changes, between 1991 and 1994 there was a program for building gyms at schools. As a result of that, nearly 570 gymnasiums were set up. In the last 10 years there were other programs and separate initiatives to develop sport facilities, but there was no comprehensive, long term conception for building and reconstructing. Nowadays a conception is worked out within the national sport strategy, which also counts with the involvement of the private sector and the European Union funds.

THE SITUATION OF NGOS BEFORE AND AFTER THE CHANGE OF THE POLITICAL SYSTEM

In 1989, among the first regulations, the law on the right of association and assembly was ratified. It caused an explosion in the number of NGOs: in three years their number grew by more than 400%. In many sectors of the society (social work, education, regional development, religion, politics) there were no civil organisations at all, so the voluntary sector of these fields was completely new. Foundations could exist only after 1987 and so the boom in that field was even bigger. This progress was also supported by the government by different tax allowances and the simple legal procedure of founding.

Figure 2: The number of NGOs in Hungary between 1989-1999

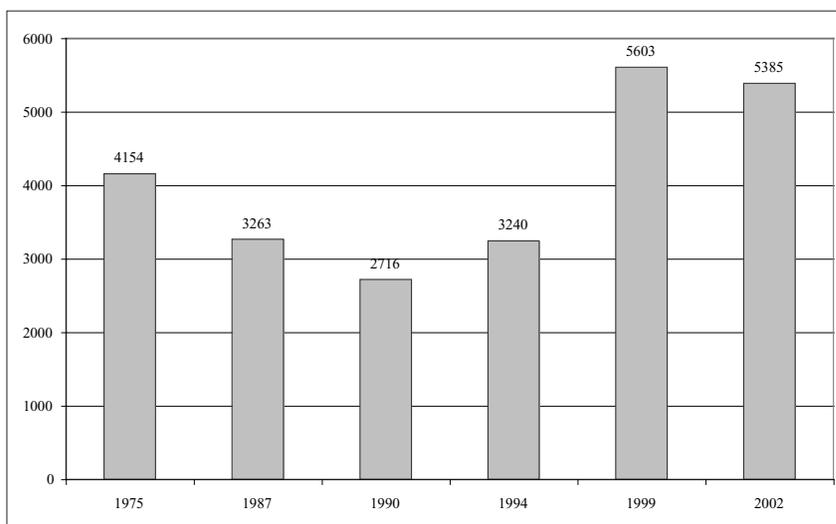


In sport, the situation was complex, since it was one of the fields, where civil organisations were allowed to exist with a very limited decision-making authority. Then two different tendencies could be observed:

1. The number of sport clubs and sport associations continued to decrease after the decline that started in the 80's, due to the fact that many clubs had been terminated and many fell into sections (teams). Others were re-founded or reorganized completely. Recently some of them have become enterprises.

2. Many grass-root sport associations were founded, mainly with small membership, dealing with only one sport or leisure activity. The same goes for foundations, their number went up from very few to 1.000 in a very short time. This process is exactly the same tendency as it is in the other fields of the civil sector.

Figure 3: The number of sport clubs between 1975-2002



The above changes did not cause relevant differences in the number of sport NGOs. Since 1989, many of the small clubs have become passive. It means that formally they still have their addresses and their representatives, but there is no real sport activity taking place.

That part of sport clubs, which existed before 1989, lost a large number of their members, such as registered sportsmen and coaches. The talent development and working conditions of coaches were and still are in a rudimentary shape – similar to the conditions of sport facilities.

The Hungarian sport NGOs however suffer from the fact, that they are treated as a separate group of organisations and not as an evident part of the civil sector. It is partly due to the sport organisations, who do not develop their activity, partly the civil society, which so far did not really recognise the social function of sport. Today it is a challenge for both sides to accept it and develop it in partnership.

Today there are approximately 6.000 sport clubs in Hungary. Unfortunately it is only an estimation, although it must be very near to reality. The two most reliable sources of information is the data of the Central Statistical Office (CSO), and the registrations of local municipalities. The CSO gathers data on civil organisations using the registers of the court. Since many of the civil bodies do not report on the termination, these data contain a lot of non-existing or simply passive organisations. Usually 55-60% of the registered civil organisations provide data for the request of the CSO, the rest is calculated by statistics.

