

# Hungarian PES Yearbook of 2010



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# Greeting

Róbert Komáromi  
General Director

## **Dear Reader,**

The book in your hands is the labour market yearbook for 2010 of the Hungarian National Employment Service. We have stuck to the tradition of compiling a publication which reviews the activities and functions of the organisation and provides a systematic overview of its programmes in the previous year.

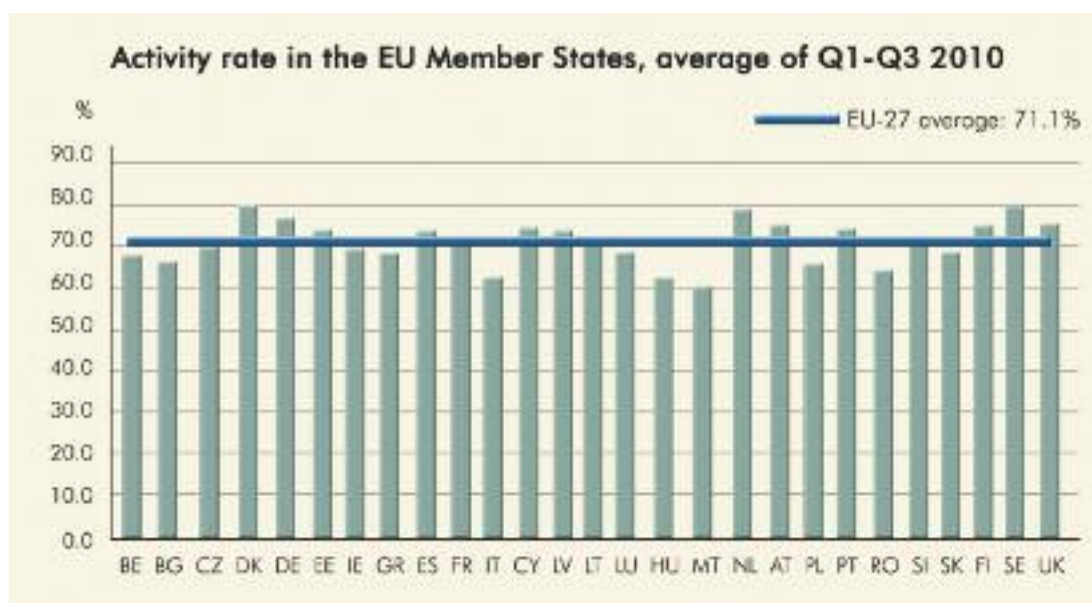
This summary of last year's work is a useful document of the professional activity of the Service. I sincerely hope that it will be an instructive reading to all concerned.

Let me thank the authors of the publication for their professional contribution and my colleagues for their work.

# International trends in employment

The definite improvement of the labour market developments in a major part of the Member States of the European Union until mid-2008 was replaced by sharp decline in 2009 due to the financial and economic crisis, and although this negative tendency came to a standstill in 2010, the uptrend has not been reflected in the improvement of the employment data so far. Despite some initial signs of economic recovery, the employment prospects have remained rather gloomy. With the exception of a few Member States (Germany, Luxemburg and Austria), unemployment rates have kept increasing, albeit at a slower pace. Most economic and labour market forecasts predict the perseverance of the labour market effects of the economic crisis.

On the average of Q1-Q3 2010, the total headcount of the population aged 15–64 of the European Union was 331,047,000, that is, higher by 296,200 (0.1%) than one year earlier. The population count shrank fastest in Bulgaria, by 1.6%, whereas in Luxembourg it rose by 1.7%. The corresponding Hungarian figure was 6,769,600, that is, the population aged 15–64 diminished by 0.1% (4,100) over one year. On the average of the first three quarters of 2010, the EU population aged 15–64 included 235,279,500 economically active persons, representing growth by 250,800 relative to the previous year; nevertheless, the activity rate remained unchanged on a year-on-year basis. It was 71.1% on the average of the first three quarters, and the corresponding Hungarian rate was lower than that by 8.7% points. Thirteen of the Member States produced higher-than-average rates. Sweden excelled by an economic activity rate of almost 80%, and the activity rate was lowest in Malta at 60.2%.



That is, 28.9% of the population aged 15–64 was not present in the EU labour market as active employee or jobseeker. The economically inactive population aged 15–64 totalled 95,767,600 on the average of Q1-Q3 2010, that is, it increased by 45,400 relative to the same period of 2009. The Hungarian inactivity rate fell by 0.9% point, to 37.6%. The decrease of the number of the inactive is attributable to several factors: on the one hand, the population headcount decreased and, on the other, more people have remained economically active. In comparison with the previous years, the key indicators of the Hungarian labour market were the followings: the number of the employed fell by around 9,000 on the average of the first three quarters of 2010, and that of the unemployed rose by 65,400. In Q1-Q3 2010, 55% of the population aged 15–64 was in employment; their average number was 3,742,200. The employment rate fell by 0.1% point over 12 months. This rate is still well below the corresponding EU average, lagging by 8.9%; the gap has narrowed relative to the previous year, but that was not due to the deterioration of the EU indicator. Over the past decade, the number of the employed (ages 15–64) showed an increasing trend from the end of the 1990s to 2003, and stagnated with minor fluctuations thereafter until 2010, when it shrank by a significant 9,000 compared to 2009. According to the data of the first three quarters of 2010, the employment rate of the 15–64 year-old in the EU as a whole was 64.2%, i.e. 0.5% lower than one year earlier. The decline was most marked in Estonia (4.0% points), Lithuania (3.2% points) and Bulgaria (3.1% points), whereas in Hungary the employment rate fell at a slower pace than the EU average (by 0.1% point), but its level is nevertheless the lowest in the EU (55.3%). The highest employment rates, in excess of 70%, are those of the Netherlands, Sweden, Germany, Austria and Denmark.



Note: Calculations based on Eurostat data.

One of the essential factors underlying the Hungarian employment rate in EU comparison is that people with primary qualification are in a much worse position than those with higher qualifications, and hence the gaps between the groups defined by educational attainment levels are much wider than in the other EU countries. In Hungary, the employment rate of people with max. primary schooling is 25.8%, as opposed to the EU average of 45.2%, that is, there is a gap of almost 20.0% points. The difference between the Hungarian and the EU rate is narrowest (4.5% points) among degree-holders.

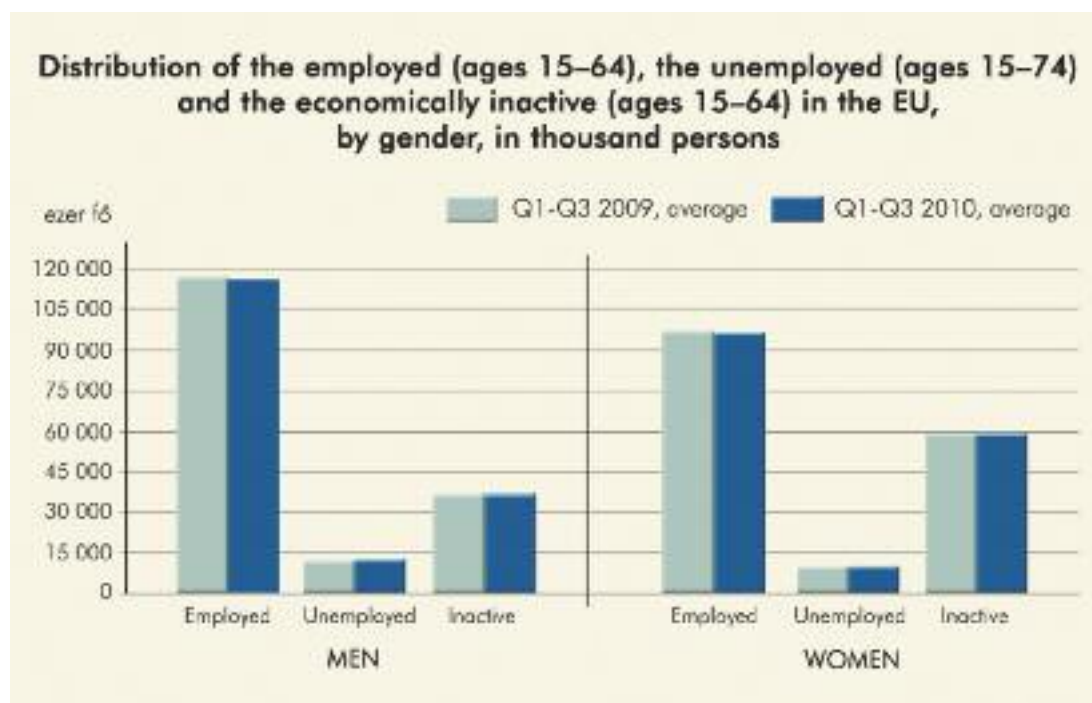
**Employment rates in certain priority groups in Hungary  
and in the EU-27 in Q1-Q3 2009 and 2010 (in %)**

		Q1-Q3 2009			Q1-Q3 2010		
		EU-27	Hungary	Gap (EU-27-Hungary)	EU-27	Hungary	Gap (EU-27-Hungary)
		%		% point	%		% point
Ages 15–64		64.7	55.4	9.3	64.2	55.3	8.9
Ages 15–24		35.4	18.0	17.4	34.2	18.1	16.1
Ages 55–64		46.0	32.5	13.5	46.3	34.1	12.2
Ages 15–64	Primary education	46.3	25.5	20.8	45.2	25.8	19.4
	Secondary education	69.2	61.5	7.7	68.4	61.0	7.4
	Tertiary education	83.0	78.3	4.7	82.3	77.8	4.5

Note: Calculation based on Eurostat data.

As shown by the following figure, there are major differences in economic activity by gender. In the first three quarters of 2010, 115,725,300 men and only 96,663,000 women were in employment, but it is a positive phenomenon that the number of employed women fell slower than that of employed men (by 0.5% and 1.1%, respectively). Accordingly, the male employment rate is 70.1% and the female one is much lower at 58.3%. In a breakup by gender, the unemployment rate shows a smaller difference: the male rate is 9.7%, and the female one is 9.5%, and both values increased over the past year. The situation for economic activity is similar: the number of economically active men is much higher than that of economically active women: in the first three





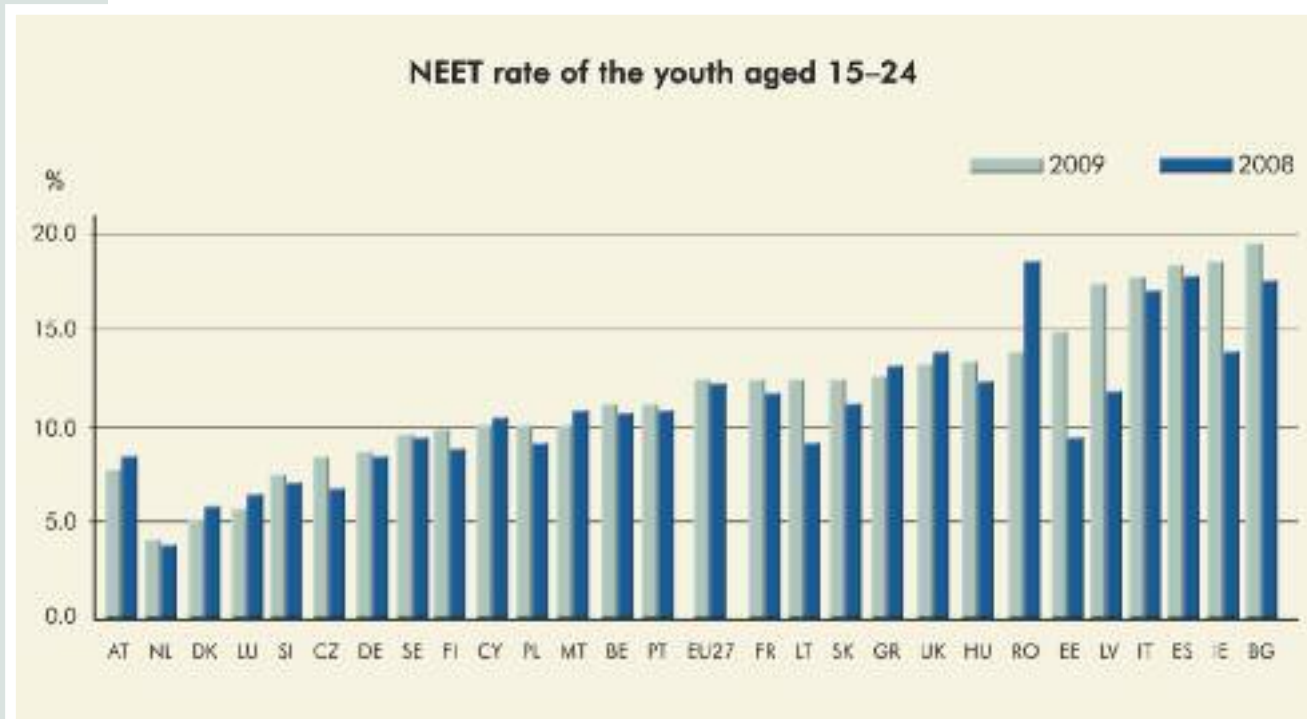
quarters of 2010, the male activity rate was 77.7% and the female one only 64.5%, and the first decreased, whereas the second increased on a year-on-year basis. Consequently, the female inactivity rate is higher than the male one at 35.5% and 22.3%, respectively.

The unemployment rate of the Hungarian youth (ages 15–24) has kept declining, and it deviates from the EU average most markedly, by 16.1% points. It was 18.1% in the first three quarters; the only, minor, positive circumstance is that it grew, albeit very slowly, by 0.1%, relative to the previous year.

The youth are more vulnerable and their labour market situation is less stable due to multiple disadvantages as compared to those of prime working age, i.e. ages 25–54. The main drawbacks are lack of work experience, lower vocational skills, their role in the family earning pattern, and the belief that they can find a job “more easily”. This was demonstrated by the fact that the financial crisis of 2008 hit them harder: their unemployment rate grew by 4.3% points from 2008 to 2009, whereas that of the 25–54 year-old changed by a mere 1.8% point. On the average of the first three quarters of 2010, the unemployment rate of the age group of 15–24 was 27.0%, corresponding to growth by 1% point over one year.

Within the group of the 15–24 year-old, persons with low qualifications are in the worst position. In Q1-Q3 2010, the unemployment rate of the 15–24 year-old was “only” 27.0% (EU average: 20.8%), but among those with max. 8-year primary education it was 42.4%, that is, there was a gap of more than 15% points between the two groups. The labour market situation of the youth is better reflected by the so-called NEET<sup>1</sup> rate, that is, the proportion of young persons who are not in employment, education or (labour-market) training.

According to the NEET rate, Hungary is in the middle brackets in the EU-27. Its NEET indicator is 13.4%, i.e. only 1% point less than the average of the EU-27 (12.4%). Seven of the 27 member States reported values lower than 9% (e.g. Germany, Austria, Luxemburg, Czech Republic) and 5 higher than 17% (Baltic States, Bulgaria, Italy).



With the elevation of retirement age, the employment rate of the older generations (ages 55–64) increased in both Hungary and in the European Union. According to Eurostat, in the first three quarters of 2010 the employment rate of the elderly was 34.2% in Hungary, i.e. 12.2% points less than the average of the 27 Member States of the European Union (46.3%).

<sup>1</sup> The most recent data on the NEET rate from 2009.

# Domestic labour market developments

## Employment

The decline of the number of the employed in Hungary since 2007 enhanced by the economic and financial market crisis came to a halt in 2010. According to the labour force survey data, the number of the employed was 3,750,000 in 2010, which corresponds to an employment rate of 55.4% of the population aged 15–64, which is identical with that in the previous year.

The quarterly employment rate time series shows that whereas in the first and second quarter the pace of development fell short of the corresponding values one year earlier, in the third and fourth ones the employment rate already grew faster than in the reference period.

The male employment rate of 60.4% moderated by 0.7% point over one year, and the female one, of 50.6%, rose at the same pace. The deterioration of the male rate was more marked than the average in the age group of 25–34, whereas in the group of women aged 55–59, the improvement attained 6% points, although that was due primarily to the amendment of the retirement legislation.

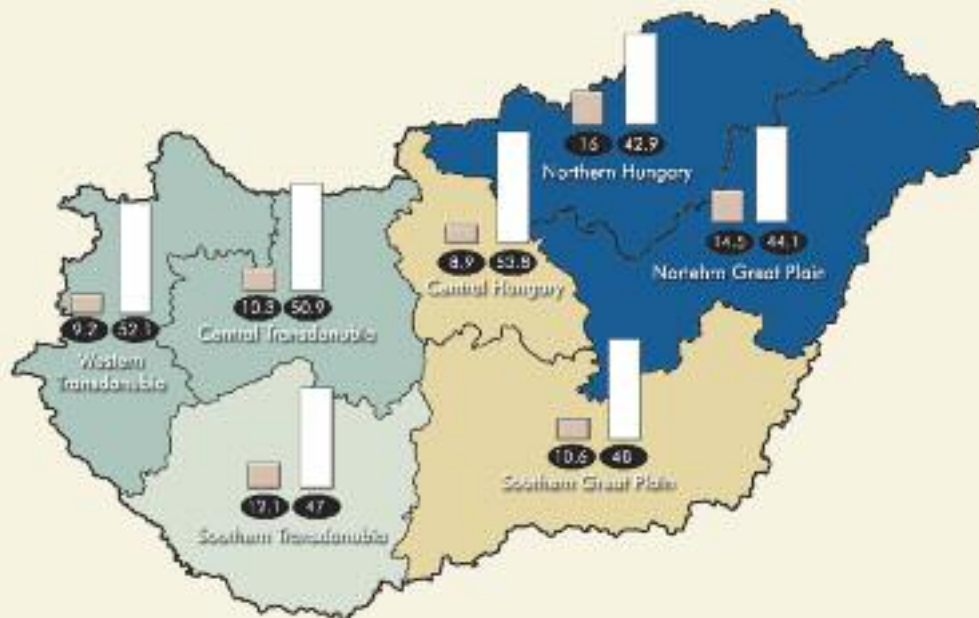
The stagnating employment figures conceal a certain restructuring: agriculture, manufacture and construction were net losers, but within the second, the branches of textile, leather and hide, coke processing, as well as petroleum processing, the manufacture of pharmaceuticals, computers, electronic and optical products and vehicles managed to increase their respective employee headcounts.

Water supply, waste management, transport, storage and warehousing as well as accommodation services also produced growth. The number of employees increased on a year-on-year basis in the decisive majority of the non-material branches as well, in particular those characterised by the preponderance of the public sector. Higher headcounts there were due mainly to the public employment programmes.

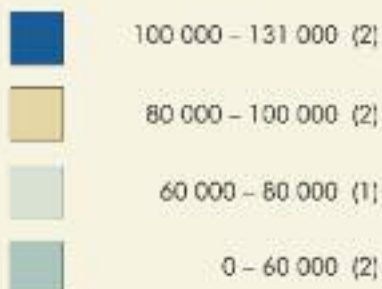
The labour force survey covering the population aged 15–74 indicated the stagnation of the employment rate, with improvement by around 1 percentage point in three regions (Southern and Northern Great Plain Regions, Southern Transdanubia), and decline by 0.1–1.0% point in the other four. It is difficult to assess the specific positive contributions of the various public employment programmes and that of the “performance” of the real economy, respectively.

As before, the employment rate was highest in Central Hungary (53.8%), and the lowest values were recorded in Northern Hungary (42.9%) and in the Northern Great Plain (44.1%).

### Development of the employment indicators by region, 2010



### Average monthly no. of jobseekers registered by NES, 2010



### Economic activity of persons aged 15–74 (according to the ILO standard), 2010 (%)



## Unemployment, inactivity

Parallel with the stagnation of employment, the number of the unemployed has kept increasing, that is, the labour force survey indicated growing economic activity. The weak economic trends raised the number of the unemployed, not that of the employed. There were 474,800 unemployed in 2010, 54 thousand more than in 2009, and the unemployment rate rose to 11.2%, by 1.2%, over the same period, that is, at a slower rate than in the previous year when it grew by 2.2% points. The slow-down manifested itself also in the quarterly data: in Q1 2010, the unemployment rate was 2.1% points higher than in the corresponding quarter of the previous year; in the last quarter, on the other hand, the difference was no more than 0.3% point.

Unemployment growth may have had several reasons:

- slow-down on the side of the exit turnover due to the gradual elevation of retirement age; for this reason, many new entrants appear in the labour market first as jobseekers;
- persons with reduced work capability cannot leave the labour market as easily as before, since the legal regulations oblige them to seek work for some time;
- a group of people in permanent employment previously who had lost their job due to the crisis could not find their way back to the labour market and became long-term unemployed,
- the tighter system of social allowances to active-age persons obliges the previously inactive beneficiaries of social support to carry out active job-search,
- despite the slight recovery, the labour demand was rather low-key in 2010.

In 2010 (as in 2009), unemployment hit men harder: their unemployment rate was 11.6% on annual average, whereas that of women was 10.7%. In 2008, the female unemployment rate had been higher than the male one (8.1% vs. 7.6%). With the amendment of the retirement regulations, women can also exit the labour market later, but note that in 2009, at the peak of the crisis, the male unemployment rate increased much faster than the female one. According to the labour force survey, the number of the unemployed grew in every region; the increase was most marked in Central Hungary (37.6%), and smallest in the Southern Great Plain Region (1.8%). Despite this deteriorating tendency, the unemployment rate of the population aged 15–74 has remained most favourable in Central Hungary (8.9%), whereas in Northern Hungary it was almost two times higher (16.%). The unemployment rate has also increased everywhere, except for the Southern Great Plain Region where it stagnated at 10.6%.

Parallel with the growth of economic activity (and in particular unemployment), the number as well as the rate of the inactive have also moderated: in the age group of 15–64, the inactivity rate was 37.6%, i.e. much higher than the corresponding EU average.

## **Development of the number of registered jobseekers; regional differences in unemployment**

The average number of registered jobseekers was 582,664 in 2010; the gap between the jobseeker headcounts based on the ILO definition and the Hungarian Employment Act, respectively, narrowed somewhat over the previous years. The number of the registered jobseekers was higher by more than one fifth than the figure according to the labour force survey.

