1. TRANSFORMING ADULT LEARNING – THE EXPERIENCE OF HUNGARY, A NEW EU MEMBER STATE

This section provides information on how Hungary has responded to changing competence needs in response to transition to an open market economy against the backcloth of the growing impact of the global knowledge economy. The reforms and developments in adult learning in Hungary are looked at in detail, because the authors of the report felt that the transition experience of Hungary and the adult learning policy responses adopted by the Hungarian Government provide useful insights for South East European countries still grappling with the impact of transition into how to address similar problems. A recent OECD review of adult learning in Hungary identified several weaknesses and difficulties facing policy-makers, stakeholders and providers of adult learning as they seek to integrate policies and implement measures. The review team's analysis of the problems and some of the recommendations, appropriately modified to meet specific conditions elsewhere, were partly valid also for transition countries in South East Europe, not least because of commonalities shared between the countries' systems in the past.

Today Hungary has a stable market economy, but the challenge facing the country during transition, as with countries and territories in Central and South East Europe, was to move from a centrally planned economy to an open market one. The transition period was painful and brought considerable economic and social hardship. Between 1992 and 1996, the Hungarian economy was restructured at a cost of 1.1 million jobs, a fall of 21.4% of total employment (Kerr, 2002). This had a profound impact on the structure of employment, labour force participation, unemployment and economic activity. Employment declined in agriculture and industry. The labour force participation rate for the 15 – 64 population declined substantially, whereby women were especially affected. The employment rate, although low, has been rising in recent years. In 1993 unemployment peaked at 12.1% but by 2002 it had fallen back to a more manageable level of 5.6%. Further analysis of the unemployment data reveals a problem with high youth unemployment. The unemployment data has to be seen in the context of low economic activity levels as a result of substantial withdrawals from the labour market during transition, particularly of people with low skills and low educational attainment levels and older workers.

1.1. Adult education up to the start of transition and during the 1990s

Before the start of the transition period most adult education provision was supported by the state. Adult education was provided for: (i) people who had not completed primary or lower secondary education to acquire basic literacy and mathematical skills and formal qualifications in a range of public institutions, (ii) workers to acquire skills in company training centres and (iii) people to acquire higher education qualifications. Public support was relatively generous: people could take up to 21 days a year off work for training, but the system collapsed at the beginning of transition.

The main focus of the Ministry of Education in the 1990s was on continuing reforms to initial education and training for young people at upper secondary and post-secondary levels. Major reforms were made to support young people making the transition into work (1991-1996), to modernise the curriculum of initial vocational education and training (1998-2002) (see below) and to adapt higher education to labour market needs (1998-2005). New advanced technical studies were introduced and technology, ICT and foreign language training promoted. Adult education was left to market forces, with little government intervention or regulation. Private for-profit and not-for-profit organisations ‘mushroomed’, especially in niche markets of management training, information technology and foreign languages. These providers dominated the adult training market, as they do today. The main issue for the Ministry of Employment and Labour during the 1990s was to tackle growing structural unemployment. Employment services were decentralised to county and local levels to improve local responsiveness. In 1996 a new provider network of initially publicly funded regional labour force development centres was established to provide training for unemployed people.

At the beginning of the 21st century, as the policy importance of adult learning increased, the legal basis for the introduction of major new policy initiatives was established, which are now
at an early stage of implementation.

1.2. **Key features and issues in adult learning in Hungary**

*Modernising vocational education and training qualifications*

As a result of economic restructuring, Hungary had an immediate need to modernise vocational education and training which at the start of transition reflected the occupational profiles of heavy industry and mass production that needed low technology and basic technical, manual skills. Hungary initiated a rolling programme (which still continues) to modernise national vocational qualifications and curricula and to bring them in line with the changing skills and knowledge requirements of the market economy. A national register of vocational qualifications listing over 800 vocational qualifications was established, close to 400 of which can be acquired by adults outside the formal school-based system. Hungary has made considerable progress in developing and updating vocational qualifications, curricula, training trainers, developing teaching materials and improving training infrastructure in initial education and training. These reforms were funded through additional funding when the Government imposed a training levy on enterprises which is paid into the Development and Training sub-fund of the Labour Market Fund.