The other source of data is slightly more precise: the local governments, which in most cases support financially or at least in kind the sport clubs in their territory, request data (number of members, activities, financial data) of the sport club in return for the local governmental subsidy. These local governments also study very closely the sport development of the settlements, therefore their data is reliable.

Next to the sport clubs, there are other type of NGOs (altogether around 100).

The construction of the Hungarian civil sport associations (non-profit organisations with legal personality) is the following:

- 5 umbrella organisations
- 65 sport federations
- ca. 15 country-wide organisations, representing the interests of some spheres of Hungarian sport (coaches, PE teachers, sports journalists, sport for all, etc.)
- ca. 6.000 sport clubs
- 550 school sport clubs
- 50 university sport clubs
- ca. 1.000 foundations with the aim of supporting sport activities

Umbrella organisations and other country-wide sport associations

The currently existing umbrella organisations have a distinguished position in Hungarian sport. They get central budget subsidy for their functioning, and they have an important role in representing the interests of the sphere of sport they cover.

The foundation and the current existence of these associations is a good example for the somehow underdeveloped civil society in Hungary and the undefined role of the government and the NGOs. All the five umbrella organisation's legal status is the so-called "public body", which is a certain mixture of governmental and non-governmental organisation. The establishment of these organisations is regulated by the sport law, and they get subsidy from the central budget for their operational costs and for the tasks they partly take over from the government. On the other hand, they operate completely like any other NGO: they have their own assembly, board, they are operated by their members through the assembly, and they have other sources of income than the state budget. This "public body" status is a contemporary legal status in Hungary; likely these organisations will soon become normal NGOs, without having a distinguished relationship with the government.

Among the five, the Hungarian Olympic Committee (HOC) has a slightly different situation from the other umbrella organisations. It is one of the oldest NOC's in Europe: it was founded in 1894, and since then it was always functioning like an

NGO. In reality, most of the time during these 110 years this civil position was only a “de jure” position. The main features of civil organisations are: non-profit operation, independence from the state and legal personality. During the socialist times HCO was politically dependent on the state, and today it is also hard to stay that it is purely an independent – voluntary – organisation. This organisation never solely dealt with the organisational matters around the Olympic Games. They tried to provide federations, sport clubs and sportsmen with different legal, professional and economic services, as well as to help the non-olympic sports organisations to develop. Just like the Games themselves, the HOC enjoys a high prestige in the Hungarian society.

Figure 4: Table on the Hungarian umbrella organisations for sport and their members

Name of the organisation	Members	Number of members
Hungarian Olympic Committee	Sport federations, clubs, sportsmen, etc.	156
Hungarian Sports Confederation	Sport federations, regional sport confederations	66
Hungarian Leisure Sports Confederation	Sports for all federations, school sport federations	7
National Confederation of the Disabled Sport	Sport Federations for the Disabled	6
Hungarian Paralympic Committee	Sport clubs for the disabled, sport federations for the disabled	50

The other four organisations (Hungarian Sports Confederation, the Hungarian Leisure Sports Confederation, Hungarian Confederation of the Disabled Sport, Hungarian Paralympic Committee) are also public bodies, they were founded by the sport law in 2001, HPC in 2004 by the newly ratified sport law.

Although these public bodies were established after models in Western-European countries, such separation of the so-called competitive sport and sport for all is not in practice: it only exists in Poland, and it does not underline the idea of integration of the different fields of sport. Thus, the tasks of the public body for sport for all is not clear, the members could not define it so far, either. It gathers sport for all and school sport associations, with very different interests and functions. Likely time will decide on its grounds.

The 3-year-old Hungarian Sports Confederation (HSC) has 66 members: the sport federations. Until the ratification of the sport law in effect (2004), the membership was mandatory for all the national sports federations, from this year it is optional. This association is the most modern formation of Hungarian sport, its functions are clear and the interests of the sport federations are represented quite well. However, there are tensions between the HSC and the Hungarian Olympic Committee, because of their similar functions and different traditions.

