



# **Annual report**

**2013**

A letter from the president

A humanitarian disaster continues to unfold in Hungary. Although GDP grew 1.1 percent in 2013, inflation remains high due to a variety of new taxes levied on various industries passed through to consumers. The numbers of Hungarians living in conditions of poverty and/or social exclusion, as well as dire poverty increased.

Families with children continue to be the group most likely to live in extreme poverty in Hungary, which is why in March of 2013 we expanded the bread and milk distribution programs to Szabolcs and Nógrád counties. Twice weekly milk and bread distribution continued in Jász-Nagykun-Szolnok and Borsod counties.

In response to the Red Cross' request that we extend the program to include families with two children and single parent households with one child, we did so by slightly decreasing the quantity of bread and milk supplied to families on average. We continue to purchase bread and milk from local bakeries and dairies for delivery to local distribution centers operated by Red Cross volunteers.

2013 saw the continuation of programs involving the supply of flour, sugar, oil, and other groceries to the Budapest Chapter of the Red Cross for distribution to poor families in Budapest's 8<sup>th</sup>, 9<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, and 13<sup>th</sup> districts.

AHF continued to supply bread, processed meat, cheese, fruit and vegetables to various Red Cross shelters in Budapest.

The weekend food parcel program continued, so that 25 children – and their families - received food for the weekend in Budapest's 8<sup>th</sup> and 10<sup>th</sup> districts.

2013 was the first year we offered small grants to NGOs based on specific project proposals. Altogether AHF made grants of HUF 11,175,000 to 16 NGOs engaged in various aspects of poverty reduction in the Hungarian countryside. (See Appendix I for detailed description of project proposals and the decision of the AHF board of directors).

2013 also saw a significant increase in the amount of humanitarian grants made to individual Hungarian households. In some cases the money was used to pay off public utility arrears or clear up mortgage arrears. However, in most cases recipients used it to buy food, clothes, and medicine for their children.

I again wish to thank our donors for their unstinting generosity. Rest assured your donations are reaching those most in need. Of the \$750,000 spent in 2013 supplying the Red Cross with food aid for distribution to poor families and the elderly, over 91% went directly towards the purchase of food. An additional 4% went to defray Red Cross administrative costs. 5% was spent on AHF related overhead.

Sincerely yours,

Richard Field

## I. An unfolding humanitarian disaster

First, the good news. Hungary's gross domestic product (GDP) grew 1.1% in 2013. A bumper crop and falling energy prices should result in lower inflation and lower food costs in 2014.

The rest of the news is bad. Although official figures show unemployment falling, this is largely due to public work and to the estimated 300,000 Hungarians working abroad while retaining an official place of residence in Hungary. In 2013 an average of 129,000 were employed in public works in any given month—a 26.6% increase over 2012.

According to OECD and Eurostat statistics, the number of Hungarians living in poverty nearly doubled between 2009 and 2012. 30% of Hungarians now experience one form of serious economic privation or another. The number of children under six living in conditions of serious economic privation raised by parents with eight years of education or less increased from 73% in 2007 to 78.5% in 2012. In the case of parents with only high school education, the number of children under six living in poverty increased from 23.8% to 32%.

The figures do not merely indicate that the poor are getting poorer, but that Hungary's middle class is collapsing. 70% of middle-class households reportedly cannot pay their bills. The percentage of children under six living in conditions of serious economic privation raised by parents with college or university degrees increased from 2.8% in 2007 to 6.6% in 2012. By way of comparison, in the case of Romania and Bulgaria this figure was only 4.3% in 2012.

In the case of the poorest one million Hungarians, real incomes decreased some 10% to HUF 25,000 (USD 110) per month in 2012. This downward trend continued in 2013. According to sociologist Zsuzsa Ferge poverty

in Hungary has grown sharply over the past four years, with entire families reduced to living on as little as USD 100 a month. According to Ferge “many are eating less, and that many children as well as increasing numbers of adults go to bed hungry.”