However, from the perspective of adult learning, the OECD review highlighted a number of weaknesses in the qualifications and modernisation process. Although qualifications were developed by sector working groups of education and enterprise representatives, some employers interviewed by the review team felt that the qualifications available outside the school system were modelled on initial education and training ones. Moreover, the focus was on lower level qualifications rather than higher level ones needed by employers. They did not sufficiently incorporate broader generic skills and some were out-of-date. In their view, the modernisation process was supply-driven, insufficiently forward looking and not geared to the actual competences needed. One employer found the national system inflexible because it could not incorporate qualifications obtained through its company training programmes.

*A complex system*

One of the complexities of adult learning in Hungary is the sharp policy and implementation divide between formal school-based adult learning and out-of-school adult learning\(^1\). The two strands of adult learning are governed by different legislation and different ministries each with their own responsibilities, policies, bodies, institutions and networks.

The Ministry of Education is responsible for education policy for primary and secondary schools (including provision for adults) and the whole of tertiary education but it shares responsibility with other sector ministries for vocational education and training, qualifications, programmes and examination requirements. It has its own bodies, institutions and networks (e.g. the National Vocational Training Council, the National Institute for Vocational Education which maintains the NVQ register, accreditation bodies for the different education sub-sectors, networks of state schools and universities). The Ministry of Education has lead responsibility for co-ordinating lifelong learning. Separate legislation governs vocational training (including the national vocational qualifications register) and higher education.

The Ministry of Employment andLabour is responsible for employment policy, measures to prevent unemployment and the provision of assistance to the unemployed including training and retraining. It works through the central labour office which oversees the work of the decentralised networks of county labour offices and councils and nine regional labour force development training centres. The 2001 Adult Training Act confines the responsibilities of the Ministry of Employment and Labour to out-of-school adult learning. The Act has also led to the establishment of new national bodies for out-of-school adult learning (see below).

A feature of initial education and training and adult learning is the widespread representation

\(^1\) The term ‘out-of-school’ system in Hungary denotes all provision by training centres or other institutions that do not form part of the ‘regular’ public school system.
of the social partners on key structures. They are represented on the boards of the Ministry of Employment and Labour’s new national adult training bodies, the seven Regional Training Boards, the nine regional training centres and twenty county labour councils. They are also represented on the Ministry of Education’s National Vocational Training Council. Employers are represented on examinations boards independent of training organisations. Representation and consultation of multi-stakeholder groupings including associations of employers and employees, chambers and organisations of adult learning providers are enshrined in law and recognised in practice. However, among those with a stake in adult learning some are more active than others in shaping policy.

Despite widespread representation of the social partners, decisions taken at national level are influenced primarily by government. The role played by trade unions is quite weak. Given the criticisms of employers of national vocational qualifications, it is clear that the voice of employers and trade unions in decision-making needs strengthening so that initial and continuing training programmes respond more accurately to the competence needs of employers and the workforce.

The overall impression of adult learning in Hungary is one of fragmented policies and provision and a lack of connections between its different parts. The sharp division between school-based and out-of-school adult learning appears to encourage overlaps and competition between different interests. The review team suggests this fragmentation stems from a lack of a coherent lifelong learning policy and strategy that would balance different parts of the system and respond effectively to the needs of different learners.

Participation in adult learning

A survey of participation in adult learning carried out by the Hungarian Central Statistical Office in the 2nd quartile of 2003 found that 20.5% of the population aged 14-74 participated in some form of adult education and training in the 12 months preceding the survey. The survey included 14-25 year-olds, many of whom were still in initial education and training, but when these numbers are excluded, the average participation rate was only 8.2%. Hungarian participation rates are low and they compare unfavourably with top EU performers such as the Finland, Sweden, Denmark and the Netherlands.