Next to the public bodies, there are some 10 NGOs, representing the different groups’ interests in sport. P.E. teachers, coaches, sport facilities’ owners, sport

scientists, sport managers, sport journalists have such associations. They disseminate information through conferences, seminars, publications, represent the interests of their members in the decision-making process. They have important task in the GO-NGO partnership in answering the questions of the major issues of Hungarian sport. However, the civil participation has no big tradition in Hungary, these associations should develop to fulfil these functions successfully.

Sport federations

In the socialist times, the national sport federations in Hungary were parts of the governmental sport office as “departments”. The executive officers of the federations were therefore civil servants and services (travelling, administration etc.), and of course the finances were provided by the government. Despite the fact that it could be a very comfortable situation, the federations were totally dependent on the government.

In 1989 this ended and federations became normal NGOs. Later, for some years they were also public bodies, but this period is over again, since 2001 the federations are normal NGOs, with special functions and rights, defined in the sport law.

Their number duplicated in 15 years: in 1989 there were only 31 sport federations in Hungary, while today there are 66. The reason of it is the fact, that many new sports are spread in the world, which found their way to Hungary as well. Likely the easy way of founding a federation was also the reason of this growth, similarly to other non-profit organisations. Recently the government promoted the unification of similar sports or disciplines, usually following the structure of the international federations. The operation of a federation should also be more effective, if the same administration works with similar sports. They are a kind of umbrella organisations, such as in Hungary ski sports, cycling sports, gymnastics, swimming and diving, as well as motor sports and car sports.

The management of the Hungarian sport federations differs from federation to federation. In general, they have stronger bonds to the government than usually in Western-European countries, expecting the state to finance top sport completely. It took some time (and still the process is on) to realise that subsidising top sport is not an evident task for the government, and that federations should develop their activities in order to increase their own incomes by other grants and money from private sponsors. Today the government gives subsidy to all the federations under the recommendation of the Hungarian Sports Confederation. As the total sum is distributed to too many organisations now, it is not very effectively used. Therefore a reform in the finance of the federation is expected in the near future. It will be more program-oriented and more strictly controlled, what also means that the federations must work on programs and be more effective in their operation. For this, they need a lot of informations on trends, training to apply successfully for grants and opened to co-operation with other federations and organisations within and beyond the sport society.

Foundations in sport

According to researchers, the civil society consists of non-profit associations and foundations. The approach of the Central Statistical Office is the same. For that reason, we must say some words about the sport foundations as well. Since they are

not especially founded for creating and carrying out programs and other activities, they play a less significant role in sport in Hungary, than in other sectors of society. According to statistics, there are ca. 1.000 sport related foundations in Hungary today. It is less than 15% of all NGOs in sport. This rate is much smaller than that culture education or social services. However, there are many foundations, which aim not only financing sport, but other activities as well, and there are many foundations, which finance eg. the activities of a school or of a city in general, and sport programs can be founded from those sources as well.

Foundations can be established by governmental, private economic or civil organisations, as well as individuals. Sport related foundations are rather set up by local governments or other budgetary institutions (eg. schools), than individuals or civil organisations. A reason for that is the more simple way of financing programs or individuals through a foundation, and the involvement of private money is also easier with a foundation.

42% of the local governments have a sport related foundation.

The central government established two foundations. One of them solely donates sport for all organisations and programs. The other one supports elderly sportsmen by providing financial support for their pensioner years.

Sport clubs

The tendencies in the number of sport clubs are the same as in general for the sport NGOs. It is important to stress, that the group of sport clubs is very heterogeneous. In many cases the definition is unclear and the general picture on sport clubs of Hungarians is likely different than the reality.

One more thing has to be added to the types of clubs. Likely it is an Eastern European approach, but it is not known in the western European countries: many clubs are dealing with more than one sport. For example, they have a football, handball, cycling, wrestling, swimming team, and these teams are working separately from each other, under the same name. In many case they also have separate budget and financial management. This phenomenon is typical mainly for old, traditional clubs, who often have sport for all activities as well, like a separate chess or hiking “department”. As there is no correct translation of this in English, in the paper I will call them “teams”.