The slack economic trend resulted in the growth of the number of the unemployed, rather than that of the employed, but the increase has slowed down. There were 3.7% more jobseekers in 2010 than in 2009, and 32% more than in 2008.

The development of the quarterly employment rates is mirrored by the change of the number of the registered unemployed by quarter: in Q1 and Q2, growth was faster than in the corresponding quarters of 2009 (by 21.0% and 1.3%, respectively), but in Q3 and Q4, there were less jobseekers in the register than in the corresponding periods of 2009 (by 2.9 and 3.5%, respectively).

The pace of annual development differed significantly by region: of the 5 regions reporting growth, Central Hungary's 23% increase of the number of registered jobseekers needs to be highlighted, whereas in the other four regions (Central Transdanubia, Northern Hungary, Southern and Northern Great Plain) it rose by 0.7–2.9%, and two regions (Southern and Western Transdanubia) produced decrease by 1.2–4.3%.

Both the labour force survey and the data of the jobseeker registers suggest that the positive economic shift had no impact yet on the employment situation – usually, such effects manifest themselves with a delay in employment.

## **Changes in the main groups of registered jobseekers in 2010**

We shall illustrate the changes in the situation of the various social groups through the presentation of the position of the specific priority groups of registered jobseekers.

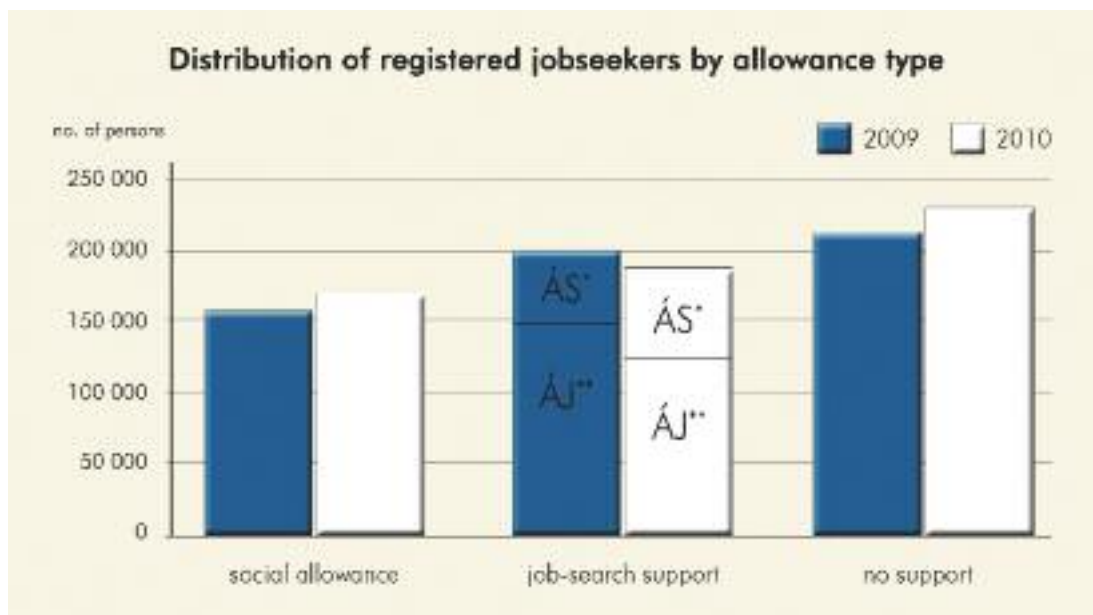
The composition of the registered jobseekers has also modified somewhat. On annual average, there are more male than female jobseekers, as before (at the time of seasonal works, the situation is usually the inverse); their rate was 52.3%. Their number rose by 2.4%, and that of

women increased somewhat more at 5.2%. (In 2009, at the peak of the crisis, the number of jobseeker men rose faster.)

As for the dynamic of growth of the headcounts of jobseeker groups in a breakdown by educational qualification, the following general statement can be made: the higher the educational qualification, the faster the growth of the number of jobseekers. The only exception is the rank order of persons with max. 8-year primary education or skilled worker training: the first grew by 1.6% and the second by around 0.2% over one year. The number of jobseekers with GCSE went up by 11.5% and that of degree-holder jobseekers by 21.0% as compared to 2009.

The development of these growth dynamics was strongly influenced by the fact that the public employment programmes focus primarily on the temporary employment of persons with low schooling.

The distribution of jobseekers by type of allowance indicates a further relatively marked reshuffling: in 2010, almost 40% received no provision whatsoever; one third was provided job-search support and 29% social-type allowance (essentially availability allowance). Over one year, the number of those in the first group increased fastest, by 9.4%, followed by that of social allowance recipients, by 7.6%, whereas the number of job-search support recipients moderated by 5.3%.



\*job-search benefit

\*\*job-seach allowance



In the group of recipients of job-search support, the number of job-search allowance recipients fell fastest, by 16.1%, but it was still 30% higher than the corresponding headcount in 2008. In contrast with the allowance recipients, the number of job-search benefit recipients expanded by 28.2% relative to 2009 and by 63.5% relative to 2008. Most benefit recipients were eligible (in contrast with the situation of the previous years) for Benefit Type II: their number almost doubled over 2008. The decisive majority in this group were persons re-entering the register after a spell of community work, not eligible yet for job-search allowance, only for Type II support.

The number of young jobseekers under 25 moderated by almost 2% relative to 2009, and that of persons of prime working age, i.e. ages 25–50, went up by 2.3%; the number of 50 plussers increased fastest, by 13.1%. This is yet another sign that it is most difficult for the members of the elderly generations to re-enter the labour market after the crisis and, with the tighter regulations, it is not so easy for them to become inactive either as it used to be for people of the same ages in previous years.

Special mention should be made of career-starters within the group of the youth: as opposed to jobseekers under 25 in general, their number rose even faster than the main average (by 6.7%) over one year. They find it more difficult to enter the labour market and, despite many reliefs offered for this purpose, there is less propensity to employ them. With the latest development, their share among jobseekers rose from 8.8% in 2009 to 9.0% in 2010.

## **Development of the number of reported vacancies**

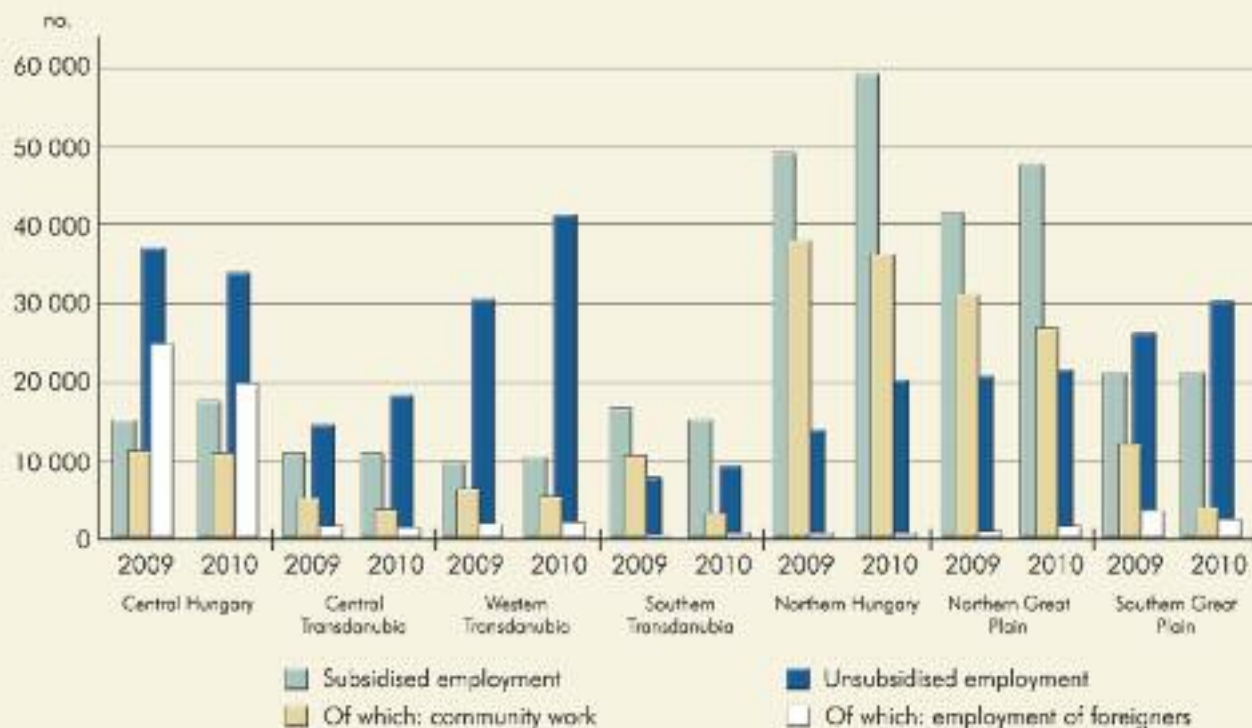
Employers reported altogether 357,800 vacancies to the offices of the NES centres in 2010, i.e. 41,100 (13%) more than in 2009. It is indicative of the moderate change of the labour market that the majority (54.1%) of reported vacancies referred to subsidised jobs (in 2009, the corresponding rate was 52.8%), and 48.6% to unsubsidised ones.

It is a positive phenomenon that the number of unsubsidised jobs was 16.2% higher than in 2009. The number of vacancies in the primary labour market rose fastest, by 44.7%, in Northern Hungary, but there was a significant expansion also in Western Transdanubia, by 36.8%, and in Central Transdanubia, by 26.8%.

The number of sheltered jobs (184,000), on the other hand, rose by 10.1% over one year. Almost three quarters of the relevant demand referred to some form of public works, including 87,000 jobs in community work organised by the municipalities.



**Development of the number of newly reported vacancies by region, 2009 and 2010**



## Development of the number of collective redundancies

The number of collective redundancies reported to NES dropped markedly in 2010 as compared to the previous year. The employers announced to NES their decisions to lay off 12,734 persons nationally in 2010, i.e. 26,400 less than in 2009. This was but one third of the headcount concerned in 2009, and hardly more than half of that in 2008.

This low-scale redundancy figure was unprecedented in the past 10 years. The low number recorded in 2010 must be interpreted as a kind of after-effect of the crisis: with the outstanding number of redundancies effected during the crisis, the employers have already streamlined their personnel, and hence there was no need to lay off more from the already normal-size headcounts in the subsequent period.

# Main tasks of the organisation in 2010

The main objectives of the Public Employment Service in 2010 included the mitigation of the impacts of the economic crisis, which stemmed in 2009 and swept across the world economy, the promotion of recovery, finding jobs for disadvantaged jobseekers, intensification of the search for vacancies and maintenance of the social dialogue. Information supply, performance evaluation and the implementation of employment promotion and development programmes, supported by the EU, continued to remain among these main objectives. PES had to serve an increasing number of jobseekers with the same number of staff which made its work more difficult. The EU grant programme helped us a great deal in serving the large number of clients and enhancing the vacancy identification activities despite the difficult circumstances.

‘The economic changes which began last year and swept across the world could also have long-term detrimental and unpredictable impacts on Hungary’s economy and labour market.’ These were our words and expectations reflected in the 2009 objectives. Our active measures that have a direct impact on the labour market contributed to the preservation of jobs and the employment of a large number of workers on the primary labour market, and assisted the temporary employment of nearly one hundred thousand people on the secondary labour market through public employment programmes, thus dampening the unfavourable labour market impacts of the recession also in 2010.

As a result of the detrimental processes of the world economy, the number of employed persons dropped by approximately 150,000 altogether in 2008 and 2009. This falling tendency came to a halt in 2010, but the economic upturn was not yet reflected in the improved employment figures.

Similarly to the other countries of the region, crisis management in Hungary focused on the encouragement and maintenance of the labour demand. The central labour market programme for “Job Retention” launched in 2009 and carried over also into 2010 aimed at retaining the employment capacity of the existing workplaces, at retaining jobs and the capacity and willingness of the employees to work, as well as at improving the labour market status and re-employment within the shortest possible time of employees concerned by layoffs. The programme helped keeping on total 68,076 jobs and was implemented in the form of an open tender in the co-operation of the Ministry, the National Employment and Social Office and the regional PES offices. Although the impacts of the crisis on employment have not yet been terminated, these interventions have successfully reduced their severity.

The experiences showed that although the crisis started off in the more developed regions, in 2010 it stretched to the more disadvantaged ones as well, and intensified the already existing employment tensions.

We focused our attention on assisting jobseekers, eligible for availability allowance and then being deprived of it as a result of the modification and the legal regulations to find employment by extending the job opportunities and subsidised training activities offered to them, by involving them in labour market programmes more intensively and by providing services and support to them.

Parallel with its modernisation, the Hungarian economy has suffered a drastic decline in the demand for labour with low qualifications over the last two decades, while the ratio of individuals capable of performing only such work has hardly decreased within the population. Compared to the previous period, a higher number of the long-term unemployed, capable of working, took part in the “Way to Work” programme in some form of public employment. Municipalities and municipality associations played an outstanding role in the implementation of the programme and the options available in the changed legal environment were more widely based on the role of municipalities in the employment policy. The number of people employed in public work, public service and community work gradually increased in 2008 and 2009 and reached the highest figure in 2010, when 186,280 people were involved in these types of support.

Most typical community work activities:

- improvement of public hygiene and local cleanliness,
- maintenance of local roads and public areas,
- water management and rainwater drainage, sewage construction,
- settlement development and physical planning tasks,
- administrative and delivery services,
- health and social care,
- maintenance of public cemeteries,
- protection of built and natural environment,
- mainly health and social services performed in municipality institutions.

The public employment programme, although it provided a temporary solution only and several of its components had to be further developed, was the only source of income for thousands of people. It was a deficiency of the programme that it did not provide any funding for the tools and materials required for the actual work, or the necessary trips if there was not enough work locally. These deficiencies were corrected in H2 2010.

The presence of the public employment organisers employed at municipalities, who were also selected from jobseekers, mainly from people eligible for availability support, was a novelty of the programme. According to the feedback received from municipalities, the public employment

organisers performed a rather extensive and important task, integrated well into the municipality structure and provided a lot of assistance through their activities in the implementation of the administrative tasks and performance of practical tasks of public employment organisation. The public employment co-ordination managers at the Public Employment Service made an effective contribution to the implementation of the extensive co-operation tasks, the co-ordination of public employment tasks at municipality level, the fast flow of data and the intensification of the working relations between the municipalities, municipality associations and the PES.

The biggest challenges for PES are contribution to the extension of the job opportunities and involvement in job creation. Although, apart from public employment, the Government can create only a limited number of jobs, by supporting start-up enterprises we may achieve the establishment of new jobs. It was good news that in 2010 the regional PES centre managed to support the highest number of starting entrepreneurs, more than 1,600 people, in the most disadvantaged Northern Great Plain Region.

In 2010, wage and wage-type support was provided to 48,535 individuals, of which the local offices supported the employment of 20,359 individuals from the decentralised budget of the employment fund segment of the Labour Market Fund. The wage costs of a further 27,950 individuals were supported within the framework of the labour market programme.

The employment promotion support is used primarily by the enterprises active in the market sector. The budgetary agencies also employ a large number of people within the framework of wage support. In 2010, 83.4% of the supported enterprises were micro and small enterprises. 25% of the individuals employed with wage support had 8-year primary school education, and 65.3% completed secondary education.

Wage support is an important tool in promoting employment. Especially smaller, cost-sensitive enterprises need this tool to increase employment. Apart from public employment and training, this is the most frequently applied support tool, which is effective also for a longer term, because more than 50% of the employees retain their jobs even after the support is terminated. With the use of EU resources, we ran the SROP 1.1.3 “The Way to Work” programme providing complex support for improving the employability of the same target group. 5,776 people took part in the programme.

In the national and EU programmes we continued to allocate a large amount of funds to supporting individuals with low school education, unskilled workers, and disadvantaged individuals or workers living in disadvantaged sub-regions, jobseekers, the long-term unemployed and people with reduced

working abilities also in 2010. The two subcomponents of the 1.1 'Complex Programme for the Employment of Job Seekers and Inactive Individuals' measure of the Social Renewal Operational Programme are implemented through seven regional programme plans under the control of a consortium leader at the Ministry..

The objective of the SROP 1.1.2 programme is to promote the integration in the primary labour market of disadvantaged jobseekers and people who lost their jobs in relation to the crisis by providing personalised complex assistance to them. The programme helps the labour market integration of people with low school education, career starters, individuals over the age of 50, those returning from child raising support and child raising benefit and from the care of relatives and individuals, who became unemployed as a result of the crisis. 15,409 individuals were involved in the programme in 2010, 16,604 people took part in labour market training, 11,617 individuals received wage cost support, 455 people were granted self-employment support, 359 received mobility support and labour market services were provided in 26,865 cases.

The SROP 1.1.1 'Assistance of Rehabilitation and Employment of People with Reduced Working Capability' priority project focuses on supporting people with changed working capacity who need several forms of personalised services and support in order to improve their employability and promote their integration in the open labour market.

The scope of the programme was smaller than expected, because it reached only a smaller group of people with changed working capacity than required.

Improvement of adaptability is one of the tools of overcoming unemployment, because more than 40% of jobseekers still do not have marketable professional knowledge. The support of training was included among the 2010 objectives, too. In 2010, almost 10% more joined the training activities than in 2009. The majority of individuals interested in training took part in activities providing qualifications. The most popular training courses were related to occupations involving services – social worker, chemical goods sales assistant, security guard, etc.

The EU opportunity organised for people receiving nursing benefit was a special programme in 2010, attended by 2,300 people who obtained special qualifications mostly in the form of distance learning. In this category, the professions related to nursing and occupations involving work at home were especially popular. The training activities, funded mostly by the European Union, but also with significant national resources, mobilised thousands of people giving them an opportunity to develop, although Hungary's lag from the European Union is still significant in lifelong learning.

It was another result that the ratio of unskilled people decreased slightly among the jobseekers due, inter alia, to the fact that for decades the PES offices have been using 30-40% of the support instruments for training. The network of regional training centres took a large share in successful training: in 2010, they trained more than 8,000 people, of whom 80% came from disadvantaged groups.

Most people attended the courses of the training centres in the Southern Great Plain and Southern Transdanubia Regions, but many studied in the Székesfehérvár training centre, too. The mission and role of the regional training centres were modified during the year, as more emphasis was put on the training and improvement of the status of disadvantaged people. 54% of the individuals completing some training in regional training centres found a job in the learnt occupation after the training according to the monitoring results.

Mainly due to the crisis, this figure is slightly lower than the 60% placement indicator of the previous years. The motivation for training gets higher proportionately to schooling, as more than 60% of the jobseekers involved in training have GCSE. As these days especially a grammar school GCSE does not represent marketable knowledge on the labour market, the training of these people is still necessary. The relative depreciation of the GCSE on the labour market is also indicated by the fact that almost 50% of the individuals eligible for availability allowance completed at least secondary education.

When employment centres develop their training supply, they define it as a primary task to offer a supply of training that is accessible for all groups concerned, giving a chance to each individual to return to employment from unemployment. Similarly to the previous years, career-starters, the long-term unemployed and people with reduced work capability remained the target groups of the employment promotion training courses. The success of training depends a great deal on whether the selected training truly responds to the labour market requirements and whether or not it is suitable for the characteristics and capabilities of the individual. The career guidance services, which are getting stronger on the PES base and contribute to matching the demand and opportunities, have a rather important role in achieving this mutual adequacy.

Apart from the significant improvement of methodology and personnel conditions, the web-based information channels through which information needed to make qualified career decisions reaches even people living in the most remote settlements have very important role. As a result of the SROP 2.2.2 programme, the number of career orientation advisors at PES increased by 50 individuals, thousands of experts joined the virtual career guidance network and 2,000 people took part in training enhancing the career guidance knowledge.

The crisis hit rather severely the young career-starter age group, because there was hardly any increase in employment. As retirement age is gradually increasing, young people cannot hope for employment based on natural replacement. Their situation is more difficult because they are not entitled to any financial benefit either, as they did not have any previous employment. Another factor illustrating well the unfavourable status of young people on the labour market is that an outstandingly high ratio of individuals eligible for availability allowance are aged less than 35 years.

The support system encourages employers to employ young people primarily with the START contribution allowance, which was the main instrument applied to career-starters in promoting employment also in 2010.

Outstanding attention was paid to the promotion of employment of the Roma population and the unemployed aged over 45. The target groups of the programmes are especially those increasingly disadvantaged people who are eligible for priority support financing their costs of living during the training and thus promoting their involvement in the training and integration in the labour market.

The HUF10.6 billion support provided from budget appropriations to accredited employers for the employment of people with reduced work capability funded the support of 19,801 individuals in 2010. Based on the number of the employees, the employers included medium-sized enterprises (7,776 persons), and other organisations (6,227 persons), small enterprises (4,390 persons) and non-profit organisations (4,209 persons). 11,465 different labour market services were provided to clients receiving rehabilitation benefit reporting at the local offices.

Twenty-eight Roma employment co-ordinators were employed in the SROP 1.3.1./1.1.4 sub-projects, who have been operating in seven regions and twenty-five local PES offices all over the country since the end of 2009.

Their main responsibilities include the registration of minority self-governments and NGOs operating in the area of competence of the offices, the expansion of the relationship with them, the identification of jobs for Roma employees, and contacts with the employers for promoting the employment of Roma people. They assist in finding tender applications and programmes aimed at improving the living conditions and labour market status of the Roma population, in finding and encouraging potential applicants and in preparing the applications. The Roma employment co-ordination managers assisted 3,134 individuals of Roma origin last year, of whom 2,132 took part in human services and employment promotion training and were given placement assistance.

In 2010, we paid special attention to the extension of methods of identifying and registering vacancies, the improvement of the quality and efficiency of co-operation with employers and to the rapid satisfaction of the identified and registered labour requirements.