Many factors - age, gender, labour market status, qualification levels, location, availability of provision and learning mode - influence participation in adult learning. In the survey, the average participation rates were highest for young people aged between 15-24 (many still in initial education and training) but participation declined with age. 18.2% of participants in Hungary were aged 25-34 but only 4.9% of them were aged 55-64. Women participated more than men. When young students are excluded, participation rates for the employed were highest (15.9%), followed by the registered unemployed (13.6%) but only 4.5% of economically inactive people participated. Participation also increased in line with higher educational attainment levels. 27% of people who had completed secondary school and a similar % of people with a university degree participated compared to less than 10% of people with grade 8 or less. There were also wide regional variations.

Participation in adult learning is also unequal. The OECD review comments that ‘there is a small group of highly educated people in Hungary, mostly young people, who continue to educate themselves and who have access to learning environments at work or in other contexts’. The overall focus in Hungary is on training provided in formal public education and training institutions or in private ones but modelled on them. It is used predominately by young people without major learning difficulties. Yet, the training needs of many people are not being met, especially among redundant workers, people working in the grey economy and the economically inactive, disadvantaged people with lower educational attainment levels, older adults and people living in sparsely populated rural areas. The problem of low participation of certain segments of the population is recognised and work is in hand to improve basic skills provision in the school-based system. Some special support measures for long-term unemployed, older workers and specific groups are arranged through the county labour offices and delivered by the regional training centres. However, some Hungarian experts commented that the Government so far has done too little to reduce existing gaps in
provision and to assist those people who are most in need.

**Participation in continuing training in enterprises**

Kennedy and Badescu (2004) found that, compared to the EU-15, in 1999 Hungary ranked lowest in terms of all employed people who participated in continuing training and in the percentage of companies providing training for their employees. In the second EU Continuing Training Survey, which included Hungary and some other candidate countries, the proportion of enterprises providing continuing training in Hungary in 1999 was 37%, above that of Bulgaria and Romania but much lower than in the Czech Republic (69%) and Estonia (63%) (Eurostat, 2001). Participation in training by enterprises is not only low but it is uneven and unequal. There are wide disparities between sectors, enterprises and different categories of workers. The Eurostat survey found that 79% of enterprises operating in the financial services sector provided continuing training, compared with only 34% in manufacturing. However, between 2000 and 2002 the numbers doubled and there will have been further increases since then (Zoltán, 2004). Hungarian data on participation confirm general patterns of participation in adult learning in many countries.

**Gap at higher education level**

Another major gap, and one that has important consequences for future economic development, is the lack of opportunities for adults to acquire higher level qualifications. Funding for adult learning is linked to the national register of vocational qualifications, which has few higher qualifications. Public funding is limited to training for a first or second labour market qualification in an accredited institution and training for people with disabilities. Universities and other higher education institutions have not exploited fully their potential to provide higher level adult learning, especially the provision of short, professional updating courses. Part of the problem is linked to ethos, part is due to institutional rigidity but inflexible funding arrangements are also a disincentive.

**Importance of the remedial function of adult learning in transition countries**

Participation statistics show that young people who have obtained a first university degree or who have just graduated from secondary school but who cannot find a job immediately form the two biggest groups of adult learners. Despite the modernisation of vocational education and training, a proportion of young people continue to train for old profiles that are no longer in demand in the labour market. Skills profiles remain quite narrow and skills gaps and skills deficits are serious weaknesses. These problems suggest that initial vocational education and training has been slow to adjust to the new demands of the market economy (see Zoltán, 2004, amongst others). The remedial function of adult education remains important.

The OECD review team believes that the immediate need for adult learning in Hungary, as in many transition countries, stems from a ‘persisting mismatch between the demand and supply of skills’ as a consequence of transition. This mismatch is further exacerbated by the growing demand for higher level basic, technical and core skills as the impact of the global knowledge economy grows. This means that the need for work-related adult learning is widespread and not confined to a specific group or to certain sectors.