Between 2010 and 2013 real per capita income in Hungary fell 3.5 percent. At a time when most EU countries have increased the level of public supports, Hungary shortened from 9 to 3 months the period of unemployment assistance, did away with family supports, and decreased welfare to under half the minimum cost of living.

In the case of the poorest two million, real incomes decreased by at least 10 percent. In 2010 the bottom one million had a monthly income of HUF 25,000. Today that is worth HUF 22,000 (USD 100).

Supports paid families after every child has not increased since 2008 and has lost one-fifth of its value. Better off families with three children get HUF 100,000 (USD 440) a month with the family tax discount, and families with one or two children receive HUF 10,000 (USD 44) or 20,000 (USD 88) providing somebody is employed.

Falling incomes has undermined the ability of poor families to give their children the support needed to successfully complete their studies. Between 2011 and 2013 the number of children between the ages of 15 and 17 who neither study nor work increased six fold to 6%. The past three years has witnessed a dramatic increase in the number of children leaving school

## II. Material and financial donations in 2013

### A. Donations to the Hungarian Red Cross

In 2013 AHF supplied the Budapest chapter of the Hungarian Red Cross with 39.8 million Ft worth of food for distribution to schools and shelters. This included:

- Bread and vegetables (green peppers, radishes, spring onions) as well as cold-cuts, cheese, fruit, and margarine supplied twice a week to day and night shelters in the 8th, 10th, 13th, 19th and 21st districts.
- Bread, cold-cuts, cheese, margarine, fruit and vegetables delivered twice a week to schools in the 6th, 8th, and 9th districts to supplement student lunches.
- Week-end food parcels supplied every week to two schools for 25 students. Each parcel contained 1 kg of cold-cuts, ½ kg of margarine, ½ kg cheese or 450 g sandwich cream, 1 kg of apples, four green peppers, 1 litre of milk and 1 litre of orange juice. Cost per parcel: 2,600 Ft.
- 16.7 million Ft worth of groceries for monthly or bi-weekly distribution to the poor in Budapest. Food parcels consist of 1kg flour, 1 kg chipped wheat, 1 kg sugar, 500 g pasta, 1 litre cooking oil, 1 litre milk, 500 g lentils or yellow beans, and 400 g of canned meat. Cost per parcel. 2.250 Ft.

AHF supplied 202,000 1 kg loaves of bread and 404,000 litres of milk to the Jász-Nagykunszolnok, Borsod-Abaúj-Zemplén, Nógrád and Szabolcs-Szatmár-Bereg county chapters of the Hungarian Red Cross for twice weekly

distribution to 950 families at a total cost of 111 million Ft.

In addition to the above AHF contributed 9.9 million Ft towards defraying Red Cross administrative costs in 2013. We also funded 232,000 Ft worth of repairs to the Red Cross men's shelter located in Budapest's 21st district. In addition we contributed 500,000,-Ft towards the cost of buying children's shoes and HUF 1 towards the cost of repairing flood damage..

### B. Contributions towards educational programs

#### 1. Roma Education Fund

Studies show that children develop crucial cognitive, physical, social and emotional skills by the age of three. The better these skills are developed, the better children perform in school. The Roma Education Fund operates various pre-school programs towards which AHF contributed 1,518,350 Ft in 2013.

#### 2. UCCU Foundation

UCCU volunteers visit secondary and tertiary schools and conduct a 90 minute interactive program on the causes and effects of prejudice. Children are encouraged to express their feelings about Roma and to ask questions. AHF supported UCCU's efforts to promote the social integration of Roma children with contributions totalling 900,000,-Ft in 2013.

#### 3. Roma Universitas

This organization supports qualifying Roma university students with monthly stipends. AHF contributed 475,000 Ft in 2013.