The approximately 6.000 sport clubs can be grouped in 5 different branches:

- a. The first category consists of the most successful and biggest sport clubs, which have international reputation as well and they are known all over Hungary. They give the biggest rate of the Hungarian top sport, the international successes, the most known teams. They all have more teams, usually more than 5 – the biggest Hungarian sport club has 17 different teams dealing with 19 different sports. In operation these big clubs are more similar to for-profit organisations. They have employees, office, high operational costs, infrastructure – in many case they also own sport facilities or they operate the facility of a different owner. Despite a high budget, these clubs are facing serious financial problems. Many of them are in Budapest, where there is an oversupply of sport clubs and sport teams, there are not enough sponsors, spectators, and it is difficult to make benefit on

running the sport facilities. Though people consider them as the average sport clubs, they are not more than 50-60, only 1% of all sport clubs in Hungary.

- b. The second group of clubs are also quite successful in top sport, but rarely have international results. They also have more teams, usually both top sport and lower class competitive sport. They also try to serve the needs of the population by offering sport for all activities. They usually play a significant role in sport life of the local community, but they have a much smaller budget than clubs of the first group. They often get distinguished subsidy from the local government. They are usually the key locations of the talent development, but in most cases they cannot keep the top sportsmen at the club, because of the lack of finances. There are about 100-150 of them in the country.
- c. The third group is the group of sport clubs, which concentrate on one sport, even if they have other activities. They usually show up in lower class championships. (Actually there are more and more success sports forming a one-team sport club, which produce excellent results). There are several clubs which as teams belonged to a big sport club from the first group, but then they split. Many of these clubs were founded recently, dealing with new, popular sports. They organise camps, courses (eg. karate, fitness), single events. They try to involve the children at school and the population by teaching the basics of the sport. Many of the sport clubs, around 50% belong to this group.
- d. The typical sport for all clubs belong to the fourth group. It does not have competitive sport activity at all, usually it is possible to practice more sport as a member. They organise many sport events, excursions, camps. Usually the members come from a settlement or a local community, or they provide sport for asocial class, age group, working or other communities. They are hiking, technical, mass sport, life style, local community clubs, their rate is also significant, around 35%.
- e. In the fifth group there are school sport or university sport clubs, they clearly belong to an educational institution. They take part in the school sport championships and provide sport activity to the pupils and students. They have no national or international success and the most excellent sportsmen leave for bigger sport clubs from these clubs. There are 515 school sport clubs and 56 university sport clubs. (There are a so-called sport circle in almost every schools, but they do not have legal personality, they belong financially to the schools.) This group gives 10% of all the Hungarian sport clubs.

There are some facts to be added to this grouping of Hungarian sport clubs:

- In the grouping there is generalisation that may cause distortion; some sport clubs could not be classified like this.
- In Hungary there are about 250-300 sports clubs dealing with the disabled, which are included in the above mentioned number of sport clubs.
- There are around 100 sport organisations, which used to be NGOs, but are today for-profit organisations, Ltd. or joint stock companies. These are the professional teams in team sports. Many cases they wear the name of the club where they belonged before, the talent development is organized in that club as well. Legally they are of course separate from the club, but people