1.3. **Adult learning provision**

**Public school-based adult learning**

Second-chance basic and lower-secondary adult education designed to compensate adults for previous educational shortfalls is provided by accredited primary and secondary schools under the ‘school-based system’. These courses are funded by the Ministry of Education, directly from school budgets. The users are predominantly young adults with few motivational problems or serious learning difficulties. Older adults, especially disadvantaged people who arguably need training most, are substantially under-represented in formal provision. Funding for adult education flows exclusively to accredited state institutions, which disadvantages non-government organisations closer to ‘hard to reach’ and disadvantaged populations who are
often able to respond more flexibly to their learning needs. Inadvertently, this works against widening access in adult learning. Funding for adult learning, which is based on a combination of a fixed sum per lesson and ‘per capita’ funding, is the same for school pupils and adults and is low. This constrains innovation, the development of adult learning and the recruitment and continuing professional development of teachers of adult learners.

**Non-public school based adult learning - continuing training for the unemployed**

The county labour offices are responsible for training for the unemployed through contracts with providers. In response to rising unemployment, the Ministry of Employment and Labour established a network of nine Regional Labour Development and Training Centres in 1996 with the help of the World Bank and the EU. These not-for-profit training centres play an important role in ‘out-of-school’ adult learning. They are the main providers of training for the unemployed, and also offer courses for the employed. They enjoy a market advantage with favourable funding conditions and close links with the labour offices. They have contributed substantially to the development of adult learning through diversifying training offers and responding to different types of learners. The centres are well-equipped and offer more individualised services, including information, counselling and guidance. They invest in staff training and research and development (e.g. the Pec centre is working on accreditation of prior learning and the Miskolc centre on e-learning). The regional training centres run special programmes for the long-term unemployed including Roma adults who were hit hard by transition and people with disabilities (e.g. the Székesfehérvár centre specialises in courses for people with disabilities).

However, the regional training centres face some uncertainties. Legislative amendments, designed to open up competition for labour office contracts, has led to a decrease in funding and a reduction in their share of training for the unemployed (which used to be 70%). Despite their good record, the OECD review (2005) found that programmes for the Roma had had limited success. In part this was due to cultural differences but funding was only available for training. This prevented the development of integrated programmes that incorporate training, access to employment and subsidies for food and clothing.

**Funding basis of training for the unemployed**

The expansion of continuing training for the unemployed was possible because of social contributions made by employers (3% of labour costs) and employees (1.5% of gross salary) to the Employment sub-fund of the Labour Market Fund. Some of these funds are channelled to the county labour offices to finance training for the unemployed, and, in some instances for redundant workers. Funds are also retained centrally to fund organisations and national training programmes (e.g. the ‘transit’ employment programmes that help certain groups enter or return to the labour market within six months of completing training, training for small and medium-sized enterprises, social integration programmes, IT training for the elderly).

**Work-based adult learning**

Employers had to make a huge effort to adapt to the open market in order to survive. This required investment in new plant and technology, new products and services and new work practices. Underpinning these changes was the need for the workforce to adapt to the demand for new sets of competences and higher level skills, particularly in managerial, technical and core communication and social skills. The more qualified and skilled people found it relatively easy to adapt, but people with poor educational attainment levels and out-of-date skills found it much harder and many lost their jobs. Although many companies invest in their workforce, especially in their more skilled workers, the overall participation rate of companies investing in continuing training, although rising, is low.

The training levy, which provided funding for reforms to initial vocational education and training, core tasks of government, did not provide much incentive for enterprises to invest in their workforce and there is a major mismatch between public financial support for initial vocational education and training for young people and continuing training for adults. The Hungarian levy scheme is not a train or pay scheme, as in France and Australia where
companies can use up to the full amount of the levy to train their own employees. Enterprises in Hungary can retain a maximum of only one third of their contribution of 1.5% of payroll costs and small enterprises find the amount insufficient to cover their training costs.