Some of our development projects implemented from EU resources strengthen the cohesion between the Employment service and companies and employers. In the framework of the PES 'employment agent pilot', mobile employment agents were employed to give a boost to the vacancy identification activities. The agents were integrated into the scope of activity of the Employment Service and had sufficient information and technical background for taking an active part in the co-ordination of the requirements and opportunities of the labour market.

In the 'Operation of a team maintaining contact with employers with nationwide competence' sub-project, our aim was to enhance the efficiency of co-operation with companies employing a large number of people, typically operating in more than one region, including also multinational companies, and to lay down new foundations for the relationship.

In the 'New Set of Services for Micro, Small and Medium-Sized Enterprises' project, we ran a support advisory and mediation network (legal and financial advice, actual support, applications, changes in labour regulations), and provided employment information. Another website, similar to the website of the Public Employment Service, will be launched in 2011 providing more information to entrepreneurs, and containing structured information especially assisting micro, small and medium-sized enterprises and, according to our plans, functioning also as an on-line advisory service.

Although the number newly reported jobs was still lower than in 2008 (in 2009, the number of reported vacancies decreased to 316,654 as a result of the economic crisis), with the help of our co-ordinated endeavours we managed to raise the figure to 357,758 by 2010. We continued developing the network of local offices which, apart from improving the conditions of mediation, also provide more space for independent job search, because the self-information desks offer the full range of vacancies to anybody who has computer literacy skills and can find their way among the vacancies advertised on the internet.

The SIOP 3.2.1. 'Establishment of the framework of an integrated labour and social service system by developing the infrastructure of the Public Employment Service' priority project is the continuation of the previous programmes of the PES (Phare, HEFOP 1.2.), as a result of which the infrastructure of 80 local PES offices was modernised. In 2010, the improvement of the infrastructure and IT instruments of 12 other local PES offices started, thus creating the conditions of operation of a new, modern service model.



The SROP 1.3.1/1.1.3 'National Virtual Labour Market' sub-project, currently in progress, aims at the co-ordination of the services of the public and private employment agencies.

The development resulted in an internet service assisting jobseekers to find employment, and containing the vacancies offered by the Employment Service, EURES and the joining private employment agencies, and providing also access to the CV data of jobseekers and individuals seeking mediation registered by PES to the private agencies and employers which joined the system. This system accelerates the process of jobseekers finding employment and also makes the market of employment agencies more transparent by verifying the data provided by the joining parties and by structurally registering such data.

The employment services made up a considerable chunk of the activities of the Public Employment Service, although this portion shrank slightly in 2010. In 2010, almost 275,000 people used some employment service at the local offices or service centres. Most of them, 184,000 individuals, received advice in job search. The number of people taking part in individual job search guidance dropped slightly, but the number of individuals using group advice doubled.

In adult vocational training, we focused mainly on enhancing the workforce capacities in line with market requirements and on increasing the level of qualifications of the population concentrating mainly on disadvantaged sub-regions and increasingly disadvantaged jobseekers.

In 2010, in total 60,336 people attended training courses financed in Hungary, half of whom did not have any vocational qualifications before. A further 16,604 people were trained in the SROP 1.1.2 programme, 4,160 people were trained in the SROP 1.1.3 programme and 2,020 people gained vocational qualifications in the SROP 2.1.1-B 'Take One Step Forward' programme, supported by the European Union. In total, 83,120 people attended training programmes funded from the Hungarian budget and by the European Union in 2010.

In order to promote employability and employment, our objective is to strengthen and enhance social partnership (with employers, municipalities, NGOs, interest representation organisations and private employment agencies). Unemployment can be managed and job creation may be supported effectively by co-ordinating and encouraging the activities of the regional employment policy and regional development organisations and institutions.

In 2010, in total 62 employment pacts were active in Hungary, sharing the main common task of improving the status of employment, increasing the level of employment and decreasing unemployment as well as the involvement of economic and human resources of the region. The

primary objective of the employment programme of the New Széchenyi Plan is to create as many taxable and sustainable jobs as possible by developing potential employees and supporting and encouraging them to find employment. In order to boost common understanding between the enterprises and the Government and in order to encourage job creation and improve competitiveness, the Government began elaborating the Competitiveness Contract, a new form of co-operation between the local sectoral economy and the Government, in which the PES (NES) centres may also have a role.

With the involvement of its Social Dialogue Centre, the National Employment and Social Office ensured the participation of the Sectoral Dialogue Committees in the sectoral dialogue of the European Union.

Pursuant to the 2010 resolutions of the Sectoral Participation Establishment Committee, there are 30 sectoral, sub-sectoral and branch dialogue committees in which 34 employer and 42 employee, in total 76 interest representation organisations are represented. At present, the Sectoral Dialogue Committees take part in the activities of 21 European Sectoral Social Dialogue Committees.

The Sectoral Dialogue Committees implemented programmes based on an annual work plan: they prepared technical materials and analyses, organised conferences, training, seminars and study trips, built international relations, took part in the activities of the European Sectoral Social Dialogue, and conducted negotiations for establishing collective agreements and contracts. They had regular consultations with the Government and government agencies in order to reflect the aspects and interests of the sectoral actors in the national concepts, plans and programmes.

For the purpose of improving the conditions of sectoral employment and the economic status of the various sectors, they reviewed legal regulations and expressed their opinions and proposals in numerous cases. The Employment Service promotes the solution of a large number of labour conflicts through mediation, with the help of the Labour Mediation and Arbitration Service.

The activities of the Service contribute to the preservation of work, sectoral, inter-sectoral, social peace, and are involved in the effective settlement of labour disputes, in the fastest solution of conflicts, thus promoting the development of the culture of industrial relations.

In 2010, the Service received in total two requests for mediation. One of them related to a sector-level labour dispute and the other case was a corporate conflict. Both mediation attempts were successful and the parties agreed. The Service supplied advisory services in 35 cases.

*In total we can conclude that the Public Employment Service worked effectively in 2010, although the year was especially difficult in terms of the labour market. It helped hundred thousands of clients find jobs, identified more than 300,000 vacancies and assisted in the public employment of nearly 200,000 people. The Service provided training to and supported more than 80,000 people, while it performed significant professional and methodological developments, improved the conditions of customer services, and trained not only jobseekers, but also the staff members of the local PES offices, enabling them to perform their work in satisfactory quality.*

# Employment measures – central and regional labour market programmes

## Main active labour market policies (ALMPs) funded from domestic resources

Name of the employment-promotion measure	Year 2010	
	Headcount concerned (no.)	Actual payments (HUF m)
<b>Assistance for public service work</b>	<b>16 872</b>	<b>4338.2</b>
Public work schemes **	31 528	
Mediation for community work **	137 880	
<b>Employment promotion training</b>	<b>60 336</b>	<b>21 719.7</b>
Training for employed persons	1 326	145.4
	27 950	12 435.9
<b>Wage support to promote employment expansion</b>	<b>20 585</b>	<b>4542.2</b>
<b>Agreement with micro, small and medium-sized enterprises and civil organisations on the use of contribution reliefs</b>	<b>5 880</b>	
<b>Wage guarantee support</b>	<b>11 232</b>	<b>5 443.0</b>
<b>Work experience acquisition assistance to career-starters</b>	<b>2 477</b>	<b>745.1</b>
<b>Job preservation support</b> (exclusively from the DEC EF budget)	<b>4 775</b>	<b>1 049.1</b>
<b>Support to would-be entrepreneurs</b>		
capital allocation	215	306.7
grant available up to the min. wage amount	6 701	1 746.7
both	260	327.6
costs of professional guidance needed to start and keep up the entrepreneurial activity		
<b>Altogether</b>	<b>7 176</b>	<b>2 381.0</b>
<b>Job creation support</b> , no. of new jobs created in the reference year **	<b>1 748</b>	<b>1 539.6</b>
<b>Support for the employment of persons with reduced work capability</b>		
Support for the creation of inclusive workplaces		
Support for rehabilitation employment		
Assumption of intercity travel costs	1 324	67.0
Support for collective transport costs		
<b>Telework programme *</b>	<b>644</b>	<b>301.2</b>
<b>Support for regional labour market programmes</b>	<b>1350</b>	<b>1056.5</b>
of which: wage cost subsidy	<b>848</b>	<b>525.6</b>
<b>Support to mitigate the detrimental consequences of collective redundancy</b>		
<b>Support to labour market service providers</b>	<b>56306</b>	<b>1 199.9</b>

The statistical data and the summaries of the regional centres of the National Employment Service (NES) show that in 2010 the list of the headcounts of beneficiaries of the various forms of support was headed by labour market training with more than 60 thousand participants. Wage and wage cost subsidies were provided to a total of 48,500, and 16,900 took part in the third most popular traditional employment policy measure. The expenditures associated with the measures concerned showed a similar distribution.

In addition to the items listed above, the employment role of community work organised under the programme “The Way to Work” (Út a munkához) excelled (it mobilised 137,900 persons), and the same is true for employment under the various public work schemes (which activated 31,500 persons).

## **Wage and wage-type support**

48,535 persons were provided such support in 2010; within that, the NES offices supported the employment of 20 359 persons from the decentralised budget of the employment fund segment of the Labour market Fund (LMF DEC ES). Another 27,950 were provided wage cost subsidy under labour market programmes. Employment promotion support is used mainly by enterprises in the competitive sector. The public entities have also employed a significant number of people with wage subsidy. In 2010, 83.4% of enterprises provided such support were micro and small enterprises. One quarter of persons employed with wage subsidy had max. 8-year primary schooling and 65.3% had secondary level qualification.

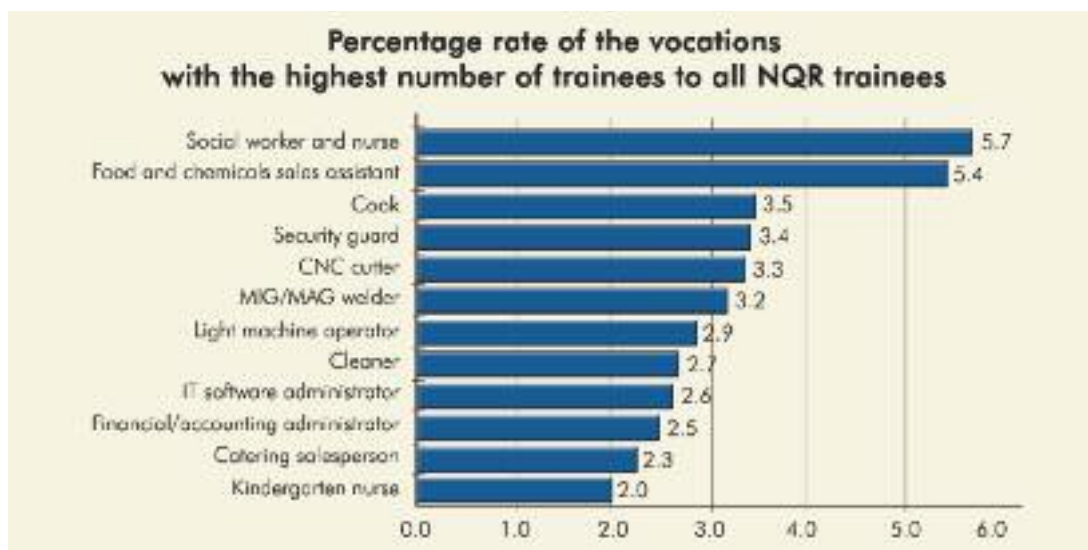
## **Public service work**

In the year 2010, a total of 16,872 took part in public service, some 4000 less than in 2009. The radical decline of those employed under this form occurred in 2009, with the fast progress of community work under “The Way to Work”. The circle of organisers of public service work underwent no change of merit as compared to the previous year. It includes mostly local municipalities and their institutions, and also museums, foundations, societies, centres of culture, fire brigades, civil organisations, non-profit institutions and churches. 71.3% of public service workers were employed by these institutions. Most work tasks were of a communal nature and targeted care for public areas managed by the municipalities, the cleaning of the settlements and the maintenance and renewal of public buildings. The areas of education and culture, for example, were open to teachers, kindergarten teachers, pedagogical assistants, librarians and cultural organisers.

## Labour market training

In 2010, 40.2% of jobseekers had maximum 8-year primary schooling and no vocational qualification at all, and persons with GCSE, but no vocational skills included, almost half of jobseekers was unskilled. Therefore, the main goal of the training programmes launched by the Hungarian NES centres was, in addition to satisfying the labour demand of the labour market, to make it possible for the members of these groups to acquire a vocational qualification of some kind, to facilitate thereby the re-employment of job-losers. In 2010, 60,336 persons took part in labour market training. Considering the preliminary qualification of jobseekers, it can be stated that in the year under study within the group of beneficiaries of training support, the propensity for training was most typical of persons with secondary education: 63.3% of trainees came from that group. Typically, more than three quarter of the participants had already had some vocational qualification.

The decisive majority of trainees (83%) took part in vocational education, and 78.6% among them in training offering vocational qualification included in the National Qualifications Register (NQR). The number of NQR trainees rose by 9.6% over 2009. Another 9.4% of participants took part in foreign language training and 7.6% in some other general-purpose training. As for the core principles applicable to training support, it is a primary criterion that supported training should meet the match the aspirations of jobseekers and employees and meet the demands of the economy. Training for such shortage vocations as e.g., welder, CNC cutter has remained a priority criterion. In 2010, the 12 most populous vocational training courses absorbed 39.4% of all participants in NQR-based training.



## Assistance to jobseekers contemplating self-employment

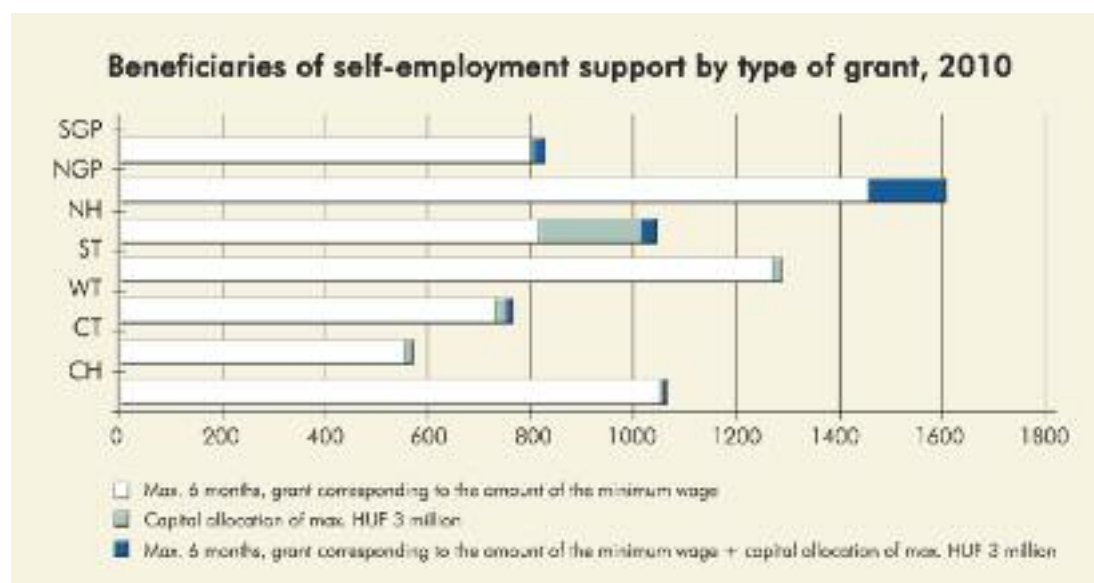
The regional NES centres announced tenders for jobseekers in need of assistance to start an enterprise of their own. The centres issued the call for tenders for repayable capital grants and/or non-repayable subsidy corresponding to the lowest minimum wage ever available for a maximum of 6 months also in 2010. In the first case, i.e. interest-free repayable capital grants, the awarded amount which can be used for investment as well as the replenishment of the current assets must be repaid in five years, after one year of grace. All things considered, there was a rather marked demand for the subsidy equalling the minimum wage from among the two forms.

The majority of the circle of eligible applicants, i.e. the registered jobseekers, found it difficult to meet the tender criteria, because they had to finance 20% of all investment or current asset costs from their own resources, and adequate, in the first place unencumbered, real estate had to be provided as mortgage collateral. In addition, they had to agree to keep up the entrepreneurial activity for 3-5 years. Given the uncertain and frequently changing economic conditions, it was difficult to provide for these conditions. Enterprises started with the help of the grant covered many areas of the national economy; these include entities active in trade, in various services, travel, agricultural original producers, industrial and producer entities. Most applications concern some kind of service provision. The majority of applicants start out as sole proprietors, but some set up a business association or join an existing entity, or they opt for original producer activities. The main reason for starting an enterprise was the shortage of vacancies, that is, an external constraint, but in the majority of cases the entrepreneurs who started their activities with a grant did not return to the system.

The Central Hungarian Region is characterised by a high rate of rejected applications. In consideration of that circumstance and the experiences of the past three years, the call for tenders in 2010 was accompanied by a matching subsidised labour market training course to master the skills needed for enterprising. This course will provide an opportunity to jobseekers with no relevant qualification in business/financial matters to understand the basic terms and conditions of enterprising and to become able to make a thorough business plan already before starting an enterprise.

In 2010, the highest number of jobseekers becoming self-employed, 1,600 persons in all, were provided support in the Northern Great Plain Region. In Central Transdanubia, on the other hand, there were less than 600 beneficiaries. In most regions, the grant corresponding to the minimum wage predominated, but in Central Hungary, more than 200 were provided capital to start an enterprise. In the Northern Great Plain region, the self-employment of 150 persons was supported through the combination of the two types of support.

In several regions (Northern Hungary, Central Transdanubia), jobseekers intending to start an enterprise in the most deprived small regions or settlements were given priority in the assessment process, and the same applied to certain groups of jobseekers (long-term jobseekers, career-starters, persons older than 50). Applicants who wished to start an enterprise in an activity area matching their vocational qualifications also stood a better chance.



In 2010 a total of 7,176 persons were awarded some form of this support. 215 among them were provided capital only; 6,701 subsidy corresponding to the minimum wage only, and 260 both forms together. The regional NES centres provided funding of HUF 2,381.0 million for this purpose based on the relevant official contracts.

## Job-creating subsidy

At the end of January 2010, the Ministry of Social Affairs and Labour announced a solicitation for grant applications for job-creating investments with a budget identical to that in 2009, i.e. of HUF1,500,000,000. As in previous years, candidates could apply for non-repayable grants of HUF800,000, to be increased, contrary to previous practice, by HUF100,000 only for investments realised in small regions in a detrimental position, and by a significantly higher amount, of HUF300,000, if the candidate undertook to employ registered jobseekers mediated by the NES offices.



Another HUF100,000 could also be claimed if the local Gipsy minority self-government or, in its absence, the Roma interest representation or Roma civil organisation or the ethnic spokesperson also made a proposal concerning the registered jobseekers to be hired. The terms of application were by and large identical with those in the previous years, but the available budget remained at the level of 2005.

Eligible costs under the central job-creation tender (Code: MPA-2010-1) included costs incurred in connection with the procurement of new technical equipment, machinery, production tools, other immaterial goods and the construction costs of a new building/building section. Under Tender MPA-2010-2 announced for grant applications for job-creating IT investments, applicants could apply for investment-related wage subsidy.

In terms of the employment and job preservation obligations, no change similar to that in 2007 has taken place this year. The employment obligation of SMEs lasts for two years and that of others for three years, as before. SMEs must preserve the jobs created with the grant for at least three years and others for 5 years, also as before. Eligible applicants were awarded the grant amounts they requested. The Regional Labour Centre of Southern Transdanubia announced no tender for capital grants due to the scarcity of its resources.

The job-specific “unit” costs increased considerably. This was clearly due to the fact that the candidates applied for the extra support available for employing jobseekers for almost every person to be hired, and that has been raised considerably in 2010. Another essential reason was that in previous years they typically had recourse to the basic grant only, and hence unit costs were 30% lower. The employment and job preservation obligations have been reduced significantly in both cases, since this year only SMEs have been awarded the grant, as opposed to the previous years. This, too, resulted in a difference of almost 30%, which explains the 50% overall increase.

The call for applications specified the obligation of employing at least 2 persons and, therefore, more SMEs applied. The economic crisis affected the investment propensity of enterprises, as reflected by the fact that they undertook to realise investments of a minor value with less lower staff numbers.

In Central Transdanubia, for example, the application evaluation criteria included whether the investment was to be realised in a deprived area; the number of new jobs the employer intended to create and whether the business plan was well-founded. The NES centre commissioned external experts to assess the financial situation of the entities concerned.

## Central labour-market programmes

The following central labour-market programmes helped mitigate the employment tensions in 2010:

- National public works programmes
- Telework programme
- Support for the employment of public employment organisers
- Post-partner programme
- Central pilot “Employment support for helpers assisting with the subsidised education of persons younger than 35 with no primary school qualification involved in training under the programme “The Way to Work”
- Labour-market programme “Let’s preserve jobs”
- Central job preservation programme to promote management of the labour market crisis situations and employment restructuring

## National public works programmes

Public works programmes are employment programmes which link work and practical training to overcome employment drawbacks, raise the qualification level of jobseekers, develop their skills, help them acquire work experience and earn a living from work. The fixed-term, min. 3-8-month-long public works programmes accessible via a transparent, publicly available application system contribute to the simultaneous realisation of local and also regional or national objectives via systematic, well-designed and controlled value-creating employment.

Grants have been awarded following the evaluation of the submitted applications to central budgetary organs, regional development councils, local municipalities and their incorporated associations, business associations commissioned to manage and maintain public and municipal property and non-profit business associations. During the year, the national public works programmes gave long-term jobseekers an opportunity to earn a living. The programmes, starting at different dates and in different areas, covered a total of 4,388 settlements and involved a total of 27,641 persons.

In addition to the “Winter and Spring” public works programmes and their extensions, several regions employed underprivileged jobseekers under the public works programmes entitled “Roma”, “Forest cultivation”, “Prevention of flood and inland water”, “Management of extraordinary situations due to flood and inland water”, “National Parks”, “Fire-wood gathering”, “Hospitals”, “Railway cleanliness and travel”.