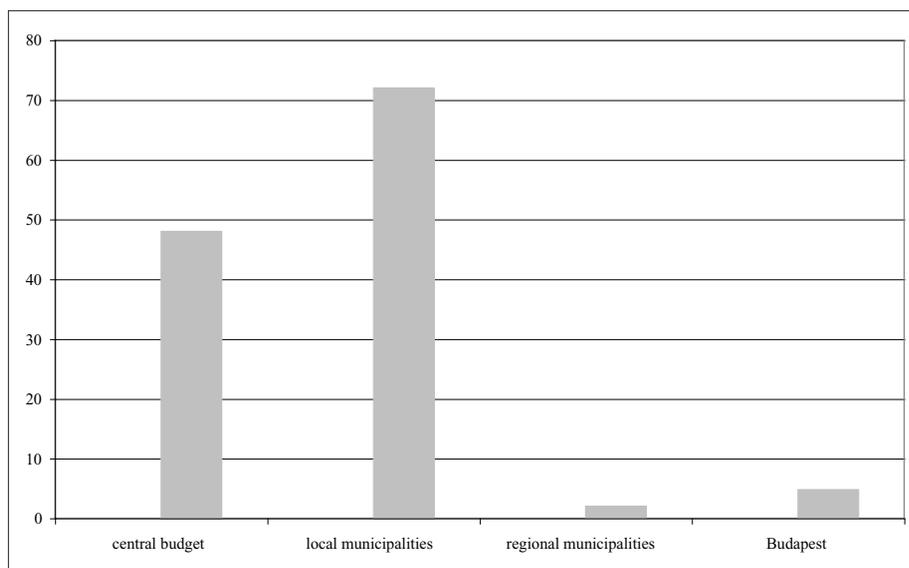
still consider them sport clubs. They are not only different from sport clubs in legal terms, but they also work with much bigger budget and much more employees than others from the five groups.

THE ROLE OF LOCAL MUNICIPALITIES IN HUNGARIAN SPORT

All around Europe the most relevant supporters of sports are the local municipalities. This system is appropriate for supporting sports, and also meets the principles of subsidiary. The problems are solved where they emerge. Townships and other settlements have different conditions, facilities, human resources and traditions. Even the needs of citizens may differ. Therefore, it is very likely that local governments are the best forums to make decisions regarding sport related issues relevant to local conditions. The role and importance of local municipalities in financing sport is emphasized also in the European Sport Charter (Council of Europe, 1992), and empirical experiences in first world countries also underline it.

In Hungary, after the re-emergence of democracy, municipalities became ‘the saviours of sport’. They became the owners of local sport facilities and gave financial support to sport clubs to survive.

Figure 5: Central and local governmental funds for sport in 2003 (in million Euros)



Local municipalities in Hungary are not required by the law ratified in 1990, to support sport activity. It is only listed among the optional tasks a local municipality has to carry out. Later on, the 2004 sport law made this task compulsory, but, at the same time, it caused contradictions. This means that these legal dispensations can be interpreted in various ways. Mandatory or not, most local governments consider it a standard procedure to give some money to sport, and most of them plan local sport life

systematically. Mayors and leaders of cities have realized that a high quality sport life in the community makes them popular (e.g. a team in ball games with international successes can support a lot the development of local identity and dignity). In those Hungarian cities, which are well-known from their devotion to sport, mayors and city government are successful and popular.

In 2003, the central budget of Hungary spent all in all around HUF 12 billion (48 million Euros) on sport (see figure 5). The local municipalities spent about HUF 18 billion (72 million Euros). Only the local government of Budapest spent HUF 1.2 billion on financing sport federations and support nearly 800 sport clubs. These figures indicate the increasing role of local municipalities in sport development. In the meantime, it could be argued that the state should increase the amount of money they set aside from the central budget to subsidy sports, especially to finance constructions and reconstruction of sport facilities.

In figure 1 it can be seen, that most of the sport facilities in Hungary are owned by local municipalities. It also means that they maintain and reconstruct them. Of course, local municipalities also try to build new facilities, but they rarely are able to do it without other sources than the city's. Nowadays they can involve EU-funds, it is getting more common to make PPP-constructions, and usually the central budget also provides funds for this objective.

County municipalities (there are 19 in Hungary) spend much less, but they have much less own incomes. Therefore they are not able to subsidise sport as much as the local municipalities do. Their functions are reduced: they finance and supervise the operation of county sport federations, they support regional school sport competitions, organise basic level sport trainer education, and they support and co-ordinate regional sport life in different ways. They do not own sport facilities (or very few and small ones), and they are not in direct contact to sport clubs, thus financing top sport teams or clubs is not interesting for them. The support in kind (providing background for the operation of regional sport organisations) is also significant on the county level. By virtue of the upcoming EU accession, it will be necessary to transform the public administration and create more sophisticated regions. Therefore, the government is required to develop a conception for a good regional sport administration since the current one does not meet the EU standards, and is not able to fulfil governmental tasks, either. A deep examination of regional sport life and the role of the state are also needed to be redeveloped in order to provide a more efficient regional sport administration.