#### 4. Town of Kerecsend

The town of Kerecsend offers pre-school and after school programs free of charge to town

residents. Volunteers at the pre-school prepare children for kindergarten and provide free childcare for the working poor. They also prepare parents for the demands of raising school-age children. Volunteers at the after school program help students with homework, tutor students in small groups, provide one-on-one counseling, and teach communication and conflict resolution skills. AHF contributed 300,000 Ft to help fund this program in 2013.

#### 5. Wesley János Kindergarten

In December 2013 AHF donated 500,000 Ft to the Wesley János kindergarten operated by the Hungarian Evangelical Brotherhood.

#### C. Small grants program

In March 2013 we issued a call for project proposals for grants of up to HUF 1 million. Out of 23 applicants, the following received grants totalling 11,175,000.

Organization	HUF
Polgár Alapítvány	350 000
Magyarországi Falusi Cigányok Mg-i Szövetsége	996 000
Kijárat Egyesület	500 000
Edelényi Fiatalokért Közhasznú Egyesület	511 000
Debreceni SZETA	996 600
Ars Longa Alapítvány	986 000
Sensus Caritas Nonprofit Kft.	1 000 000
Roma Parlament Encsi Tagszervezete	870 000
Vilmány Községi Roma Nők Egyesülete	957 800
Özv. Katona Imréné Alapítvány	372 000
Wojtyła Ház Nonprofit Kft.	500 000
Magyar Vöröskereszt	940 800
Zagyvápalfalvai Ifjak Sportegyesület	50 000
Ne Engedj El Közhasznú Egyesület	998 800
Zempléni Ifjúságért Egyesület	146 000
Oltalom Karitatív Egyesület	1 000 000

#### D. Miscellaneous grants

##### 1. Arany Liliom Foundation

We supported the important social advocacy work of Ilona Csicssei on behalf of the working poor and the homeless with contributions totaling 2,015,000 Ft in 2013.

##### 2. Town of Lónya

AHF supplied 973,000 Ft worth of food packets to the northern Hungarian town of Lónya for distribution to poor families.

In addition to the above, AHF made 3,040,000 Ft worth of micro grants to various organizations and households.

#### III. Plans for 2014

Total AHF expenditures for 2013 came to \$865,464. (see exhibit 1).

In 2014 we plan to expand the scope of the bread and milk program from 950 to 1150 families living in poor regions of Jász-Nagykun-Szolnok, Borsod-Abaúj-Zemplén, Nógrád and Szabolcs-Szatmár-Bereg counties at a projected cost of \$788,000 (see exhibits 2-3).

We plan to increase the packages of food goods distributed monthly or bi-weekly to poor families in Budapest from 680 to 860 weekly. Furthermore, we plan to increase the amount of food we supply to Hungarian Red Cross operated day shelters. Altogether, the Budapest food distribution programs are projected to cost \$239,200 (see exhibit 4).

We plan to spend \$92,000 on the small grant program and/or on supporting programs that are already up and running.

Total planned expenditures for 2014 are \$1,236,000, of which AHF overhead amounted to \$35,800 or 3%.

#### Exhibit 4: Budapest food aid program

Program	2013	2014
Shelters	72,360\$	96,525\$
Schools	21,088\$	21,720\$
Monthly food packets	74,958\$	110,435\$
Weekend food parcels	10,217\$	10,520\$

#### IV. Exhibits

##### Exhibit 1: Total expenditures (2013)

Megnevezés	Ft	USD
Bank costs	1,072,795	4,818
Admin., wages	7,728,198	34,709
Small grants	11,175,000	50,189
Monthly and bi-weekly food packets	16,690,199	74,958
Food supplied to day and homeless shelters	16,111,609	72,360
Food supplied to schools	6,970,399	31,305
Bread and milk	111,292,737	499,833
Financial donation to Hungarian Red Cross	11,732,124	52,705
Financial donations to other NGOs	6,291,244	28,255
Misc.	3,639,934	16,347
Total:	192,704,239	865,479