In summary, one can state that the public works programmes represent the only work opportunity for the majority of the participants, given their vocational skills (or mostly the lack of it) and labour market status.

## Telework programme, 2010

With the central labour-market programme designed to spread telework, the Ministry of Social Affairs and Labour wanted to encourage the dissemination of the flexible forms of employment work and hence the further modernisation of Hungarian work culture.

Telework programme		
Region	No. of workers	Wage cost subsidy (HUF m)
DARMK <sup>1</sup>	54	17.9
DDRMK <sup>2</sup>	35	23.4
ÉARMK <sup>3</sup>	55	37.4
ÉMRMK <sup>4</sup>	24	16.4
KDRMK <sup>5</sup>	4	2.8
KMRMK <sup>6</sup>	308	208.7
NYDRMK <sup>7</sup>	78	53.2
<b>Total</b>	<b>558</b>	<b>359.8</b>

As in the previous year, the programme met with most interest in the competence area of the Regional Labour Centre of Central Hungary. Of a total of 558 telejobs created nationally, 308 were created with subsidy in this region.

## Support for the employment of public works organisers

The goal of the programme was to involve in public employment programmes targeting socially useful activities as many underprivileged persons eligible for provisions for active-age people as possible, with the contribution of public works organisers.

The task of the public employment organiser participating in the programme is to organise community work for the members of the target population; to co-ordinate and supervise the work; to keep in touch with the employers concerned, and to do the administration tasks related to such employment.

<sup>1</sup>DARMK: Southern Great Plain Regional NES Centre; <sup>2</sup>DDRMK: Southern Transdanubian Regional NES Centre; <sup>3</sup>ÉARMK: Northern Great Plain Regional NES Centre; <sup>4</sup>ÉMRMK: Northern Hungary Regional NES Centre; <sup>5</sup>KDRMK: Eastern Transdanubia Regional NES Centre; <sup>6</sup>KMRMK: Central Hungary Regional NES Centre; <sup>7</sup>NYDRMK: Western Transdanubian Regional NES Centre

Employer feedback has shown that the municipalities really needed the contribution of the public employment organisers, since the tasks to be accomplished under the programme “The Way to Work” attracted a much more significant number of persons than before.

Public employment organisers maintained active contacts with the family assistance services and the Gipsy minority self-governments in order to involve as many people in the programme as possible. There were roundtable meetings at several places to discuss the series of tasks to be accomplished jointly, and to appoint the heads of the workgroups to ensure the quality performance of the functions to be fulfilled by the workers.

Feedback provided by the municipalities allows to conclude that public employment organisers played a most important role; they fitted well into the division of labour at the municipalities, and their activity was a major asset to the implementation of the administrative tasks of the public employment organisation and the implementation of the practical tasks themselves.

## **Support for the employment of managers co-ordinating public employment**

It was a priority target that long-term unemployed people capable of work should participate more intensively than before in some form of public work to get closer to the world of work and to earn a regular living. In order to implement the programme, a special role was assigned in this respect to the local municipalities and their associations.

The employment of a much higher number of persons than in previous years made it necessary also to reinforce the organisational units of the National Employment Service. The effective implementation of the programme made it imperative to realise close co-operation and an efficient flow of information between the local municipalities and the NES offices, the NES centres and the National Employment Office.

The activity of managers co-ordinating public employment, based on the necessary theoretical and legislative background, implied active participation, in organic co-operation with their colleagues at the NES offices and with the specialist administrators of the municipalities. Feedback by the offices underlined that, after taking up work, the managers mastered the regulatory provisions applicable to community work as well as the related office protocols and programmes very soon. Headcounts and sources of grant funding of the grant programmes involving public employment organisers and managers co-ordinating community work (see next page).

### Wage subsidy for the employment of public employment organisers

Beneficiary	Envisaged computed no. of organisers of municipal public works (persons)	Actual no. of municipal public works organisers (persons)	Modified budget for 2009 (HUF m)	Funds allocated in 2009 (HUF m)	Modified budget for 2010 (HUF m)	Funds allocated in 2010 (HUF m)
Central Hungary	94	74	82.0	62.3	46.9	39.5
Central Transdanubia	62	36	36.6	32.0	21.0	18.3
Western Transdanubia	56	41	44.3	37.2	23.9	21.8
Southern Transdanubia	195	195	192.7	178.1	103.5	91.8
Northern Hungary	373	278	277.8	238.7	154.5	128.8
Northern Great Plain	391	392	399.5	377.5	214.3	195.5
Southern Great Plain	184	138	156.3	144.1	82.7	72.2
<b>Grand total</b>	<b>1355</b>	<b>1154</b>	<b>1189.2</b>	<b>1069.9</b>	<b>646.8</b>	<b>567.9</b>

### Support for the employment of public employment co-ordinator managers

Beneficiary	Actual headcount to be provided for the regional NES centres (persons)	Actual no. of public works co-ordinator managers (persons)	Modified budget for 2009 (HUF m)	Funds allocated in 2009 (HUF m)	Modified budget for 2010 (HUF m)	Funds allocated in 2010 (HUF m)
Central Hungary	11	11	13.9	14.7	6.9	7.7
Central Transdanubia	8	8	10.1	9.9	5.1	4.8
Western Transdanubia	7	7	7.2	6.9	4.4	3.9
Southern Transdanubia	30	30	33.6	32.2	19.0	13.4
Northern Hungary	56	56	70.6	63.4	35.3	39.4
Northern Great Plain	62	55	63.2	57.2	39.1	39.1
Southern Great Plain	26	26	32.8	26.2	16.4	17.7
NESO	10	8	14.0	7.5	6.1	4.9
<b>Grand total</b>	<b>210</b>	<b>201</b>	<b>245.4</b>	<b>218.0</b>	<b>132.3</b>	<b>130.9</b>

## Post-partner programme

Pursuant to the relevant decision of the European Parliament, state monopolies in the area of public services, including postal services, must be abolished in every Member State of the European Union by 01 January 2013 at the latest.

Pursuant to Act CI of 2003, the Hungarian Post as 100% state-owned company provides for public service tasks as universal service provider, while being also an enterprise which operates on the competitive market driven by business considerations. In the period of preparation for the opening of the market, it intends to transfer to entrepreneurs and municipalities several hundreds of the loss-maker post offices.

To prevent unemployment and to mitigate its detrimental consequences, the Ministry of Social Affairs and Labour together with the regional NES centres and the National Employment and Social Office worked out a labour market programme to be implemented in three years, in several phases with the consent of the Steering Committee of the Labour Market Fund (MAT). The programme applies several forms of support, in combination, if necessary, to prevent the unemployment of persons laid off due to restructuring or to promote their earliest possible re-entry to the labour market and to improve their labour market chances.

The possible forms of support are the following:

- wage cost subsidy
- contribution to costs related to commuting to work
- support to start an enterprise
- training support
- labour market services

The programme was implemented in four stages, in different counties, in line with the schedule of the public procurement tenders announced and realised by the Hungarian Post. Funding was provided separately for each stage by the Steering Committee of the Labour Market Fund, from the central budget of the employment fund segment.

The beneficiaries of the programme – employees laid off due to restructuring – could join the programme in the first two phases until 15 October 2009, in the third until 01 December 2009 and in the fourth until 31 May 2010. Over the entire programme period, of the 1,464 persons employed previously at the 429 post offices offered to be taken over by entrepreneurs, the unemployment of 1,157 was prevented and, since the decisive part of the programme took place

in the years 2009 and 2010 – when the labour market was subject to enhanced pressure anyway due to the economic crisis –, the programme contributed, if only to a small extent, to the management of the crisis as well.

MAT provided a total of HUF2,169 million (budget modifications included) for the funding of the four phases of the programme. By 31 December 2010, HUF1,707 million of that amount had already been allocated.

Under the programme, 16 former post employees took over a service provider site for operation, preserving thereby the jobs of those who worked there. Support for self-employment was claimed by one person, to start a catering enterprise, which he operates as agreed. The most popular form was support for wage costs, which was awarded to a total of 1,139 persons.

In addition to the above, the programme can be deemed a success in several other respects as well. On the one hand, those who became entrepreneurs have all exercised their activity to this day, and the employees who were placed have continued their former activity, in most cases at their previous place of work and under the same work schedule. On the other hand, thanks to the programme, the change of employer implied but administrative tasks for the majority which, considering the fact that the outsourced post offices were located in dwarf villages, was of special importance. There can be no doubt as to the outstanding role played by the colleagues at the NES offices: the majority of those concerned actually gave voice to this opinion.

### **Central pilot entitled “Employment support for helpers assisting with the subsidised education of persons under 35 with no primary school qualification involved in training under the programme “The Way to Work””**

“The Way to Work” offered availability allowance recipients younger than 35 with no primary school qualification training to finish primary school and to acquire the competencies needed to start vocational training as a form of co-operation with NES.

The pilot lasted for 6 months. The task was implemented in co-operation by the regional NES centres (RLCs) and the regional training centres (RTCs). Before taking up work, the “training facilitators” (mentors) were provided training themselves, accompanied by weekly supervision sessions supervised by an expert active in the social field, designed primarily to enhance professional competencies and develop co-operation skills and efficiency. The pilot programme was implemented by two regional NES centres. In the Northern Hungarian region, 8 facilitators worked with 643 persons during the

6-month project period; in Southern Transdanubia, 4 mentors worked with 296 persons. The mentors did field work in the strict sense, in the course of which they even paid visits to trainees absent from the course for a longer time at their home; they took part at the lessons and provided advice of life-course management and learning techniques. Through their regular presence, they became the confidants of the groups concerned, which boosted group cohesion and significantly reduced the drop-off rate, to 6.4%, at the courses started/implemented during the period of their employment, representing significant improvement as compared to the rate close to 13% produced in 2009.

On average, one mentor was involved in the organisation and implementation of 3.75 courses, that is, each mentor monitored the study progress, reasons of absence etc. of around 80 persons. The grant covered the reimbursement of 100% of the gross wages defined at a uniform HUF150,00 and of the relevant contributions, and the employer could use another monthly HUF50,00 at the most per person for the reimbursement of costs of operation.

Allocation of funds under the programme (HUF m)			
Name		Northern Hungary RLC	Southern Transdanubia RLC
Approved amount		11.94	5.97
	wage subsidy	9.14	4.57
	travel expenses	2.40	1.20
	one-off training cost	0.40	0.20
Utilisation		9.45	5.61
	wage subsidy	7.83	4.47
	travel expenses	1.63	1.14
	one-off training cost	0	0
Residue		2.49	3.59

No problem has occurred in connection with the employment of the persons involved in the programme, and no replacements took place. Both the teachers and the trainees provided very positive feedback indeed on the programme as a whole. There was general agreement on the part of the trainers and the labour centre staffs that it would be useful to continue with the programme in the future, since the training of the groups in a multiply disadvantageous situation is not simply an educational matter, but also social work in the classical sense.



## Central labour market programme “Let’s preserve jobs”

In the year 2009, the Ministry of Social Affairs and Labour announced a central labour market programme with the National Employment and Social Office and the regional NES centres, and assistance programmes with the National Employment Foundation (OFA) to mitigate transitory employment tensions.

The programme goal was to preserve the employment capacity of the existing workplaces; to preserve jobs; to maintain or, if necessary, restructure, the working capacity and skills of the employed; to improve the labour market situation of persons affected by lay-offs and to place them anew as soon as possible.

Assistance components of the programme:

- Wage cost subsidy to preserve jobs
- Wage compensation in case of reduced employment
- Wage cost subsidy to promote re-employment
- Labour market service
- Labour market training
- Support for the expenses of commuting to work

### Implementation of the programme

The deadline for applications (submission of programme plans) of the labour market programme to help employees facing temporary difficulties announced on 09 February 2009 was 14 September 2009. By that time, the regional NES centres compiled a total of 1,841 labour market programmes covering the specific needs of 3,003 employers. The submitted applications targeted the preservation of the jobs of 6,076 persons with the help of a grant amount of HUF44,180 million.

Considering also withdrawals initiated between submission and decision-making, decisions were made concerning 957 individual employer requests, affecting, directly, a total of 33,478 persons through the utilisation of the grant amount of HUF12,465 million in order to retain 57,020 persons.

The extent of the utilisation of the grant awarded by ministerial decision was reduced due to withdrawals following decision-making and prior to official contracting, which affected directly 2,085 persons and led to the cancellation of the grant amount of HUF720 million. Furthermore, several employers receiving wage compensation for employment in a reduced number of hours

whose market situation took a favourable turn and who could thus return to full-time employment renounced the entire grant awarded to them or part of it. These thwarted extensions amounted to HUF445 million.

The deadline for contracting was 30 November 2009, with payments taking place in 2010. Of the total amount of HUF8,494 million, HUF6,616 million was transferred to the beneficiary employers in 2009 and HUF1,878 million in 2010.

Furthermore, the fulfilment of the employment obligations imposed as a precondition of awarding the grants mainly spread over to 2010; the employers met that obligation and no reclaims occurred under the programme in 2010.

### **Central job preservation programme to promote the management of labour market crises and employment restructuring**

On 25 January 2010, the Ministry of Social Affairs and Labour announced a central programme with a grant budget of HUF500 million for the regional NES centres, to be realised in a decentralised way, to assist with the promotion of the management of labour market crisis situations and of employment restructuring in 2010. The programme targeted the preservation of some 3,500-4,000 jobs based on funds provided from the central budget of the employment fund segment of the Labour Market Fund.

The goal of the programme was to prevent lay-offs at enterprises with a staff of min. 50 forced to initiate collective redundancy and suffering from transitional problems of operation, and to promote their economic/employment restructuring.

Eligible applicants included enterprises with appropriate markets agreeing to take over employees threatened by dismissal.

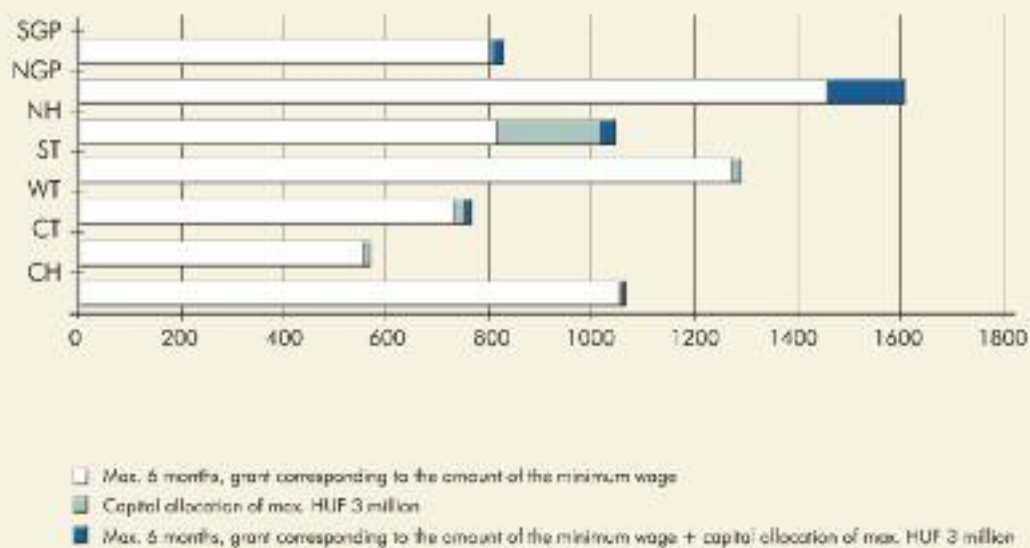
Support could be applied for for a maximum of 4 months, with the concurrent obligation to keep in employment the entire original staff during the grant period and for a further 4-8 months.

NES centres could submit their applications for central funding to the Ministry from 01 February 2010 to 30 September 2010. The relevant decisions were made, in consideration of the opinion of the evaluation committee responsible for decision-preparation, by the Minister of Social Affairs and Labour and by the Minister for National Economy.

The regional NES centres submitted 20 applications. 18 enterprises were awarded job-preservation subsidy, HUF274 million from the central budget, and HUF155 million from the decentralised one, that is, a total of HUF429 million was allocated for the grants concerned.

Thanks to the grants, the dismissal of 1,608 persons was prevented directly and, employment obligations included, a total of 3,197 jobs have been preserved.

**Support for starting entrepreneurs, 2010**  
(number of persons concerned, by support type), 2010



# Main headcount data of the active employment policy measures

The active employment policy measures called to existence to manage the effects of the economic crisis prevailed in 2010, but at a much lower intensity. Their key features, the forms of support have remained unchanged, but in most categories the target groups were extended to include persons receiving availability allowance. Within the category of active measures – mainly under the impact of the social-type programmes – public-type employment predominated: the number of persons involved in public service employment increased significantly even in comparison with 2009. The emphasis shifted from job preservation to the employment of jobseekers at sheltered workplaces and to education and training.

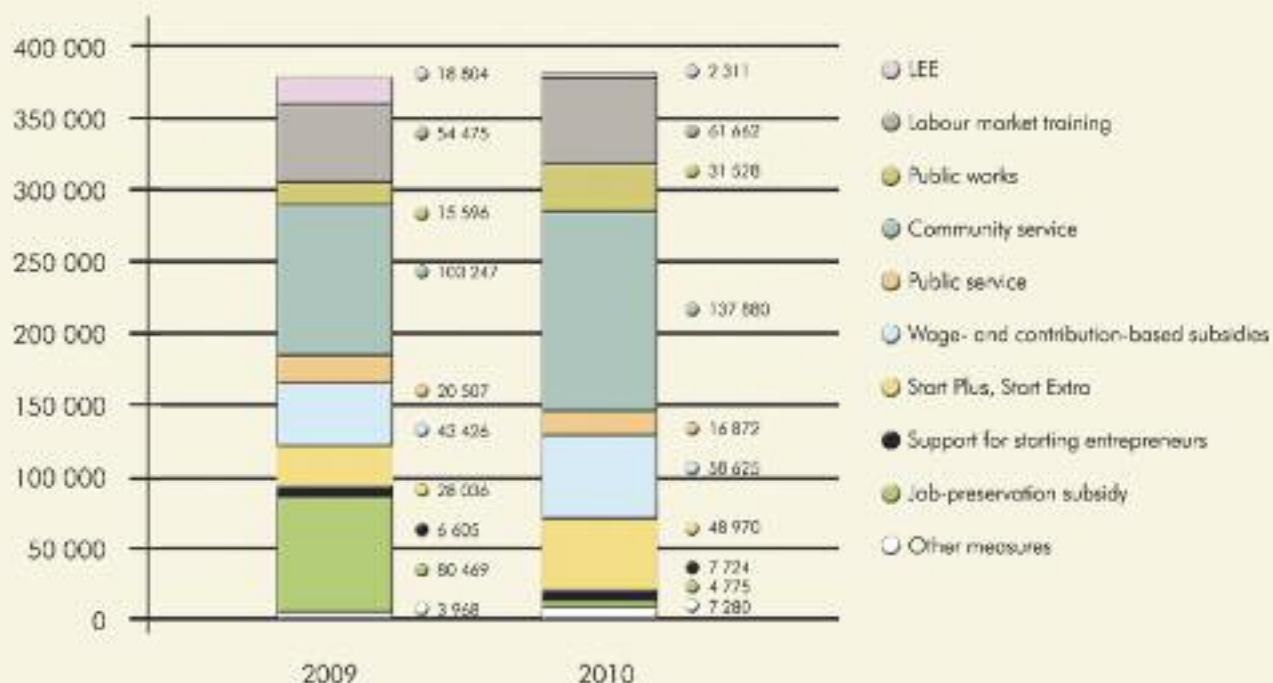
The most important changes relative to the previous year were as follows:

- The number of persons affected by wage-type support amounted to 135% of that in the previous year by the end of 2010.
- The number of persons involved in public-type employment (public service, public works, community service) rose by 46,900 (33.7%) over 2009.
- The number of persons concerned by job preservation with support fell drastically with the termination of the programmes launched to manage the effects of the crisis.
- The number of labour market trainees rose by more than 7 thousand over the previous year.
- The active employment policy measures in effect in 2010 involved (according to the preliminary data) a total of 377,600 people, i.e. almost the same number as in the previous year (not including those who received support under the Start Card scheme). The number of persons affected by the active measures included those involved in SROP Measure 1.1: "Complex labour market programmes for the employment of jobseekers and inactive persons", funded mainly by the EU, and its three sub-programmes, and the headcount involved in the training events of the programme called "Take a step forward" (Lépj egyet előre; Hungarian abbreviation: LEE).

The importance of the measures designed to mitigate the direct consequences of the crisis has decreased, and the number of persons concerned by the job-preservation subsidies dropped, whereas other programmes and measures to promote the employment of jobseekers were given a greater role. Let us highlight from among the latter the various wage- and contribution-based subsidies, provided to 15 thousand more persons than one year earlier.