FEATURES OF HUNGARIAN SPORT CLUBS: EMPLOYMENT, VOLUNTEERS, REVENUES AND FINANCIAL MANAGEMENT

Employment

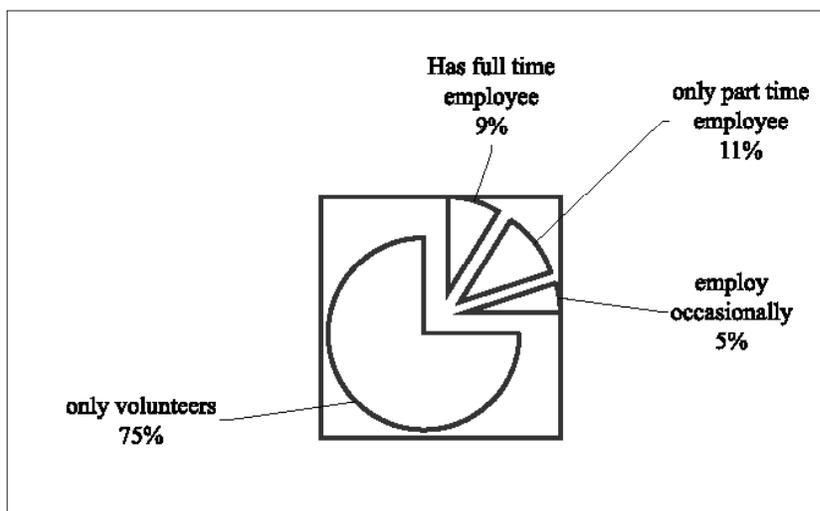
It is interesting to observe, that in the non-profit sphere, which is often called "voluntary" sector as well, and one of its main characteristics is voluntary participation, the increase of the employment is a global tendency. On the other hand, it is an understandable tendency, since the significance of the civil sector goes up, the NGOs undertake more and more responsible tasks, which of course require experts and

accountable workers. The NGOs nowadays are important and equal partners of the governmental organisations in the decision-making process. They can only be successful in this, if they run their NGO professionally, which is going together with responsible, paid employees. In the first world countries the civil sector is one of the most important employee-absorbing field of the job market.

In the post-socialist states employment in the non-profit sphere is not quite developed, among all the employees only 1% works in NGOs, while e.g. in the Netherlands 12, in the USA 8%. In sport this rate is even worse, culture and sport are the two fields, where the voluntary participation both in the programs and in the management of the associations is dominating. While 20-25% of the NGOs in Hungary are sport related, only 4,2% of all the employees in the Hungarian civil sector work at sport associations.

According to the research, only 9% of the examined sport clubs have full time employee in the management of the organisation. Further 11% employ people permanently or occasionally in a part-time job. Three-fourth of the sport NGOs work with only volunteers. It is extremely difficult to do research on the black money that appears in sport, likely there is a lot. Paying taxes and social insurance is a very big charge for the underfinanced sport clubs, which – as a consequence of the lack of employment in the management – usually can not develop their abilities in working out programs and applying for grants.

Figure 6: The rate of sport clubs according to their employees



Revenues

The revenue side of the sport clubs' budget corresponds with the structure of the Hungarian sport clubs: many small, grass-root associations with volunteers, few big clubs with excellent results, that mean travelling, competition costs and sometimes

wages for the professional sportsmen and coaches. Only 24% of the sport clubs have more yearly income than 5 million HUF (20 thousand Euros), while almost 60% are under 2 million HUF (7500 Euros).