##### Exhibit 2: Bread and milk program (2013)

County	No. of families	Cost
Jász-Nagykun-Szolnok	250	148,856\$
Borsod-Abaúj-Zemplén	250	147,082\$
Nógrád	222	104,376\$
Szabolcs-Szatmár-Bereg	231	99,653\$

##### Exhibit 3: Bread and milk program (2014 est.)

County	No. of families	Cost
Jász-Nagykun-Szolnok	300	206,000\$
Borsod-Abaúj-Zemplén	300	204,000\$
Nógrád	282	197,000\$
Szabolcs-Szatmár-Bereg	281	181,000\$

## Appendix 1: AHF grant program, 2013

AHF posted the following announcement in English at [www.americanhousefoundation.com](http://www.americanhousefoundation.com) and at [www.amerikaihazalapitvany.hu](http://www.amerikaihazalapitvany.hu) in Hungarian on March 27th, 2013

The American House Foundation (1377-C Spencer Ave., Lancaster, Pennsylvania, 17603, USA) invites Hungarian registered private foundations and NGOs involved in poverty eradication efforts to submit grant proposals.

Deadline for submitting grant proposals: April 15th, 2013, to be sent to [info@amerikaihazalapitvany.hu](mailto:info@amerikaihazalapitvany.hu)

Amount of grant: HUF 100,000 – HUF 1,000,000

The applications must contain the following:

- a copy of the applicant's foundation documents and confirmation of registration
- a copy of the managing director's signature
- short description of applicant's activities and reason for applying for grant
- budget and financial plan
- method for verifying use of funds
- official decision on behalf of decision making body to apply for grant and to use funds for stated purpose in case of successful application. In the absence of such a body, a written declaration on behalf of the managing director to this effect.

Successful applications will be notified and sent a donor contract by May 6th, 2013

Contracts are to be concluded by May 31st, 2013.

Individual signing agreement on behalf of applicant shall personally guarantee that funds are to be used for designated purpose.

Payment of grants to begin June 5th, 2013.

Granter reserves right to approve or reject applications as it sees fit, and to require repayment of part or all of the grant should, in its estimation, the funds not be used for the designated purpose.

Within one month we had received a total of 23 applications requesting a total of 19 966 075 Ft. AHF's board committed to \$50,000 which was around 11 million Ft then. Below is a concise summary of each proposal as well as modifications AHF insisted on as a condition for funding it.

1. Sport association of Zagyvarpalfalva founded in 2012. Requests a total of 150,000 Ft (15,000 Ft a month for ten months) with which to rent a 50 sqm building in the middle of the Roma part of the village for cultural, sport and social activities. **Approved in full.** Before initiating payments, the building **should be made suitable for the intended purpose.**
2. Budapest Chapter of the Hungarian Red Cross. Requesting 940,800 Ft to cover the cost of keeping one of three day shelters open Saturdays during the months of June, July, August, September, and October. **Approved in full. AHF regularly examines the activity.**
3. Budapest Chapter of the Hungarian Red Cross. Requesting 988,750 Ft with which to enable 7 x 10 unemployed people to fulfill their obligation to perform a minimum of 30 days social service so as not to lose their social benefits through the cultivation of social gardens

in Budapest's District 19 near to the Red Cross day shelter. **Denied.**

4. Wojtyła Ház. Private Catholic charity founded in 2009 in Kecskemét. Requesting 1 million Ft to defray operating costs relating to their social and cultural activities. Volunteers provide social, legal, and health services to the poor, including a one week summer camp for poor children. **Approve partial one time grant of 500,000 Ft towards defraying operating costs.**

5. „Imre Katona's widow's charity.” Foundation founded in 1990 based in Győr. Works with the poor. Organize summer camps for children devoted to improving their mental and physical skills. Requesting 744,000 Ft. **Approve partial grant of 372,000 Ft.**