The number of persons involved in training also increased by a remarkable 13.2%. Public-type employment predominated in 2010, with special regard to community work with support under the programme entitled "The Way to Work" (Út a munkához): 74.% of those involved in the active measures concerned did community work. The headcount of the beneficiaries of support for starting entrepreneurs increased as well over the previous year, but to a lesser extent, by more

Number of persons involved in the main active measures, 2009-2010

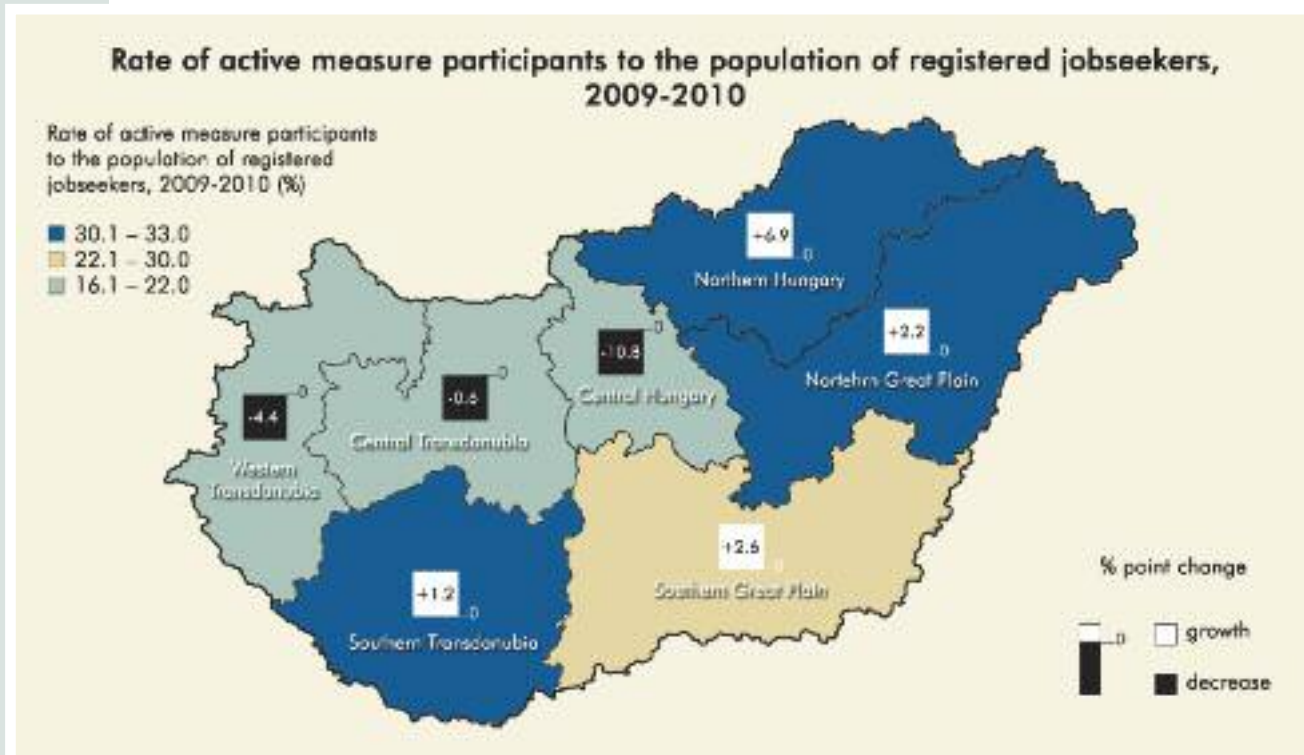


than 1,100; 95.4% of the members of this group were provided support corresponding to the minimum wage for a max. of 6 months, and almost 500 were provided also some capital – a smaller or bigger amount of it – to start an enterprise.

Apart from the traditional measures, the old/new measure of support for the work experience acquisition of career-starters was re-introduced in 2010, the same as support for part-time employment, but the number of persons concerned by these two measures was less than 5000. (Wage subsidy to persons on availability allowance or threatened by dismissal – also introduced in 2010 – is assigned to the category of wage- and contribution-type subsidies.)

From among the holders of the Start Plus and Star Extra cards managed by NESO, the National Employment and Social Office, a total of 43,100 enjoyed the benefits offered by these cards in 2010 (Start Plus: 23,500; Start Extra: 19,600).

The regional distribution of active employment policy measure participants was uneven in 2010. Every fourth person was involved in an active measure or programme on the Northern Great Plain, and another 22.4% in Northern Hungary. Their number was lowest in the Western Transdanubian region: 5.8% of all the beneficiaries were provided support there. The rate of the active employment policy measure participants to the registered jobseeker population was around 27% nationally; in the economically more advanced regions, it was lower (in Central Hungary it was only 16.6%), and



it was highest in Northern Hungary, at almost 33%. The rate concerned developed differently by region on a year-on-year basis: it increased in the economically less advanced 4 regions, and decreased in the more developed 3. The increase was fastest in Northern Hungary where the rate grew by 6.9% points, and the other extreme was represented by Central Hungary where it fell by 10.8% points. The data show that the increase of the rate of active measure participants in economically less developed regions was due to employment in the form of public and especially community work; more than four fifths of those concerned were employed in Northern Hungary, in the Northern and Southern Great plain area and in Southern Transdanubia.

# Utilisation of the labour market fund in 2010

The Budget Act of 2010 set the revenue appropriation of the Labour Market Fund (MPA) at HUF332,163 million, and its expenditure appropriation at HUF313,763 million. Accordingly, the envisaged balance of the Fund in 2010 was HUF18,400 million which was to be used, pursuant to Section 39/D of Act IV of 1991 on job assistance and unemployment benefits, and in consideration of the fact that the liquidity reserve of the Labour Market Fund shrank below the prescribed level in 2009, under the impact of the financial and economic crisis, to replenish that reserve.

In order to regroup the central budget funds needed for the subsidised employment of persons eligible for availability allowance, the 2010 budget of MPA was extended to include a new revenue and a new expenditure title. The relevant projections concerned the amount of HUF500 million.

That included, the revenue projection of the Fund grew to HUF332,663 million and its expenditure projection to HUF314,263 million, while the envisaged GFS balance remained unchanged.

In order to provide for the pre- and co-financing from the Labour Market Fund of the grant of European Globalisation adjustment Fund related to the large-scale collective redundancy at General Electric Hungary Kft. due to the economic crisis, yet another new revenue/expenditure title was introduced into the 2010 budget of MPA. The HUF178.6 million expenditure projection was opened through regrouping from another expenditure title.

Given the fact that the projection amendments submitted by the Fund Manager to the Hungarian State Treasury mid-year – affecting titles included in the Budget Act – have already contained the regroupings of the individual expenditure projections, these implied no further change of the revenue and expenditure projections of MPA in 2010.

The actual revenues collected in 2010 totalled HUF329,593.9 million, that is, HUF3,069.1 million (0.9%) less than the envisaged amount. HUF297,578.5 million was spent on settlement of the actual expenditures, that is, 5.3%, i.e. HUF16,684.5 million less than according to the amended projection.

The 2010 expenditures of the Labour Market Fund were covered partly to the debit of its revenues, and partly by KESZ (Treasury account) loan. (Owing to the decrease of the liquidity reserves of MPA, and the significant time gap between the collection of the Fund revenues and the settlement of its expenditures, a liquidity loan of HUF12 billion was drawn in the first days of the year and another one of HUF3 billion in early April. The total amount of the liquidity loan was repaid during the year.)



The following table shows the annual performance indicators of the individual expenditure and revenue projections of MPA:

Key performance indicators of the revenue and expenditure projections of the Labour Market Fund in 2010					
Revenues	Actual revenues, 2010	% rate of actual revenues in 2010 to the amended projection	Expenditures	Actual expenditures, 2010	% rate of actual expenditures to the amended projection
	HUF bn	%		HUF bn	%
Health insurance and labour market contribution segments due to MPA	186.8	103.8	Employment and training supports	35.6	87.8
Revenues of the SROP measures	32.9	97.9	SROP 1.1: Labour market services and supports	27.6	86.8
Territorial other revenue	0.9	92.5	SROP 1.2: Normative supports to promote employment	6.9	115.4
Central other revenue	3.8	83.3	Social dialogue programmes	2.0	99.0
Vocational and adult education, other revenue	2.3	332.1	Contribution relief reimbursement	6.3	104.9
Vocational training contribution	47.1	96.0	Payments for the purpose of vocational and adult education	25.5	94.1
Rehabilitation contribution	54.2	86.9	Job-creating support for the purpose of rehabilitation	0.8	81.2
Wage guarantee sup., repayment	1.1	113.8	Job-search supports	137.2	96.1
Central budget support	0.5	100.0	Wage guarantee payments	6.8	85.6
Revenue from EGAF	–	–	Operation/development of the Fund Manager, NES, the National Labour Inspectorate, the National Adult and Vocational Training Inst., OFA	30.4	100.0
			Transaction fee	0.1	59.1
Central budget payments, fund transfers (EU co-financing, public works, social security fund)			Central budget payments, fund transfers (EU co-financing, public works, social security fund, social institutional employment support)	18.3	101.2
			Employment support to persons eligible for availability allowance	0.2	41.7
			European Globalisation adjustment Fund, pre- and co-financing	–	–
<b>Revenues, total</b>	<b>329.6</b>	<b>99.1</b>	<b>Expenditures, total</b>	<b>297.6</b>	<b>94.7</b>



The funds were utilised as follows:

### **Active supports**

Expenditure of HUF35.6 billion was realised from the employment fund segment of MPA. Within the fund segment, HUF22.7 billion was paid for the operation of the active employment policy measures from the decentralised funds allocated to the NES centres.

Within that, HUF7.2 billion, corresponding to 32% of expenditures from the decentralised budget, was paid by the NES centres to promote labour market training. (In addition, further expenditure was realised from the training budget to cover the training courses implemented at the regional training centres; see later.) 28,500 persons took part in labour-market training.

The NES centres spent one fifth of expenditures from the decentralised budget on assistance to promote employment expansion. This corresponded to the utilisation of the amount of HUF4.5 billion, through which more than 20 thousand persons were employed during the year.

Another approximately one fifth of all expenditures, in the amount of HUF4.4 billion, was paid to support community employment. The number of participants in this form of employment approximated 17 thousand in 2010.

HUF2.3 billion was paid to promote self-employment through grants awarded by tender. In the course of the year more than 6.5 thousand persons were affected by this form of support. A total amount of HUF1.2 billion was paid last year to support the provision of labour market services. Expenditure of HUF1 billion was realised during the operation of the labour market programmes. Wage subsidies extended under the programmes affected almost 1.2 thousand persons.

The NES centres extended another HUF1 billion from their decentralised budget to promote job preservation. Almost 4.8 thousand persons were employed in jobs preserved this way in 2010. (Another HUF0.3 billion was allocated through tenders from the central budget of the employment fund segment during the implementation of the programme to promote the management of labour market crisis situations and employment restructuring.)

A total amount of HUF0.7 billion was spent in 2010 on a new active measure introduced in mid-2009, designed to support the work experience acquisition of career-starters with vocational qualification; some 2.5 thousand were employed this way. Mobility support expenditures (individual and collective transport) totalled around HUF0.1 billion in 2010; support for commuting to the workplace helped place almost 500 unemployed persons.

Another HUF5.8 billion debited to the training budget created within the employment fund segment – to finance labour market training realised at the regional training centres – was paid in 2010. (The amounts allocated from the decentralised and the training budgets for the purpose of labour market training totalled, in combination, HUF13 billion.)

HUF7.1 billion was paid from the central budget of the employment fund segment in 2010 on the implementation of the following main programmes:

Under “Let’s preserve jobs” (A munkahelyek megőrzéséért), a crisis management programme launched in 2009, to meet obligations spreading over to 2010: HUF2 billion.

Job creation support paid in 2010: HUF1.8 billion. Job-creating grants awarded that year contributed to the creation of 1,870 new jobs.

Support for the “Post-partner programme”: HUF1.3 billion was allocated for this purpose.

Implementation of the programme “Support for the employment of public works organisers” in 2010: payment of HUF0.6 billion to NESO; HUF0.2 billion to OFA.

Support to promote the creation of telework jobs: HUF0.4 billion was paid for this purpose. Support granted under the telework programme in 2010 helped create and preserve 543 such jobs.

New Hungary Development Plan, Social Renewal Operational Programme (SROP), Measure 1.1: Labour market services and supports and Measure 1.2: Measures of normative supports to promote employment: implemented from the Labour Market Fund, in the form of pre- and co-financing.

Under the first of the two measures referred to above, realised with the help of pre-financing by MPA, HUF27.6 billion was paid out in 2010.

Within that amount, the expenditures of the decentralised programmes to promote the employment of persons in a disadvantageous situation totalled HUF20.3 billion, of which a decisive segment, more than half, went to wage subsidies related to training support and 35% to trial work and work experience acquisition. The remaining part was spent on other costs to assist the participants, on self-employment subsidies, wage subsidies, support for services and travel expense reimbursement. The total headcount of persons involved in these programmes under the various active measures was 37 thousand in 2010.

HUF4.2 billion was paid under the programme to promote the rehabilitation and employment of persons with reduced work capability.

The 2010 expenditure on the priority project entitled “The Way to Work” (Út a munka világába) was HUF3.1 billion.

In connection with the implementation of the measure “Normative supports to promote employment”, HUF6.9 billion was paid to reimburse the contribution reliefs available under the START+ and START Extra programmes, 51% of which was incurred in connection with the first and 48% in connection with the latter programme. 1% of expenditures was spent on operation costs related to the administration of the programme. In the course of 2010, a monthly average of around 25 thousand persons was employed with START+ card and of more than 14 thousand with START Extra.

During the year, payments of HUF6.3 billion were realised in connection with the reimbursement of other contribution reliefs related to the further own projection of MPA – in connection with contribution relief available for the employment of career-starter youth with START card.

HUF0.2 billion was spent on support for the employment of persons eligible for availability allowance (AA), which served the subsidised employment of more than 1,700 persons in this category.

In 2010, payments from the rehabilitation fund segment amounted to HUF0.8 billion, allocated to programmes debited to the central budget, decisively to upgrade the employment rehabilitation services.

The Fund provided HUF2 billion in 2010 for the purpose of employment at social institutions.

### **Passive provisions**

HUF137.2 billion was paid from the solidarity fund segment in 2010 for the purpose of job-search assistance. The monthly average number of persons receiving job-search allowance exceeded 124 thousand, and that of beneficiaries of job-search benefits was more than 62 thousand.

### **Other expenditures**

HUF25.5 billion was used from the training fund segment to promote vocational and adult training. Within that, grants provided by application to procure tangible fixed assets amounted to HUF3

billion. HUF14.6 billion was allocated to the reclaims of entities obliged to pay vocational training contribution, and a total of HUF7.9 billion to vocational and adult training tasks.

HUF6.8 billion was paid out from the wage guarantee fund segment to cover the settlement of wage and severance payment obligations to employees of business associations subject to liquidation. In 2010, support was provided to settle more than 2,600 claims submitted by liquidators; the headcount of those provided support based on the claims was 18 thousand.

A total of HUF30.4 billion was extended from the operation fund segment, of which HUF24.2 billion was dedicated to supporting the operation and development of the Hungarian Public Employment Service (PES); HUF2.2 billion to tasks related to labour inspections to OMMF, the Hungarian Labour Inspectorate; HUF0.4 billion to the Fund Manager; HUF2.6 billion to NszFI, the National Institute for Vocational and Adult Training, and HUF0.9 billion to OFA. PES had a centralised budget of HUF0.1 billion. Another HUF0.2 billion was paid from the operation fund segment to cover treasury transaction charges.

HUF2 billion was handed over to implement the Social Dialogue Programmes.

HUF8 billion was paid in 2010 to the central budget, to finance contribution obligations incurred in connection with community work.

In connection with the extension of old age pension granted earlier with age exemption, in order to settle the deficit due to the difference of sums paid to cover these and of the current expenditures, pursuant to the provision of the Final Accounts Act, HUF1 billion was transferred to the Pension Insurance Fund.

The amount transferred for the purpose of EU co-financing was HUF7.2 billion in 2010, of which HUF4.3 billion went to the improvement of employability and HUF2.9 billion to adaptability improvement.

# Programmes to develop the services of PES

## **Development of the employment service as a part of the integrated labour and social system – Phase I**

The SROP 1.3.1 priority project is implemented in the form of three professional components and twenty-three sub-projects. By the end of 2010, HUF3.9 billion financial commitment had been made and HUF2.9 billion had been paid out.

The following is a summary of the main activities implemented under the sub-projects.

LINKAGE OF THE LABOUR MARKET AND SOCIAL SERVICES – The quality assurance of the total public procurement documentation by ESF/UPCC has been accomplished.

EXAMINATION OF THE SYSTEM OF TOOLS OF THE CURRENT SERVICE MODEL; DEVELOPMENT OF THE CONDITIONS REQUIRED FOR LABOUR MARKET SERVICE PROVISION AND OF THE TOOLS OF INFORMATION PROVISION – The fliers (20 types) envisaged under the sub-project have been printed and delivered to the regions.

DEVELOPMENT OF A NATIONAL VIRTUAL LABOUR MARKET (PREPARATORY STEP I) – The contractor prepared the feasibility study. The protocols for the electronic announcements closely related to the virtual labour market are ready. The protocols of the electronic announcements are ready. The feasibility study is ready. The contractor developed the system plan of the connecting systems and the virtual labour market. The activities of the subproject have been accomplished.

ROMA EMPLOYMENT ORGANISER ACTIVITY – The subproject documentations – contact-making form, contact log, – for involvement in training: study contract, NQR certificate – have been made. Furthermore, the non-personal part of the folder, the co-operation agreement has also been checked. Seven independent regional protocols have been made, as well as twenty-seven independent final studies on the local/small regional activities of the employment organisers. A total of 3,134 persons have been involved as a result of the employment organiser activity.

DEVELOPMENT OF THE TREATMENT OF CLIENTS WITH REDUCED WORK CAPABILITY; PREPARATION OF THE POSSIBILITY FOR A CHANGE OF ATTITUDE ON THE PART OF THE PES EMPLOYEES – The relevant training courses have been terminated; the certificates and memorial certificates are ready. Accomplished training events: multiplier training, training of NES office heads; training of regional leaders; administrator training. The training events (client management, treatment of drawbacks, communication training) are organised on a continuous basis. The repeated revision and amendment of the E-learning curriculum has taken place.

DEVELOPMENT/FURTHER DEVELOPMENT OF SERVICES PROVIDED TO CLIENTS WITH REDUCED WORK CAPABILITY, ESPECIALLY TO THE CIRCLE OF PERSONS RECEIVING REHABILITATION ALLOWANCE, AND DEVELOPMENT AND OPERATION OF THE STRATEGIC CO-OPERATION FORMS – The opinions/proposals concerning the methodological guide to the protocol have been delivered. The protocol was signed and it entered into force. The NES office staff use already the new, updated and modified protocol.

ELIMINATION OF COMMUNICATION HINDRANCES – The final version envisaged in the original plans of the protocol for the elimination of hindrances is ready. The contractor subtitled the films and provided them with sign language. Information materials written in Braille have been prepared in 200 copies, in A/5 format; these are easy to handle, and are provided with user-friendly plastic cover sheets.

PES “JOB AGENT PILOT” – The active field work of the job agents and their contact-keeping with employers continued under this sub-project. Thanks to the visits paid to employers and to the exploration of vacancies, our staff members identified 5,378 vacancies in 2010.

DEVELOPMENT OF THE LABOUR MARKET MEDIATOR ACTIVITY OF THE PUBLIC EMPLOYMENT SERVICE THROUGH THE EFFICIENT EXPLORATION OF WORK OPPORTUNITIES SUITABLE FOR BEING ORGANISED IN ATYPICAL FORMS – NESO terminated the contract concluded with the contractor consortium on 24 March 2010 on the ground of defective performance.

NEW SERVICE PACKAGE TO MICROS/SMSs – Financial and legal counsel is provided on a continuous basis in the seven regions. The new service generated intensive and continuous interest on the part of the employers and those who wanted to start an enterprise. Posters and fliers have been made.

OPERATION OF THE TEAM LIASING WITH EMPLOYERS WITH NATIONAL COMPETENCE – A roundtable discussion was organised for the employers, with the participation of large service providers and wholesale traders. A successful event took place with the participation of large service providers and wholesale traders and of the commercial interest representation organisations, and the staff members involved in the SME and job agent sub-project.

FURTHER DEVELOPMENT OF THE CENTRAL IT SYSTEM – Accomplished activities: further development of the PES integrated case administration system (Hungarian abbreviation: IR); quality assurance of the implementation of IT developments.

EXPANSION OF THE FUNCTIONS OF THE PES PORTAL; FURTHER DEVELOPMENT OF THE E-GOVERNMENT SERVICES – The SME portal is ready: the design corrections have been made, the final design was accepted and the domain name has been registered. Rehabilitation portal: design testing,

corrections, domain name registration. The missing data tables of the New Etalon (Új Etalon) have been loaded; the following have been upgraded: CVs generated from the IR, CV entry, Internet-based vacancy announcement, search-matching functions (development and testing). The development of the Virtual Labour Market portal has started.

DATA WAREHOUSE TYPE DEVELOPMENTS BASED ON THE PES DATA STOCK – The answers to the questionnaire received for the monitoring data cell have been processed; with that step, the 180-day follow-up of persons involved in support in 2009 came to an end. The source data matching of the financial indicators of the active measure has been terminated. The data transformation, entry and retrieval processes has been automated and commissioned. Data supply on labour demand and brokerage has been supplemented with a display of the new public employment data. The data of the two new forms of support of public employment have been matched.

FPIR (HUNGARIAN ABBREVIATION OF FOGLALKOZTATÁSPOLITIKAI PÉNZÜGYI INFORMÁCIÓS RENDSZER, I.E. EMPLOYMENT POLICY FINANCIAL INFORMATION SYSTEM) – Tester training needed for testing the transferred program version has taken place. The testing of the user program provided for testing is underway, in accordance with the schedule defined under the testing plan (in a centralised form, in the presence of the programmer). The environment needed for the FPIR system to go live has been created. The professional audit of the system is over. The correction of the problems indicated by the audit has started. The correction of the core data has been terminated. The FPIR-ETALON systems connection has been finalised in the test environment. The version without IR connection is ready.

SUPPORT FOR THE ADMINISTRATIVE PROCESSES OF PES – The human resources management system has been introduced; document handling has been modernised; electronic document management has been introduced.

CENTRAL IT INFRASTRUCTURE DEVELOPMENTS – Development of the central computer room and servicing infrastructure: The storages have been liberated and fitted into the SAN on the basis of the SAN system deployment and implementation plan. The consolidation of the databases has taken place together with the SAN system. The production environments (test/training/live) needed for the FPIR system to go live have been installed. Within hat, the application and database environments and the necessary security settings have been made.

RENEWAL OF THE HR MANAGEMENT SYSTEM OF THE PUBLIC EMPLOYMENT SERVICE – The specification of the HR development model was accomplished on time. The developments associated with Training Phase I (Management training; training to treat the symptoms of burn-

out; Team building; Client service skills; Staff training for those responsible for employer contacts; Employment consultant training; Employment advisor training; Development of employer contact keeping) have been accomplished successfully by the specified deadline; joint work has been terminated. Developments concerning Training Phase II (Human Manager Training; Secretarial Skills Training; PR executive training) are also ready, joint work has been terminated successfully.