The revenues of the sport clubs consist of four main sources: subsidy from the local municipality, incomes from the own activities, grants from the central budget and sponsorship. While 80% of the sport clubs get subsidy from the local municipality, and likely all of them have own incomes (15% said, that they do not have any own revenues, but they probably did not understand what own income means. In legal terms it is impossible, since all the sport clubs must introduce at least membership fees.), only 38% have sponsorship money. Nearly 50% of the clubs apply frequently for central grants, but the rate of private donations is incredibly low: only 41% of the clubs get any. It is surprising, because in Hungary tax payers can offer 1% of their personal income tax to any NGOs, therefore it should be an easy and obvious donation from individuals. The reason must be the lack of information on the possibility and a lack of energy to campaign for getting such financial support.

The budget of an average sport club is composed of three elements: local municipality funds, own incomes, and one third comes either from sponsorship, grants or donations. The rate of the latter depends on the type of the sport club: if it belongs to the first or the second group, the sponsorship money is bigger, while sport for all clubs have more applications or private donations.

Figure 7: The rate of Hungarian sport clubs according to their incomes

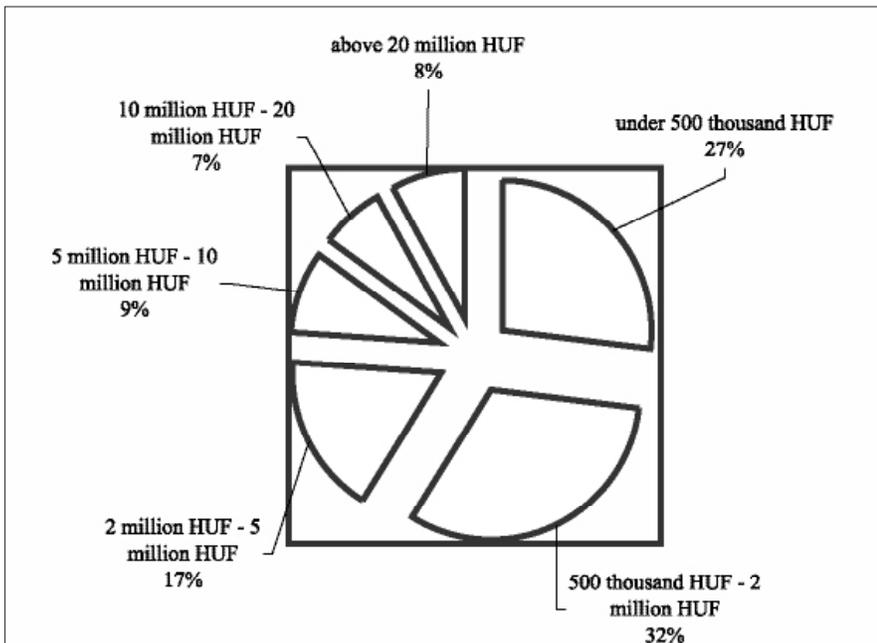
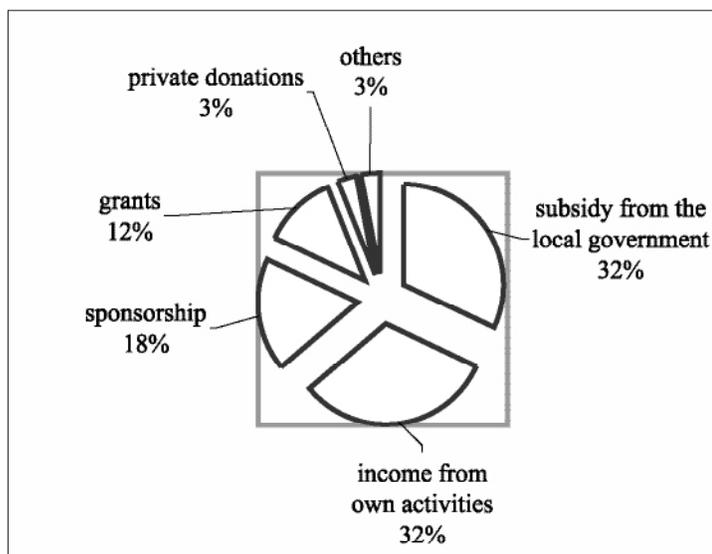