6. The Association of Roma women from the village of Vilmány founded in 2001 requests 1 million Ft with which to purchase pigs and animal food. The purpose of the program is to assist poor families having the knowledge and facilities necessary to raise pigs replenish their stock of pigs. They want to deliver 40 pigs (6-8 weeks old) to 20 families. **Approved on condition that families raise pigs to at least early adulthood before slaughtering them and sufficient piglets are born to replenish the initial animal stock we are providing.**

7. The Roma parliament of Encs founded in 2001 is requesting 770,400 Ft with which to purchase vegetable seed for distribution to some 300 families living in Encs, Fügöd, Abaúj, and Devecser. **Approved. Program director personally responsible for ensuring all participants have adequate access to water. Allocating additional 120,000 Ft to help defray costs of providing water.**

8. Independent Roma Organization of Fügöd founded in 2010 requests 952,400 Ft with which to purchase food for distribution to 400 poor families. **Denied.**

9. Arany Liliom Foundation. Established in 2010. Requests 960,000 Ft with which to sponsor 4 students. **Denied.**

10. Census Caritas. A Budapest based non-profit Kft. founded in 2013. Requests 1,000,000 Ft to fund the distribution of hot meals people living in five villages in Borsod county in the summer season. **Approved. AHF to be present at food distributions.**

11. Census Caritas. Requests 1 million Ft to produce compressed fuel bricks from agricultural waste (dried stalks, etc.). **Denied.**

12. Ars Longa Foundation. Cultural foundation founded in 1992. Requests 986,000 Ft with which to fund purchase of pigs, chickens and animal food for distribution to 18 families. **Approved providing families in question own chicken coops and pig sties.**

13. Foundation to Support Poor People. Registered in Debrecen in 1994. Requests 996,600 Ft to help children living in a family shelter operated by the same foundation. A teacher would visit the shelters on fifty occasions and help the children develop important cognitive and social skills. **Approved.**

14. Public Association for the Youth of Edelény registered in 2010. Requests 511,000 Ft to finance the preparation and distribution of 50 hot meals to poor families on a weekly basis from the end of June until the end of September. **Approved. AHF to verify that distribution took place.**



15. „Way Out” Association. NGO based in Budapest, District 18, founded in July 2010. Provides material support to poor families and pensioners. Requests 1,000,000 Ft for distribution to poor families either in the form of cash, food, clothing or other materials. [Approved. Cash disbursements to be made directly by AHF to utility companies on behalf of beneficiaries.](#)

16. Roma Talent Support Public Association. NGO based in Budapest, District 2, founded in 2012. Supports Roma youth showing talent in a particular field with a monthly stipend of 10.000 Ft. Requesting 1 million Ft with which to support ten children over a period of ten months. [Denied.](#)

17. Agricultural Association of Roma Villagers in Hungary. Based in Hernádvécse. Registered in 1997. Requesting 996,000 Ft to cover cost for purchasing plastic sheathing with which to cover garden plots so they can be cultivated year round. Crops irrigated with water drawn from local creek. [Approved.](#)

18. Mission Foundation. Budapest, District 19 based NGO founded in 1991. Requests 900,000 Ft to fund „group psychodrama sessions” intended help homeless people overcome their addictions (alcoholism) and other personal problems contributing to their current state. [Denied.](#)

19. Polgár Foundation. Budapest-based founded in 2007. Requests 1.000.000 Ft to fund cost of storing, packaging and distributing donated food, school materials, and gifts on August and December of 2013 and February 2014. [Approve partial grant of 500,000 Ft.](#)

20. Sportsmanlike Help. Founded in 2011 Requests 924,550 Ft with which to provide shoes, shorts, and t-shirts to poor children for sport activities. [Denied.](#)

21. „Don’t Give Up” Association, Fulókércs. Requests 988,000 Ft with which to purchase paint, brushes, and related materials so that households of the impoverished village can paint the interior of their homes. [Approved. The homes should be examined before and after the work.](#)

22. Oltalom Charity Assosiation. Operations homeless shelters. [Approved 1,000,000 Ft.](#)