**GROUNDING OF EMPLOYMENT POLICY DECISIONS** – The papers concerning the complex evaluation of labour market policies are ready and they have been accepted. Research activities continue in regard of the control-group-based evaluation of the active measures. The papers on the turnover share of PES, its popularity, and the relevant satisfaction study are ready. Papers concerning the research database have also been prepared and accepted.

**QUALITY DEVELOPMENT** – In connection with the roll-out of the partner-centred quality management model of the offices, training in the basics of quality assurance has been accomplished at every one of the 21 offices concerned.

In connection with the process-centred quality assurance model activity of the offices, the “Manual of the process-centred model” has been compiled, as well as the “Project plan for the introduction of a process-centred quality management system at the offices of the PES regional labour centres”, the “Monitoring plan for the process-centred quality management system introduced at the offices of the regional PES centres”, the “Work-flows and system of indicators of the process-centred management system”, the “Protocol and evaluation order of office audits”. ISO standards have been introduced at NESO and in the regions. The set of tools applied to measure satisfaction has been modernised; the paper on the methodology and protocols has been reviewed and approved.

**UPDATING OF THE PES STRATEGY IN THE AREAS OF THE NEW REHABILITATION AND SOCIAL COMPETENCES** – The domestic situation has been analysed; the following papers are ready: “Review of the current functions and competences of PES in the mirror of the legislative environment”; “Examination of the consistency of the changed organisational structure and task system”; “Review of the current management control mechanisms relative to the MbO system”. Foreign status surveys prepared already: “Review of the management control systems in the more significant Member States of the European Union”.

**DEVELOPMENT OF THE MANAGEMENT SYSTEM AND THE PLANNING CAPACITIES** – The comparative analysis with the PESs of other countries has been made. The output and impact indicators have been worked out, in the knowledge of the current task system.



SUPPORT FOR INTERNATIONAL AND CROSS-BORDER CO-OPERATION – The economic and labour market situation of the cross-border regions and the relevant forms of employment promotion assistance have been reviewed. The labour market service capacities of the regions concerned have been assessed. A summary paper has been compiled on the best practices, measures, methods and programmes applied for the purpose of employment expansion.

We initiated the amendment of the contract covering the priority project. In connection with the amendment, the sub-projects the activities of which have not been terminated yet have been revised and new sub-projects have been worked out. These are the following:

- Service accreditation modelling
- Deployment of the network to promote the implementation of the New Széchenyi Plan and linkage of the labour market services
- Development of supports to provide more efficient assistance to mobility

## **Updating of the PES (NES) strategy in the area of the new rehabilitation and social competences, SROP 1.3.1 – 3.4**

The outputs of the sub-project are the following: a comprehensive and modern, updated, system of development strategic objectives; furthermore, preliminary plan documentations for the development priorities and, in view of the emergence of new professional workflows, the design of an up-to-date management control system to ensure the flexible operation of the new organisational structure. The tasks include the review of the strategy of the National Employment Service (NES) adjusted to the operation of the county government agencies; the modernisation of the system of organisational management; the specification of the framework document for organisational development.

The goal is to update the long-term development strategy of NES and to carry out the impact analysis of its implementation; to support the implementation of the long-term development programmes referring to the programming period of 2009–2013; to monitor the changes of the development lines; to define the development directions.

Decisive milestones of the activity:

- Status surveys (domestic, European)
- Definition of a vision
- Strategic plan documentation; identification of priorities; approval of development directions
- Preparation of publications on the research and the strategy

## Products envisaged under the sub-project

Domestic status survey papers, research:

- Review of the changed task system, competences, and legislative environment of PES;
- Examination of the consistency of the changed organisational structure and the task system;
- Review of the current management control mechanisms relative to the MbO system

Foreign status survey papers, research:

- Mapping and summary of the EU expectations concerning the public employment services (Poland, Czech Republic, Slovakia), and of the development strategies
- Review of the management control systems of the major Member States of the European Union; study of consent-based management systems and of the additional mechanisms of resources re-grouping allowing fast reaction to the labour market changes
- Integrated systems in the EU countries; research of their advantages and drawbacks

Updated development strategy (vision; system of development objectives; definition of the areas in need of development; development plans which lay the ground for professional development in the following period; at least seven detailed project plans are being made with the participation of the experts of the regional NES centres and the Employment Office). Revised development strategy, which specifies the bases of the organisational management system which operates the new processes in an up-to-date manner. Framework document of organisational development. The sub-project focuses on those development areas of the organisation which serve the efficient operation of the Service and of the services provided to jobseekers and partners.

## Support for international and cross-border co-operations, SROP 1.3.1 – 3.6

The objective of the sub-project is to improve the conditions for co-operation of a network of transregional/cross-border, complex labour market service providers to promote international labour market mobility and employment through the deployment of a common information system and a network of labour market training and service provision.

It is imperative for the development of the economies of the cross-border regions and for the enhancement of their competitiveness to provide for the employer needs by promoting, among other things, the cross-border mobility of workers commanding the necessary competencies. At the moment, there is no common cross-border information system capable of prompt reaction to the

fast-changing labour market needs, nor a labour market training and service provider network allowing to treat the areas of the economic regions concerned on the other side of the border as integral parts of the labour market.

The modernisation of NES shall only be successful if it relies also on the experiences of the other EU public employment organisations, and if it is capable of service provision to the economic regions irrespective of frontiers.

## Activities

We have made known the survey results and the best labour market practices at a workshop organised to disseminate these results. Also, we have prepared the curriculum and programme of training concerning the application of a modular, competence-based, cross-border labour market service tool arsenal.

We have defined the general organisational and infrastructural framework conditions of participation in international projects:

- new and amended rules of operation have been developed for the processes of project-type operation and the internal areas which support project implementation;
- preparation training has been organised;
- we have applied for international tenders (as consortium members);
- we have documented the feasibility, operation and sustainability of the so-called “Expert Academies”, including the definition of the relevant organisational changes.

Indicators used during the creation of a cross-border labour force development system promoting labour market mobility:

- involvement of secondary and tertiary institutions of education;
- creation of an expert database;
- publication of the database through the electronic network (in a closed and/or open circle);
- presentation of the cross-border labour force development system promoting labour market mobility to NES offices in the cross-border areas.

The methodological devices developed during the activities of the sub-project promote the supply of information to jobseeker clients on vacancies offered on the other side of the border. We shall introduce the devices concerned to our colleagues working in the more distant borderline areas, and this will lead to more efficient service provision to the clients of the offices concerned.

## Priority project to renew the service settings of NES

Priority project SIOP 3.2.1, “Establishment of the service settings of the integrated labour and social service system through the development of the infrastructure of the Public Employment Service” is the follow-up of previous PES programmes (Phare, HRDOP 1.2) which had already resulted in the modernisation of the infrastructure of 80 PES offices. The goal of the priority project is to upgrade the infrastructure and IT devices of another 12 PES offices – to create thereby the conditions of operation of the new, up-to-date service model. The Managing Authority approved the request to extend the term of the grant agreement covering the project and, accordingly, the contract documents concerned have been revised and submitted to the ESZA Nonprofit Kft. (ESF Nonprofit Ltd.), and hence the official date for the termination of the project was postponed to 30 April 2011.

### Infrastructure development component

In early 2010, after the implementation of several public procurement procedures, the National Employment Office managed to conclude contracts for the building works of 5 of the 12 PES offices affected by the investments (Békés, Sopron and Balatonfüred offices, Pétervására, Csurgó). The first procedure was unsuccessful, since the bidders submitted only invalid proposals. Because of the unsuccessful procedure, it was not possible to conclude any agreements with the contractors, and the Office had to announce a new tender. The deadline for submitting proposals was 15 April, and the results were announced on 13 May 2010. As a result of the procedure, contracting took place for the works to be executed at 3 offices. After contracting, the work premises were handed over on a continuous basis from early June 2010 on, and the execution of the works started. At the remaining 9 offices, in accordance with the regulations applicable to electronic public procurement budget tenders, we have announced a two-round open negotiation-based public procurement procedure for the Csurgó and Pétervására offices, which have also been successful, and the relevant contracts for the construction investments have been concluded. Yet another public procurement tender was announced for the remaining 7 offices, and two contracts were concluded for the renewal and the transformation of the client service areas of the PES offices of Nyírbátor and Nagykálló. The works started at these offices as well in September, and they were completed in early 2011. The date of contracting for the remaining works depends on the outcome of the procedures to be terminated in early 2011. At 4 of the offices concerned, the reconstruction works have already been finished. At 3 of them, the technical hand-over take-over process also took place, as well as the delivery and installation of furniture procured from SIOP funds (Békés, Sopron and Balatonfüred), by 31 December 2010. The procurement of the permits for entry into possession and the preparations for moving in are in progress.

## IT component

The workflows of document arrangement/digitisation have been realised under the IT component: document arrangement took place at 28 sites. The total amount of written documents stored there corresponded to 14,700 linear meters. The document arrangement sites discarded duplicate copies and papers that had no reference number – which were prepared for destruction. This corresponded to 2,200 linear meters. The procurement of the devices needed for the digitisation of the office documents (scanners, computers etc.) have also been procured under the SIOP project. The digitising workstations were configured at the 6 regional centres from these equipment.

Network installation had been realised by the end of the year at 4 offices handed over already (Balatonfüred, Békés, Sopron, Csurgó). The self-information devices (“kiosks”) have also been ordered according to the relevant specifications; they are expected to be delivered to the offices after the technical hand-over of the latter in early 2011.

Under the priority project, the design of the VoIP system, the procurement of the licenses, and the assessment of the asset demand are also eligible activities: the system design and the assessment took place in 2010. An open public procurement tender will have to be initiated in 2011 to procure the IT devices agreed upon in the project (installation of administrator workstations): the purchase of the instruments concerned and their installation at the offices will take place after contracting.

## Development of FPIR

NESO initiated a public procurement tender in 2009 to “develop the FPIR system”. The winner was HP Hungary, and the relevant service contract was concluded on 27 October 2009. The subject of the contract was the introduction of the Financial Information System designed to provide for the information needed for strategic planning at the Public Employment Service; for source co-ordination and for the standardisation of the financial/accounting processes and their IT support.

## Priority objectives of the system to be deployed

The first target area is the production of information needed by PES and the upper management of the Ministry in an authentic, up-to-date and adequately aggregated or grouped form, which provides for up-to-date, integrated professional and financial analysis on the basis of the data being supplied.

The other key target area is that of source co-ordination, that is, the comprehensive professional analysis of funds originating from different sources, but allocated for the same purposes. It is a must to ensure the concerted planning and management of programmes and grants based on domestic and ESF funds in order to eliminate any superfluous parallelisms and to reduce the administrative burdens of the system of labour institutions. The third target area is the standardisation of the financial and accounting processes, and their integration into the professional ones. With the installation of FPIR, an integrated financial/accounting system will be created, which will ensure the precise and nationally uniform monitoring of professional and financial activities, and their recording in a closed accounting system.

## **Main steps, milestones of the development**

The following products were handed over in the planning phase (first half of 2010):

- Project Charter to define the division of labour between the parties co-operating in the development, the organisational structure of the project and the method of the hand-over of the products.
- Administrative engineering, Management system plan and administrative description. This document describes in a consolidated structure the professional requirements applicable specifically to FPIR.
- The technological details of the development are set out in the operation and IT concept plan of the FPIR system, the uniform and expanded logical system plan, and the authorisation plan of the FPIR system.

In the development phase, on the basis of the above documents, the contractor carried out the developments by the second half of the year in accordance with the detailed time schedule of the project. The system components handed over according to the implementation schedule were tested in several rounds by the regional professional panels, the Ministry staff members appointed for this purpose and the NEO system administrators as specified in the Testing Strategy and the Test Plan.

In the introduction phase, parallel with the development and testing activities, the documentations needed for the introduction were prepared: Training Plan, Training Documentations, User Guide and Methodological Guide. User training for the FPIR system took place on the basis of these documents. In January 2011, the application went live. Currently, the system is being stabilised in the period of special support provided by the developer.

**FURTHER ACTIVITIES:** the integration of the FPIR system with the IR system will take place in 2011; with that, the goal set originally will have been met.

# Introduction of the system of lifelong guidance in Hungary

The development of the Hungarian lifelong guidance (LLG) system continued in 2010 under the priority project SROP 2.2.2: “Content and methodology development of career guidance”. Professional supervision was provided, as before, by the National LLG Council active since 2008, which gathers together the domestic policy actors according to the horizontal, cross-sectional co-ordination approach defined under the Europe 2020 strategy. The success of the programme is indicated by the fact that the independent, international assessors investigating its developments and objectives deemed both the principles and the individual programme components progressive, consistent with the relevant European efforts, and often unique and pioneer initiatives.

## Network of LLG counsellors

The services of almost 50 well-prepared professionals have become freely accessible at the guidance points located in 24 towns of the country for those who would like to understand their own possibilities for starting, modifying or keeping up their career, and their skills and competencies. LLG counsellors work according to the standardised professional protocol prepared under the programme, which provides guidelines for individual and collective counselling, group development, the management of voluntary study circles focusing on a certain topic, and on participation in the outreach programmes. Clients seeking advice can use the various types of guidance either personally or in the form of distance counselling. A further objective of the programme is to make counsellor capacities identified in the first period in the various sectors (public education, vocational education, labour, adult education, social sector, higher education, general education) visible and accessible via the national portal to every citizen and enterprise.

## Networking

As part of the networking activity which addressed professionals involved directly or indirectly in career guidance activities and their organisation into a live network, personal data recording took place with more than 3,500 people, including 620 having a counsellor qualification of some kind already. This activity, supported by regular workshop discussions, can be regarded as the first step of the development of a counsellor community, the members of which can communicate with one another on an everyday basis, in an ongoing and efficient way. Thanks to the new technologies, the members of the incumbent professional community can provide higher quality and more easily accessible service to some 7 million Hungarian citizens. In line with the objectives expressed under the Europe 2020 strategy, the cross-sectoral approach has been used to develop this professional network: experts from the fields of education, employment, social affairs, culture and public administration have all been involved in the process.

## **Training courses**

A total of 1,996 teachers, NES administrators, social workers, company HR managers, adult trainer and general education experts took part in 30-hour accredited sensitisation training courses suitable to boost the career orientation skills of persons employed in related areas. In addition, the post-graduate career guidance teacher and student counsellor trainings ending in 2010 with the participation of 77 persons improved the level of professional preparedness of experts active already in the LLG area quite significantly.

## **Asset developments**

In accordance with the structure of the new occupational classification system in effect as of 01 January 2011 (FEOR-08), the number of films presenting occupations/groups of occupations grew by 42. Under the project, 50 folders made earlier were updated and a 100 new ones were made. The National LLG Portal (NPP – [www.eletpalya.munka.hu](http://www.eletpalya.munka.hu)), modelled on the relevant international trends and best practices, started its operation, and it also functions as the primary collection place of the new instruments listed above.

The continuously developed and extended online surface makes dozens of new career and self-knowledge questionnaires accessible, and it offers many novel-type search methods which let those in need of counsel and the counsellors themselves retrieve more detailed information in a more efficient way. One of the unique features of the Portal is the block presenting the occupations and jobs under FEOR-08 one by one, which might become an essential tool of the everyday work of the counsellors and of professionals active in related areas. The Virtual Community of Counsellors will be a new priority function of the NPP, based on the networking activity, through which a professional community which is much more uniform than its predecessors, and can include the individual sectors more efficiently, can be born in Hungary.

## **Linkage to the objectives of the New Széchenyi Plan**

The further development of the set of tools and services of Hungarian LLG based on the above results may become one of the most efficient instruments for meeting the government objectives concerning the acquisition of competitive and useful labour market and other knowledge, the elevation of the rate of employment, and the more efficient utilisation of the funds allocated to cover the training and social expenditures.



# Activity of the regional training centres

Despite the alteration of part of their activity and of their management, the regional training centres (RTCs) played a major role in the implementation of last year's labour market training programmes. Thanks to the well-functioning and correct partnership relations of long standing between the training centres and the NES centres, it was possible to execute what was specified in the blanket agreements. Under the co-operation agreements of NES and the training centres a total of 8,423 persons were provided professional training last year, that is, somewhat fewer than in 2009. In addition to that, there was a significant number of persons who used the services provided by the RTCs, and there were around one thousand persons who took part in competence development courses for persons younger than 35 with max. primary school qualification in the context of the programme "The Way to Work".

The training courses of RTCs funded from the employment fund segment of the Labour Market Fund provided considerable help to organise and implement labour market training programmes matching the demands of the economy. Thanks to the flexibility of the system, it was possible to react to the employer needs expressed mid-year promptly, and to satisfy them within a short time. The training plan under the original training agreement had to be amended several times during the year. What remained unchanged, however, was the primary target group of the training events, i.e. the members of social circles in a disadvantageous labour market position.

The most important training areas were the following: metal-working occupations, e.g. mechanical chipper, welder, electrician, stonemason, plumber and water appliance fixer, construction locksmith, CNC cutter, and construction occupations: carpenter-joiner, painter, wallpaper-hanger, varnisher. Another major training segment was the health care and social area, where training was launched primarily to satisfy the labour demand of social and health care institutions, but the participants of the same training courses could also put their new skills to use in the areas of home nursing and care. As compared to the previous state of affairs, the length of the training courses increased, in line with the shift of the occupational structure in favour of the occupations requiring more practice and longer training times (this was one of the reasons for the smaller headcount of trainees); on average, the courses lasted for slightly more than 6 months.

In connection with the transformation of the social allowance system, training activities to improve the labour market situation of the underprivileged social groups continued with a smaller intensity than in the previous year under the "Way to Work" programme. This special complex programme was meant to use to promote the social catching-up of target groups in a multiply disadvantageous situation whose members typically had a low propensity for learning and a very low level of general knowledge/skills by training giving them a chance for employment/public employment.

The monitoring results show that, as compared to the previous years, under the impact of the economic crisis, the placement rate of the training participants decreased somewhat. One third of the contacted participants completed the questionnaires, and hardly more than one half (54%) said that they had found a job within three months after the training.

The other change, also related to the economic crisis, was that whereas previously participation in training for reasons of subsistence was typical only of those with the lowest levels of schooling, in our days it has spread to those with higher qualifications also.

**Training in the framework of RLC–RTC co-operation,  
funded from the budget of the employmentfund segment of MPA**

NES centre	RTC	Trainee days	Vocational qualification acquired (no. of persons)	Task-fin. (HUF m)	Income supplementing allowance (HUF m)
S Transdanubia	Pécs	268 400	1 897	768	495
W Transdanubia	Szombathely	76 000	992	207	114
C Transdanubia	Székesfehérvár	241 000	1 624	450	365
N Great Plain	Debrecen	112 300	545	345	143
	Nyíregyháza	122 000	633	270	119
S Great Plain	Békéscsaba	95 400	1 586	395	397
	Kecskemét	60 500		359	
C Hungary	Kecskemét	20 000	141		240
	Budapest (BMIT)	70 000	362	235	
N Hungary	Miskolc (ÉRÁK)	170 000	643	503	311
Total		1 235 600	8 423	3 532	2 184

It is a professional problem that the proportion of training courses to raise the vocational skills of women has remained low, and there are practically no or hardly any re-training options for degree-holders.

# Promotion of dialogue between social partners

## **Social Dialogue Centre**

The Social Dialogue Centre manages the funds allocated to the technical programmes of employer and employee member organisations of the National Interest Reconciliation Council (Hungarian abbreviation: OÉT). The support of the 2010 programme based on tenders stemmed from an agreement concluded by and between the Ministry of Social Affairs and Labour and 15 organisations representing the employers and employees of OÉT. The budget allocated to the programme in 2010 amounted to HUF1,752.2 million.

The purpose of the programme is to promote social partnership programmes for strengthening the social dialogue and the institutional and operational development of the interest representation organisations of employers and employees. The projects were implemented by the organisations of employers and employees represented in OÉT and were targeted at the officers and membership of the organisations. The main objectives of the professional plans also support the participation of the organisations in social dialogue both within the country and also on international level.

Priority activities in the implementation phase included the development of local-level interest reconciliation, reports on the new government measures, making proposals for the economic policy, mitigation of the impacts of the economic crisis, methods of preserving jobs and the scope of application of those methods in the various branches. The main objectives of the conferences and various events included the supply of information on the impacts of the various instruments and methods on the labour market, the current economic policy issues, the modifications of the laws and regulations on taxes and duties, the measures related to social services and the implementation of the various interest representation tasks related to them. These activities were supplemented with advisory services in application-writing both to employers and employees, the review of the aspects of employment promotion and the operation of legal services.

In order to strengthen representation of the interest representation organisations of employers and employees in labour and employment interest reconciliation activities, the Social Dialogue Centre and OÉT both support the training and further training of social partners active in the institutions of European and Hungarian dialogue. In the framework of this activity, we supported the training of 39 individuals delegated by social partners and the post-gradual training of another 31 individuals at the Industrial Relations Programme of the Human Resources Management Faculty of Budapest Corvinus University during two semesters of 2010.

“The invisible risk at workplaces or what do we know of psycho-social risks?” conference was held successfully and attended by 98 people on 23 March 2010.

## Sectoral Dialogue Centre

Within the organisation of the Social Dialogue Centre, the Sectoral Dialogue Centre department supports the activities of the sectoral dialogue committees (hereinafter: SDC). Within the Social Dialogue Centre organisation, the sectoral dialogue centre department supports the activities of the sectoral dialogue committees (SDCs). The most important task of the SDCs is to promote the balanced development of the sector, to implement autonomous social dialogue at sector level, discuss sectoral policy issues for the purpose of putting in place satisfactory working conditions preserving peace at work, promote the legality of labour market processes, establish several sectoral collective agreements and sectoral policy agreements and to strengthen the role of social partners in the European Sectoral Social Dialogue Committees (hereinafter: ESSDC).