Figure 8: The rate of incomes of an average Hungarian sport club



Local municipality funds

There are two ways for the government to provide subsidy by the local government: Either it is a direct grant, or it goes through an application. Local municipalities decide if they give direct funds by fixed distribution principles, mainly to bigger and more significant sport clubs (first or second category). They also subsidise for-profit sport organisations in team sports. According to the tendencies and the current financial capacity of the local governments, they are able to maintain maximum two of such teams. These teams require a lot of money for the international participation in the international tournaments – travelling costs and sportsmen’s wages are very high. However, they are important factors of the city’s marketing and reputation abroad and in Hungary.

In cities, where there are only a few clubs (under ten), municipalities do not make a call for proposals, either.

Most of the big cities’ local governments distribute subsidy through an application system, which promotes sport programs and encourages sport clubs to work out projects rather than spending money on operation.

In addition to the financial subsidies, support in kind from the local governments is very significant, especially by providing sport facilities for free or for a discount price. They provide this especially for schools, local teams, and for events that offer sporting possibility for the wide population of the city.

Applications, grants from the central budget

Sport clubs are very active in applying for grants to the central programs of the government. Only 13% of the clubs said, that they did not apply to any of such calls in

the last five years. Most of them indicated more calls they applied to, unfortunately, the culture and the proper knowledge of writing such applications is not very developed in Hungary yet. A big ratio of applications are invalid, recently, at the call for proposals of the EU in the occasion of the European Year of Education through Sport, which was a rather complicated one, 80% of the submitted applications were invalid or had to add documents after the deadline.

21% of the sport clubs apply for grants to the regional municipalities, which have relatively smaller budgets for this.

The most popular aim of the applications is operation (70%), participation in competitions (66%), purchasing smaller sport equipment (56%), and organising sport events (48%). Since few of the sport clubs own a sport facility, only 19% applied for development or reconstruction in the past five years.

Sponsorship

There are few tendencies in sponsorship of sport clubs as well. A minor part of the clubs (10-20%) had more than 15 sponsors in the last five years. They are those sport event organisers, who are gathering many small amounts. However one-third of the clubs did not have sponsors at all, altogether 41% have less than 5 sponsors.

For-profit organisations, when they donate sport clubs, usually do not fix the use of the money very strictly, except for big sport clubs or events. In case of small grants, sport for all or charity type of programs, the sponsorship money is closer to be a donation than to be a part of a business agreement. The majority of sponsorship money goes to teams with excellent results or for big events, where the service in return (advertisements, etc.) is the most evident.

It is interesting to mention, that local or regional companies are more eager to support sport than nation-wide or multinational organisations. Actually, the sum the bigger companies put in sport is much higher, but the number of sponsors is higher among the local or regional companies. Local companies are also a bit patriots, and their interests also bond them to the local community. In the case of the bigger firms, they have a much more strategic way of sponsoring.

RECOMMENDATIONS

1. Although fifteen years has passed since the collapse of the communist system, the GO-NGO partnership in Hungary in sport – similarly to other fields of society – is still not well-defined, it still suffers from the lack of knowledge and experience on working together. NGOs are still dependent on the governmental bodies; on the central government as well as on the local municipality. In the meantime the GOs try to control everything, not trusting the civil sphere and the volunteers. The task division is also not clear yet in Hungarian sport, which makes the situation more complex. It can only be solved by intensive discussions, while building up a concept, which should result in creating proper legal background as well.

2. The most important task of the Hungarian sport clubs now is to get less dependent from the governmental funds, to develop the own activities, to work out effective marketing and management strategy. Those clubs, which only deal with top

sport, should open up towards sport for all activities, schools, different segments of society (like minorities or the disabled), to increase their prestige and social acceptance. The small sport clubs should concentrate more on the local community, they should increase the public utility of their functions. For the sake of the development of the Hungarian civil society in sport, all of the Hungarian NGOs must be very opened to cooperations within and beyond the sport and the non-profit sector, as well as building international partnerships.

NOTES

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