Pursuant to the agreement concluded on 24 March 2010 by and between the Ministry of Social Affairs and Labour, the legal predecessor of the Ministry of National Economy, and the employer and employee representatives of the Council of Sectoral Dialogue Committees (CSDC) pursuant to Article 25 (1) of the Act on Social Dialogue Committees (SDC Act) and Act CXXX of 2009 on the 2010 budget of the Republic of Hungary, the SDCs used HUF244 million to finance their operation.

The SDCs performed their activities according to planned programmes. The backbone of their activities included joint position statements on sectoral issues, review of draft legislation, conclusion of sectoral agreements (collective agreement, wage agreement), position statements on policies, and participation in the activities of ESSDC and in the European international relations. This activity was supported by conferences, training activities, workshops, studies, expert services, research of particular areas, translation of technical documents and other events.

The decisions on the topics were made within the framework of the SDC meetings. Apart from the programmes listed above, the SDC members took part in various lectures, training courses and seminars. The SDCs consulted with the government and government agencies in order to reflect the interests and views of the sectoral actors in the national concepts, plans and programmes. Relationship was also built between the various ministries and the SDCs operating in the respective area.

The 441 programmes planned by the SDCs were all implemented in compliance with the guidelines of the Council of Sectoral Dialogue Committees (CSDC) and the decisions of the CSDC Expert Board. The following table illustrates the number of programmes and attendance in 2010 and the cost of the programmes.

Programmes in 2010			
Definition	Number	Participants (number)	Cost (HUF)
<b>Committee meetings</b>	126	1 500	8 682 309
<b>Events</b> (conference, seminar, education, training, workshop, workshop discussions and attendance thereof)	101	8224	88 887 455
<b>Expert activities</b> (studies, expert documents, analyses, research, data collection, background material for collective agreements and the extension thereof, translation)	26	–	10 053 212
<b>International relations</b>	103	338	78 457 485
<b>PR</b> (coverage in technical newspapers, publication for advertising purposes, TV and radio coverage)	55	–	4 647 000
<b>Purchase of technical books, publications and journals</b>	30	–	15 720 115
<b>Total</b>	<b>441</b>	<b>10 062</b>	<b>206 447 576</b>

19 sectoral, 9 sub-sectoral and 2 branch dialogue committees operate according to the resolutions of the Sectoral Participation Establishment Committee. The 30 SDCs form 23 financing units. In total 89 interest representation organisations send delegates into the 30 SDCs (42 employer and 47 employee organisations). At present the SDCs take part in 20 ESSDC activities.

The SDCs informed the general public on their activities on their main website, as well as in sectoral papers, on leaflets, within the framework of training activities and at conferences<sup>1</sup>. The studies, articles, presentations and translations produced by the SDCs and the summary reports on the SDC activities are also displayed on the website.

## Labour Mediation and Arbitration Service

The members of the Labour Mediation and Arbitration Service (LMAS) operating within the framework of the Social Dialogue Centre provided mediation services in two collective labour disputes in 2010.

In one case the road transport sectoral interest representation organisations had a dispute in relation to the implementation of the collective agreement, in which they had to involve a mediator for

<sup>1</sup>More information and the full text of studies, presentations and translations are available on the following websites: [www.tpk.org.hu](http://www.tpk.org.hu), [www.apk.org.hu](http://www.apk.org.hu).

settlement. In the other case a collective labour dispute developed in a social institution in Szolnok in relation to employee benefits.

The LMAS experts were asked to give advice in 33 cases to settle issues that could help social partners prevent the development of the actual dispute into a conflict. The five-year mandate of the members of the Service expired in the spring of 2010. Based on the tender for applications issued in May by the National Interest Reconciliation Council, 81 applicants (including former experienced members and new applicants) received their respective letters of mandate for another five years.

The four-day basic training of the new mediators, delivered by the service trainers of the American partner organisation, Federal Mediation and Arbitration Service, was organised for the new mediators in November.

The conference jointly organised with the Committee of Labour Sciences of the Hungarian Academy of Sciences at the Hungarian Academy of Sciences in January, attended by social partners and representatives of the various scientific fields and the sector was an important event in the activities of the Service.

### **"Strengthening of the professional background of partnership and dialogue, support of joint initiatives" project**

During the two years of its implementation, the Social Renewal Operational Programme 2.5.2. "Strengthening of the professional background of partnership and dialogue, support of joint initiatives" module, financed with EU support and co-financed from ESF played a unique, extremely important role on the labour market.

The objective of the operational programme included the development of the adaptability of organisations and the promotion of successful operation of the institutional framework of social partnership.

The overall and natural objective of the project was to support and strengthen the organisations representing the two sides of the social dialogue and involved in the Economic and Social Council (ESC) and to turn them into effective and efficient negotiators, being able to enter into autonomous agreements, thus promoting stronger social security and the dissemination of fair and compliant conduct on the labour market in a way that also leads to social cohesion.

The programme was elaborated and also implemented on the wide basis and joint initiatives of the social partners. The parties fully agreed that under the coordination of the NESO Social Dialogue Centre such activities had to be performed which assisted the participants in social dialogue in their purposeful cooperation.

The parties also jointly recognised that if there was a data and knowledge base containing sectoral specificities, and available for common use, the organisations taking part in social dialogue could also be capable of conducting effective and efficient negotiations and entering into agreements. The parties also agreed that co-operation may also prevent further fragmentation in the institutional organisational and financing background of the social dialogue and the development of superfluous duplications. Vertical and horizontal co-ordination can thus be improved, which may also trigger positive changes in the operation of social partnership.

A news- and database promoting interest representation work was established on the [www.tudasbazis.org.hu](http://www.tudasbazis.org.hu) website for social partners who can access this database from any point of the country. From now on the initiatives of the social partners related to the labour market can be based on the information of a consistent and authentic database, the information of which may also be used in partnership decisions.

Co-operation with the SROP 2.5.1 (Legal point) project was also successful. In exchange for the elaboration of a consistent document form and IT database structure on the legal point network, the social partners obtained important information, which can be used ideally during the interest reconciliation. Within the programme media broadcasting time was purchased and discussion programmes were organised involving social partners, providing extensive coverage within the society and enabling the individuals to get a glimpse into the secrets of interest reconciliation and learn about the arguments and counter-arguments used these days in the national or sectoral agreements.

Owing to this programme, a large number of representatives and experts of the interest representation organisations of employees and employers took part in diversified preparatory and accredited training. The programme also included deliberately planned research activities, analysing the processes of the present and identifying the potential breakthrough points of the future, which could not even be thought of without the SROP 2.5.2 project.

In total the programme was a success and the benefits of its training and research chapter may become increasingly important in the implementation of the National Cooperation Programme.

## Studies

Az esélyegyenlőtlenséget kiváltó okok és a hátrányos megkülönböztetés elleni fellépés a munka világában [Causes of unequal opportunities and actions against discrimination on the labour market] – BERZERKER BT. DR. TAMÁS GYULAVÁRI, DR. ÁGNES SIMONYI

A középszintű érdekegyeztetés változásai Magyarországon a PHARE projekttől napjainkig, illetve az Ágazati Párbeszéd Bizottságok kapcsolatai a makroszintű érdekegyeztetés intézményeivel – Civil Európa Egyesület [Changes in middle-level interest reconciliation in Hungary from the PHARE project to our days, and relations between the Sectoral Dialogue Committees and macro level interest reconciliation institutions – CIVIL EUROPE ASSOCIATION] DR. KRISZTINA ARATÓ

A Munka Törvénykönyve hatása a gazdaság versenyképességére [Impact of the Labour Code on the competitiveness of the Economy] – DR. GYÖRGY KISS, GYULA BERKE

A nemzeti, illetve határokon átnyúló munkaerő-kölcsönzés alakulása, hatása a foglalkoztatásra és a gazdasági folyamatokra – DÉL-DUNÁNTÚLI HUMÁNERŐFORRÁS KUTATÓ ÉS FEJLESZTŐ [NATIONAL AND CROSS-BORDER WORKFORCE BORROWING AND ITS IMPACT ON EMPLOYMENT AND THE ECONOMIC PROCESSES] K. N. KFT. TAMÁS ILLÉS

Az aktív és passzív foglalkoztatáspolitikai eszközök alakulása, hatásuk a munkaerő-piaci mutatókra [Development of active and passive employment policy instruments, and their impact on the labour market indicators] – DR. MÁRIA FREY

A szociális segélyezés szerepe a segélyezettek életminőségének alakulásában [Role of social aid in the quality of life of the recipients] – HILSCHER REZSŐ SZOCIÁLPOLITIKAI EGYESÜLET DR. PÉTER MÓZER

A felnőttképzés hasznosulása a foglalkoztatásban [Use of adult training in employment] – PRIMARIUS BT. DR. DÉNES KOLTAI, DR. ZSÓFIA SZÉP

A KKV szektor szerepe a foglalkoztatáspolitikában – fejlesztési lehetőségek [Role of the SME sector in employment policy – development opportunities] – BUDAPESTI KERESKEDELMI ÉS IPARKAMARA OKTATÁSI NONPROFIT KFT. GÁBOR KERÉKGYÁRTÓ, DR. TAMÁS JELEN, DR. ANDRÁS GIDAY, KATALIN SZAKÁCS MRS. MIHALKOV

Rendszeres (4 évenkénti) felmérés (survey) kialakítására a foglalkoztatás és a munkaügyi kapcsolatok mikroszintű helyzetéről, alakulásáról – kapcsolódó felmérés lebonyolítása [Regular



survey (every 4 years) on the micro level situation and development of employment and labour relations and the implementation of the related surveys] –EMÓCIÓ BT., DR. LÁSZLÓ NEUMANN

A szociális szövetkezetek működési modelljének kidolgozása a foglalkoztatás elősegítése érdekében [Elaboration of a model of operation of social co-operatives in order to promote employment] – BUDAPESTI VÁLLALKOZÁSFEJLESZTÉSI KUTATÓ INTÉZET, DR. ATTILA ISTVÁN PETHŐ, DR. ZSUZSANNA GYÓRI, BERNADETT NÉMETH, NIKOLETT FEKE, FERENC SIMON

Az első magyar "Munkahelyi foglalkoztatási viszonyok" kérdőíves felvétel első adatfelvételének lebonyolítása [First data collection related to the first Hungarian "Employment relationsh at workplaces" questionnaire-based survey] – IPSOS MÉDIA-, REKLÁM-, PIAC- ÉS VÉLEMÉNYKUTATÓ ZRT.

Gazdasági érdekképviselések és kamarák [Economic interest representation organisations and chambers] – PPH KÖZPOLITIKA ÉRTÉKELŐ KFT., GÁBOR BALÁS

A munka világába tartozó érdekképviselések [Interest representation organisation on the labour market] – COMPLEO TANÁCSADÓ ÉS KERESKEDELMI KFT., ÁGNES SZABÓ MORVAI MRS. SZOBONYA

Társadalmi szerződés - közös kezdeményezés a kistelepülések vagyónbiztonságának javítására [Social agreement – joint initiative to improve the safety of assets of small villages] – PANNON ELEMZŐ IRODA, DR. NÁNDOR NÉMETH, DR. ANDRÁS CSITE

Zöld gazdaságélénkítés [Green economic incentives] – LÉLEGZET ALAPÍTVÁNY, ÁGOSTON PÉTERFFY

# The MbO system; development of the indicators; quality assurance activity

Management by objectives (MbO) is a management system which embraces the way of thinking and the management style of the management, the processes of planning and implementation, the functions, organisational structure, co-operation and motivations, that is, the entire operation of the organisation. The key performance indicators and the computer application to produce them at office, county (regional) and national level in the Hungarian PES were developed in the first half of 2005.

MbO is a bottom-up management system, in which first of all the offices make proposals for the target values of the indicators; these are then approved by the regional/county labour centres in the context of negotiations for the settlement of the plans, and the regional/county plans are then approved by the National Employment Service, and the national plan to be approved by the competent undersecretary of state is constructed through the aggregation of the regional/county plans. The agreements concluded at the plan negotiations include specific numerical targets.

The Minister of Social Affairs and Labour issued a guideline comprising 14 points for the regional NES centres to prepare their labour market plans for 2010. Special emphasis was given in the document to the enhancement of the propensity for employment and the elevation of the employment rate; to national-level problems to be solved (employment of unemployed persons with low schooling, no vocational skills, in a disadvantageous situation or living in small regions in a deprived position, in order to provide them a living), and assistance to promote the placement of career-starters and persons with reduced work capability.

The indicators have been supplemented and amended in several respects to ensure the continuous monitoring and evaluation of the performance of the priority tasks of PES (NES) in 2010. Consequently, the following are now included in the MbO system as separate indicators:

- number of beneficiaries of availability allowance (AA) concerned,
- number and rate of AA beneficiaries who became employed,
- number and rate of AA beneficiaries who became employed through subsidised community work,
- number and rate of AA beneficiaries who became employed without subsidy,
- number and rate of AA beneficiaries involved in training
- rate of AA beneficiaries involved in training to the population concerned of AA beneficiaries
- number and rate of persons under 35 with less than 8-year primary schooling involved in training
- number of jobseekers under 35 with less than 8-year primary schooling concerned (all jobseekers)
- labour force employed with community work support

Indicator 5 (Activity rate) had to be altered for several reasons: the old indicator did not monitor the number of persons involved in community service employment. There was a growing number of EU grant programmes implying the need for an activation indicator expressing the number and rate of

activated persons in the population of jobseekers over a certain period. Indicator 5 (activity rate) was defined as follows: total number of persons involved in any of the active measures (subsidised employment, community work and training included) and of persons placed in non-subsidised jobs, related to the headcount of the registered population concerned. (In the numerator, one person is taken into account once only, even if he or she was activated on several occasions or in several forms.)

This method has the additional advantage of allowing to determine also the number and rate of activated persons within the population of long-term registered jobseekers.

## Key indicators

### Indicator 1: Number and rate of registered jobseekers becoming employed

The annual (net) headcount of registered jobseekers was 1,162,200 in 2010, that is, 4.1% higher than in the previous year. In the first nine months of 2010, 516,600 registered jobseekers came to

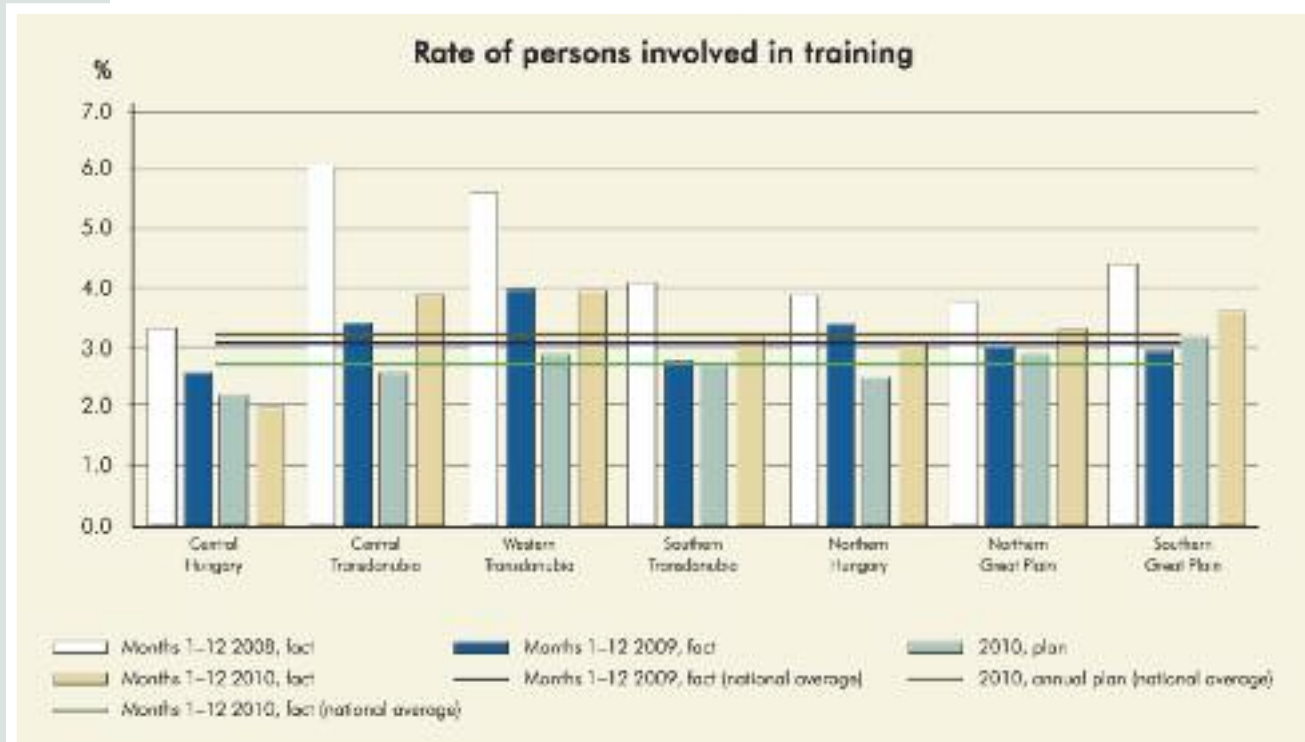


be employed, which corresponds to a placement rate of 44.4%. This rate indicates growth by 6.2% points over the first period of the previous year.

A major part of placements (61.4%; 317,600 persons) occurred without subsidy (on individual initiative or by mediation), and 38.5% (some 199,000) found subsidised work. This year the number of persons placed without support grew by 24.4% and that of placements with support by 16.7% over the corresponding figures in the previous year.

## Indicator 2: Number and rate of registered jobseekers involved in labour market training

Some 37,000 were involved in labour market training in 2010, 6.9% more than in the base period (34,600). Training programmes are financed from several sources (MPA employment fund segment/decentralised employment fund segment, several SROP projects), and all of them concern priority target groups as specified in the Professional Guidelines issued by the MSAL for 2010.



### **Indicator 3: Number and change of vacancies (labour demand) reported in the given period (exclusive of foreign ones)**

Almost 329,200 vacancies were announced to the NES offices in 2010, 16.5% more than in the base year and 16.6% more than planned for 2010. Within that, the demand for labour employed with support was 183,700 (of which 87,300 concerned community work with support) and the demand for jobs without support was 145,500. The dynamic of subsidised and non-subsidised vacancies, however, is different: the number of the latter grew by almost 24,000 (26.1%) relative to 2009, and that of the former by 16,500 (9.9%). Within the category of subsidised vacancies, the number of workers employed in subsidised community work fell by 24,600 (22.0%).

### **Indicator 4: Duration of reported vacancies from the date of announcement to that of filling or cancellation (in days)**

The duration of the reported vacancies from announcement to cancellation was 31 days on average in 2010. For subsidised jobs, the average was 28.2 days and for non-subsidised ones 34.6 days.

### **Indicator 5: Activation**

283,600 were activated in 2010 through successful mediation or subsidised employment or training, corresponding to 24.4% of the population concerned. 70.2% of the activated population (almost 199,000 persons) entered subsidised employment; 19.3% (54,800) got a job without subsidy through mediation and 13.0% (some 37,000) started labour market training in the period under study.

### **Indicator 6: Rate of active measure participants not registered as jobseekers 3 months after the termination of the programmes (not including public-type employment)**

73,200 exited the programmes in 2010, that is, 0.9% less than in the base period (73,900). From among those who exited the active measures 3 months earlier, some 232 (0.5%) less than in 2009, did not re-enter the register. The rate of persons who did not get back to the register grew by 0.3% point, from 63.2% last year to 63.5% this year. This, of course, indicates that, over the past year, 36.8% of participants were re-registered; this year, the corresponding rate is 36.5%, i.e. slightly more positive than in the previous years.

### **Indicator 7: Prevention indicators (EU) for persons younger than 25 registered 6 months earlier and persons past 25 registered 12 months earlier (number and rate of persons who received/did not receive a service of merit in the 6 or 12 months concerned.)**

In the group of persons younger than 25, service was provided within 6 months starting from registration to 82,400, corresponding to 50.3% of entrants. This was 61.5% more than in the base period (51,100; rate of 32.3%).

In the group of persons aged 25 or older, assistance of merit was provided in the first 12 months to a total of 344,200, corresponding to 55.3% of the total inflow. This headcount was 44.7% higher than the corresponding value in the base period (237,900; 46.7%).

It is noteworthy that in the second group, the rate of persons who received service of merit in the first 6 or 12 months after registration increased.

### **Indicator 8: Restart indicator (EU) for persons younger than 25 registered 6 months earlier and persons past 25 registered 12 months earlier (number and rate of persons subject/not subject to active measure support or successful placement)**

Within the inflow of persons younger than 25, 26.4% more was provided support or successful mediation in the first six months in 2010 than in the base period. In the group of persons older than 25 31.4% more received support or was subject to effective mediation in the first 12 months than in the base period.

In the first group, over the first 6 months, 41.7% of jobseekers (68,200 persons) were provided assistance of merit (active measure support or successful placement), i.e. 14,256 more than in the base year, and the rate of beneficiaries of assistance rose by 7.5% points over the corresponding period of the previous year.

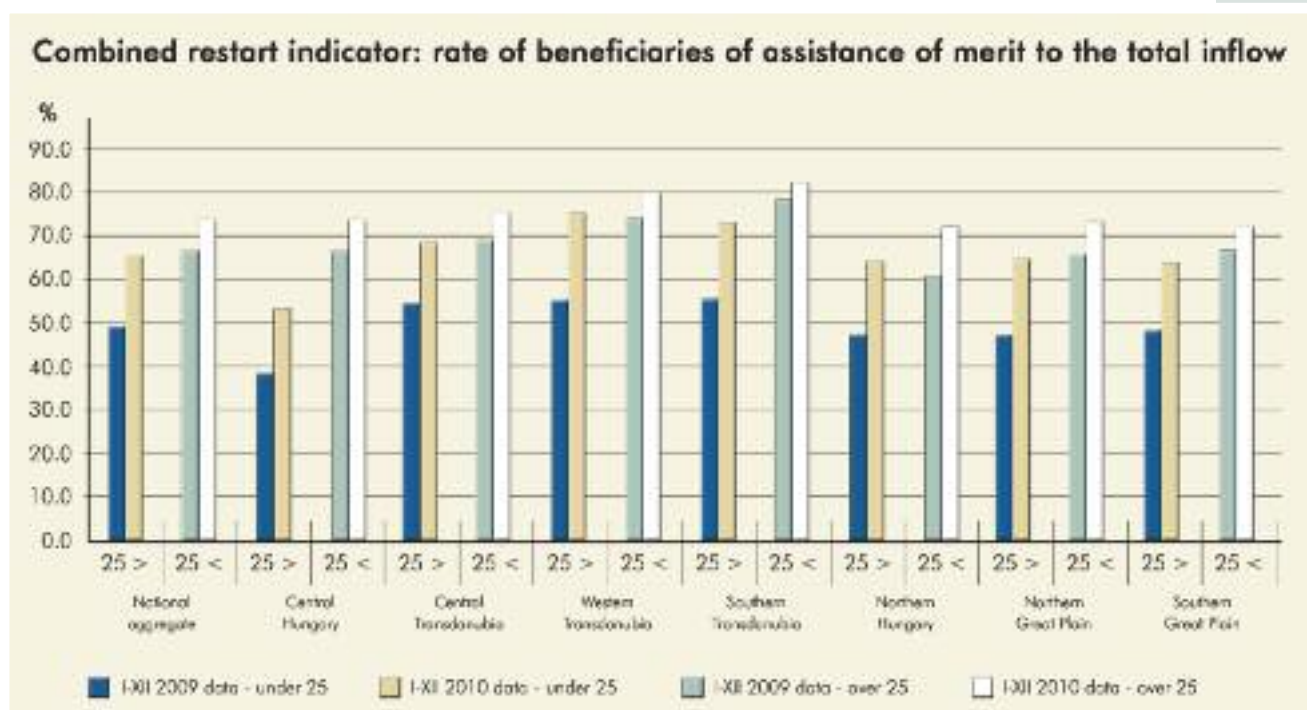
In the second group, 347,900 (55.9%) were provided active measure support or were placed successfully over the period of the first 12 months, i.e. 31.4% more than in the first 12 months in 2009, and their rate increased by 3.9% points (264,700; 52.0%).

## Indicator 9: Combined restart indicators (EU) for persons younger than 25 registered 6 months earlier and persons over 25 registered 12 months earlier (number and rate of persons who received/did not receive service, either active measure support or successful placement)

In the age groups under 25, 66.1% of jobseekers (108,300 persons) were provided active measure support or subject to successful mediation activity, or service of merit, i.e. around 30,100 (38.4%) more than in the base year, and the proportion of the beneficiaries of support exceeded the rate recorded in the previous year by 16.6% points.

In the group of persons aged 25 or older, the number provided service of merit or successful mediation or active measure support over 12 months grew by

35.3% over the corresponding period of the previous year. The number of beneficiaries of assistance was 464,700 within the total inflow. 74.7% of all registered jobseekers older than 25 received support of merit; this rate is higher than the corresponding 2009 rate of 67.0%.





## Development of the partner satisfaction indicator

Surveys to measure partner satisfaction are also part of the MbO system; the aggregate partner satisfaction value is expressed by the “P” indicator. The PHARE project started in 2002 under the title “Modernisation of the Hungarian Public Employment Service” in order to improve the effectiveness and efficiency of the organisation among other things implemented with success the pilot model of the development and introduction of the quality management system, at 7 offices, by the closure of the project at end 2004.

Hungary as a member of the European Union continued the modernisation programme in the period from 2004 to 2009 at another 60 offices, in line with the what was defined under Measure 1.2. of the Human Resources Development Operational Programme accepted earlier. The goal of the “Quality Management Component” was to enhance the effectiveness of PES, to deploy partner-centred office operation and to introduce a quality management system. Furthermore, various quality development methods had to be established at the offices and, in order to promote integration into the European public administration space, CAF (the Common Assessment Framework) had to be introduced and put in operation.

Under SROP priority project 1.3.1, the project-based introduction of the partner-centred quality management system took place by the end of December 2010 at another 21 offices. In the wake of two successful development projects, every regional PES centre has been carrying out partner satisfaction measurements for several years now (P=partner satisfaction indicator). The measurements are carried out on the basis of the Aid issued for the given year, approved by the General Director of the National Employment Office. The Aid comprises, among other things, the annual measurement timetable, and the survey and analysis methodology.

We regard as the partners of the organisations those who have/can have a permanent and decisive influence on its operation.

The following partners are to be taken into consideration to calculate the P indicator:

- the staff of the organisation,
- employers active in the activity area of the organisation,
- clients visiting the organisation (jobseekers, clients using various services).

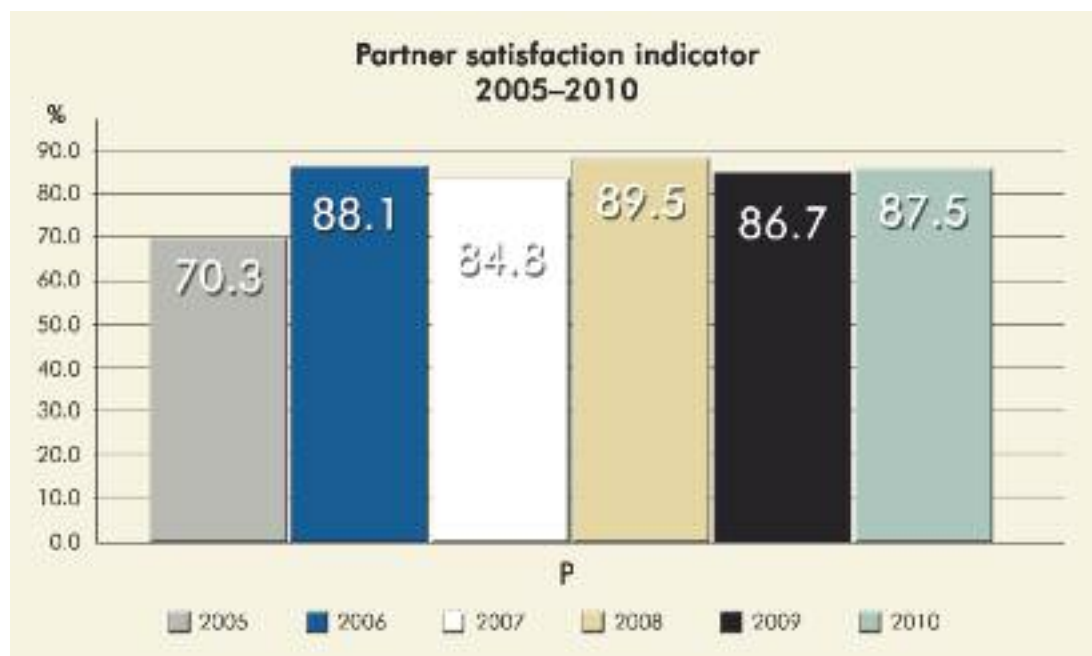
Partner satisfaction is measured by questionnaire-based surveys. Through their assessment, it is possible to define the degree of satisfaction of the staff, the employers, and the clients, respectively, and the partner satisfaction indicator (P) is produced on the basis of these values, by weighting.



The questionnaires are loaded, processed and evaluated by organisational unit, on-line. Their summary results are shown in the table below.

MbO partner satisfaction indicator, data for 2010			
Indicator Sign	base (2009)	Fact (2010)	Change (% point)
Client, temporary Ü	78.8%	79.2%	0.4%
Client, continuous Y	79.5%	82.9%	3.4%
Employer M	95.2%	96.0%	0.8%
Staff D	88.4%	88.9%	0.5%
Partner satisfaction indicator "P"	86.7%	87.5%	0.8%

CALCULATION OF THE (P) PARTNER SATISFACTION INDICATOR:  $P(\%) = (30 \times \ddot{U}) + (10 \times Y) + (30 \times M) + (30 \times D)$



The surveys show that although the organisation closed a difficult year, the indicators of partner satisfaction part did not change significantly.

The combined partner satisfaction indicator value is 0.8% point higher than it was in 2009. At the same time, 4.4% more filled in the questionnaires thanks to the higher client turnover.

As for the subpopulations targeted by the satisfaction surveys, in 2010 as before, the questionnaires completed by employers (M) showed the highest value, at 96%, i.e. almost identical to that of the previous year.

Staff satisfaction (D) is also relatively high at more than 88%. The rate produced by the continuous satisfaction survey, taken at least 4 times a year, among clients (Y) was 82.9% for the entire year of 2010, and this is where the highest increase, by 3.4%, was produced.

The results of the temporary client satisfaction survey (Ü) are almost identical as in the base period, at 79.2%.

The survey results warrant the statement that, although waiting time increased with the growth of the client turnover, the good results make no doubt as to the merits of the office staffs. It is clear that the clients think that the professional performance and attitude of the NES staff is as excellent as before.

On the basis of the annual results, it is important to examine – especially at organisational units subject to quite perceptible negative change – the causal relations, and an action plan has to be worked out to alter the negative processes; given the still high client turnover, it is expedient to lay even more emphasis on the organisation of office work, the occasional review of the division of labour, and the development of working time and administration time.

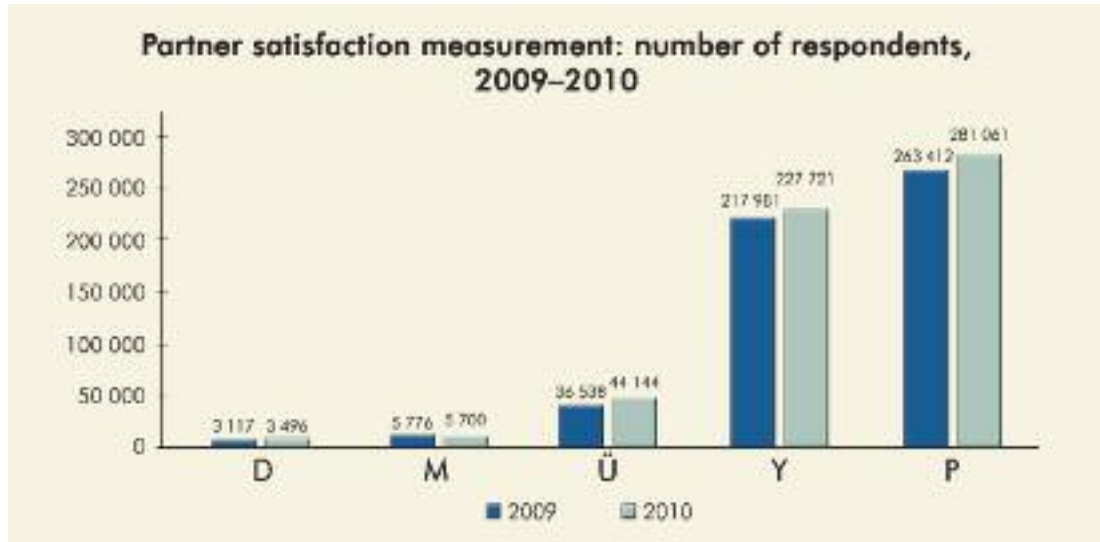
The data of the complex satisfaction measurement results show the impact of the economic crisis: higher unemployment, less jobs and longer waiting times have led to more negative opinions.

All things considered, official work carried out at the offices is of high quality (and on the rise), and waiting times have increased considerably. Clients expect more and better vacancies and services. Furthermore, they would like to wait much less.

The results of the employer satisfaction surveys point to the correct direction of the reinforcement of employer contacts and to the necessity of information provision to companies.

	2005		2006		2007	
	No. of respondents	Indicator value %	No. of respondents	Indicator value %	No. of respondents	Indicator value %
<b>D:</b> staff	918	50.8	1 938	90.6	2 408	81.7
<b>M:</b> employers	1 359	83.3	3 625	94.2	6 139	94.9
<b>Ü:</b> clients employees	12 392	69.0	12 193	82.1	26 967	81.8
<b>Y:</b> continuous client	14 344	79.9	54 168	80.1	167 293	78.7
<b>P:</b> partner satisfaction (aggregate)		<b>70.3</b>		<b>88.1</b>		<b>84.8</b>

	2008		2009		2010	
	No. of respondents	Indicator value %	No. of respondents	Indicator value %	No. of respondents	Indicator value %
<b>D:</b> staff	3 099	92.4	3 117	88.4	3 496	88.9
<b>M:</b> employers	5 940	95.2	5 776	95.2	5 700	96.0
<b>Ü:</b> clients employees	27 876	83.4	36 538	78.8	44 144	79.2
<b>Y:</b> continuous client	176 663	82.2	217 981	79.5	227 721	82.9
<b>P:</b> partner satisfaction (aggregate)		<b>89.5</b>		<b>86.7</b>		<b>87.5</b>



The partner-centred quality management model introduced in Hungary was presented on 15-16 September 2005 at the PES Benchmarking Conference organised in Copenhagen, and the organisers of the conference were of the opinion that it was exemplary. In January 2010, the session of the workshop of the European Administration Network confirmed once again that the partner satisfaction methodology carried out at NESO and some components of the relevant practice provide a good basis for the improvement of public administration performance and competitiveness improvement in both Hungary and in the Member States of the European Union.

## Quality management

The application of a quality management system always depends on the relevant strategic decision of the management. Its design and introduction is affected by the changing needs, the objectives of the organisation, and the structure and size of the services, the workflows and the organisation itself. Internal and/or external parties – the certifying body included – apply the ISO 9001:2009 standard to assess whether the organisation concerned is capable of meeting the requirements set by the buyers/clients, the legislation and its own internal requirements. The crucial task of public administration following accession to the European Union is to offer services that are open and easily accessible to every citizen, to facilitate the administration of everyday tasks. The management of the National Employment and Social Office recognised this, and decided to introduce a quality management system in May 2008. The deployment of the system was the subject of a public

procurement tender, won by Liverton Quality Assurance and Financial Consultant Ltd., which was then commissioned to deploy the quality management system concerned. The system was completed in April 2010 with their contribution. The NESO Quality Management Manual comprises the quality policy of the Office: “The National Employment and Social Office is a state-owned central agency created and operating according to the relevant legal regulations. The goal of the Office is to meet the system-level service provision tasks of the Hungarian employment assistance system; to reinforce its market role via its professionally strong, well-organised and stable business management asserting the interests of the service users as well as the owner and to match thereby its strategy, official mission and quality policy. To meet the expectations of the client/partner (buyer) and through him/her the social expectations through the exploitation of the possibilities offered by the management system, so that its activity, service quality should comply with the requirements set to it by others and by itself.” The NESO quality management system deployed according to ISO 9001: 2009 was certified on 7 December 2010. Several companies were invited by tender, and the certification audit was carried out by Certop Product and System Certification House Ltd. The certification audit identified no major non-compliances. The auditors made proposals concerning certain development options which the management of the Office will take into consideration.

## **Experiences and further activities in the context of the application and development of the quality management system**

Significant improvement experienced in the identification, retrieval and tracking of internal organisation and workflows; the uniform approach is a major asset to case administration, in addition to politeness, and the tracking and observation of the deadlines; the infrastructure has been upgraded and it is better adjusted to the tasks; the quality system promotes the activity of the office and provides extensive information to the management; training has become more organised, and training delivery can be retrieved on the basis of the relevant records; the administration deadlines have become shorter and the number of appeals diminished; “Client-friendly service provision” defined in the quality policy has materialised, as witnessed by the feedback provided by the clients, which warrants the conclusion that the staff members carry out quality work, in compliance with the regulations.

In order to ensure an effective activity acknowledged by all in the long term, we must adjust the quality of the operations of the office to the needs of our clients.

We must keep operating our quality management system in the future, too, so as to meet the domestic and international requirements and to provide for the realisation of our quality policy.

# International contacts of the Hungarian PES

## **Traditional bilateral and multilateral relationships**

Currently, we have official co-operation agreements put down in writing with Bosnia, Lithuania, Latvia, Mongolia and Romania and, in addition, we are in close co-operation with the Ministry of Labour of the Walloon region of Belgium. In the near future, we wish to extend this list to include the countries on the Balkan, the neighbouring countries and also Bulgaria; the relevant preparations have already been made. These agreements are usually restricted to the regular exchange of labour market information and “best practices” and to mutual visits of experts.

Co-operation based on formal agreements notwithstanding, we have very good, albeit not regular, but ad hoc contacts based in part on previous co-operation with many other EU countries. Our main partners are Austria, Denmark, Sweden and Slovakia.

## **Representation in international organisations**

We take part in the work of several workgroups in Brussels, and in one of these we prepare the meeting of EU general directors organised twice a year, and we also visit these meetings regularly. Upon the invitation of the Ministry, we take part in the activity of several mixed committees. In 2009, the Hungarian NES was elected for another three years – on the third occasion already – among the members of the Steering Committee of WAPES, the World Association of Public Employment services, this time together Bosnia. (Hungary will be active from the second half of the cycle, i.e. from Autumn 2010 on.)

## **Hungarian presidency**

The National Employment Office organises four events during the period of the Hungarian presidency: an international conference, the European Youth Job Fair, the conference of EURES managers and the meeting of the PES general directors of the EU countries.

## **Operation of the EURES system**

In order to promote and ensure the free flow of labour within the European Union, EURES (EUROpean Employment Services) was created in 1993, and after its accession to the EU in 2004, Hungary also became a member of the organisation.

The domestic network comprises the EURES manager, the co-ordinator, the advisors and the assistants. To date, there is a trained EURES assistant at practically every NES office, and there are almost 30 advisors in the country.

The task of the advisors is to provide professional information to clients looking for employment abroad, to assist with job search, to implement the recruitment projects organised by our foreign partners and to popularise the EURES at domestic job fairs and public fora.

## **Activities in the framework of the EURES system**

In the course of 2010, the Hungarian EURES was represented at some 200 own events or events organised by others. The two events visited by most were the 5<sup>th</sup> International Information and Job Fair and the Deutschsprachige Job- und Infobörse. MOBILITY DAY (5th International Information and Job Fair)

At the international fair organised on 16 October 2010, some 3,000 jobseekers were given an opportunity to meet Hungarian and foreign EURES advisors, foreign employers and the representatives of partner organisations. The event was given excessive press coverage by the national media, and it was judged very positively by both the exhibitors and the interested visitors.

DEUTSCHSPRACHIGE JOB- UND INFOBÖRSE (information day of German-speaking countries). At the event held on 10 April 2010, on the basis of the success of the Finnish Day and of interest in the German-language area, the Hungarian jobseekers could listen to presentations on the conditions of work and living in Austria, Germany and Switzerland and they could also meet employers. The event was visited by around 1,600.

## **Information fora, job fairs, career choice days**

In the context of such activities, EURES stands are put up at the national regional or county-level job fairs and at events visited by many (Sziget Festival, HVG Job Fair etc.), where our EURES advisors inform visitors on the EURES services, the EURES portal, the actual recruitment projects, the labour market situation and the conditions of work and living in Hungary. The job fairs, organised predominantly by universities and NES centres, provided an excellent opportunity to popularise the services offered by EURES and to inform interested visitors who are mostly young persons interested in employment abroad, mainly degree-holder career-starters with adequate foreign-language skills.

## **Recruitments**

One of our priority tasks in 2010 was to promote the placement of jobseekers in the European Union, to satisfy the labour demand of employers. For this purpose, labour recruitment projects were carried out in Hungary, and we took part in job fairs abroad. Most vacancies were offered to Hungarians in the German-speaking countries and in the Mediterranean area, mainly in catering, agriculture, construction and the metal industry.

## **EURES Office**

The EURES – formerly EU Integration – Office has been active as part of the Migration and International Department since 2003.

On four work-days a week, 5 trained EURES advisors receive clients interested in employment in the European Union to provide them counsel, information and fliers presenting the conditions of work and living abroad. Foreign vacancies and recruitment projects are announced on the office notice boards. Clients are also provided permanent Internet-based access to the EURES homepage. The office is often the venue of foreign recruitments organised and administered by the staff members of the Department.

Furthermore, applications for guest worker permits to Germany, Austria and Switzerland and for apprentice training are also received there.

## **Cross-border co-operations**

The European Union provides special support to the development of the cross-border labour markets, to the exploitation of cross-border employment opportunities to deepen co-operation and to identify and eliminate the hindrances to mobility among the partners and to organise joint activities.

In addition to the already operational Slovakian-Hungarian co-operation (EURES-T Danubius-Slovakia, EURES-T Pannonia-Austria), joint activities have been realised also with Romania (workshops, publications, job fairs). The cross-border partnerships acknowledged already by Brussels are regularly represented at the international job fairs and at other populous events (e.g. Volt Festival).



## **Social security of migrant workers in the European Union**

Since its accession to the European Union in 2004, Hungary has also been subject to the EU regulations governing the social security of migrant workers (Regulation (EEC) No. 1408/72 and Regulation (EEC) No. 883/2004 replacing it, which came into force on 1 May 2010.) The task of the Migration and International Department specified by government decree is to co-ordinate the operation of the national-level migrant administration network. Under that sign, the department prepares the staff members of the migrant network in the form of regular national further training for the fulfilment of the changed tasks which derive from the introduction of the new regulation.

Information must be provided on changes pertaining to the intra-EU system of unemployment benefits not only to the network of the staff members, but also to public opinion in general, via fliers and calls. The preparation and regular updating of the materials concerned is also assigned to the competence of the Department. Pursuant to the new regulation, the forms associated with the unemployment benefits of migrant workers are managed as before partly at the offices and partly at the Migration and International Department. It is an important task to liaise with foreign partner organisations to ensure the smoothest possible procurement of EU forms (“E” and “U” forms) in order to be able to certify the foreign employment of clients.

## **International tasks in 2011**

### **Hungarian presidency of the European Union**

The National Employment Office organises four events during the period of the Hungarian presidency: an international conference, the European Youth Job Fair, the conference of EURES managers and the meeting of the PES general directors of the EU countries.

### **Expiry of the transitional period**

The 7-year transitional period will be over on 1 May 2011, and as a result, the last obstacles will be eliminated from the way of the citizens of Hungary to have full right to employment in the EU. In order to celebrate the event, the National Employment Office takes part at a press event organised by the Austrian AMS on the ship cruise from Vienna to Bratislava and at the family bike picnic organised by EURES-T Pannonia near Lake Fertő.