1.4. Adult learning responses at the start of the 21st century - New legislation, national institutions for ‘out-of-school’ adult learning and funding mechanisms

The initial period of exponential growth in adult learning outside the school system was described as ‘chaotic’: it was unregulated, had little transparency or quality control. There was difficult to recognise the plethora of certificates issued by private providers. Adult learning opportunities were unevenly distributed, participation was low and training needs were not being met. In the late 1990s, as the policy priority of adult learning increased, Hungarian policy-makers started work on new legislation. After wide debate among key ministries and stakeholders including the social partners and the public, the 2001 Adult Training Act came into effect in January 2002. The Act provided a major boost to adult learning, but its focus was on adult training outside the school system, thereby maintaining the divide between school-based and out-of-school provision. The Adult Training Act delegates most responsibilities to the Ministry of Employment and Labour, but other ministries have a role.

New institutions and new funding mechanisms

The Adult Training Act set up new national institutions (e.g. the National Adult Training Council, National Adult Training Institute and an Adult Training Accreditation body) under the Ministry of Employment and Labour to develop adult learning and raise quality. It introduced new funding mechanisms, which came into force on 1 January 2003. Direct public funding is limited and channelled to institutions under normative per capita funding to enable adults to acquire up to a second level labour market qualification. It funds training programmes that facilitate employment and programmes for people with disabilities. Indirect funding takes the form of a tax allowance of up to 250 euro which individual tax-payers can offset against their annual tax liability. This too is limited to training that leads to a registered qualification or to an accredited programme that takes place in an accredited institution. The tax allowance also covers the purchase of a PC.

A focus on quality assurance

Following the period of unregulated growth in adult training, it was important to develop measures to increase transparency, quality control and the good use of public funding in non-formal learning. Processes were introduced to register and accredit institutions. Good progress has been made in accrediting institutions with over 800 already accredited. Accreditation brings providers several benefits. Accredited institutions have the right to access norm-based funding and to participate in public tenders to upgrade infrastructure and equipment and individual students are eligible for tax allowances. Recently, a second accreditation process was introduced to accredit programmes with the aim of allowing training providers to respond to the demand for shorter training courses and for skills that are not included in the qualifications listed in the NVQ register. 658 programmes had been accredited by the sector ministries at the time of the OECD review.

Accreditation in Hungary is largely a self-assessment process based on scrutiny of documents submitted by providers to the accreditation body. The system ensures certain standards of facilities, training and support services. It has to some extent regulated the market and is accepted broadly by public and private providers. Yet, there were criticisms that the accreditation processes were superficial, bureaucratic, not sufficiently objective and open to provider influence. One private provider felt that the process did not take account of the extent to which training actually responded to market need. The processes also appear to favour larger organisations with the funds and resources to comply with administrative requirements. The review team thought that the two-tier system was likely to be confusing for developers, learners and employers and that two sets of administrative procedures added to the costs. What is not clear in the accreditation processes of institutions and programmes is the extent to which these lead to a systematic review, adjustment and development of programmes and form part of a strategic planning cycle.
Accreditation of prior learning and experience

The Adult Training Act (2001) specifically requires providers to assess the prior learning and experience of adults, but as yet there is no unified system to do so. The use of new assessment methods is not common practice and there is no independent mechanism to assess people’s competences. Adults are unable to reduce the time spent in learning by following only relevant modules because there is no scope for them to obtain partial qualifications. They have to meet formal entrance requirements in full. These difficulties are barriers that can discourage adults from participating in learning. Development work on APEL is currently being undertaken by the Pec regional training centre.

1.5. Summary

Hungary has done much to put in place key components of an adult learning system, including processes to raise quality. However, the country is in the early phase of implementing major policy initiatives that will take time to yield results. More has to be done to expand ‘second chance training’ for young people who leave initial education and training before completing their studies (early leavers) and for the ‘losers’ in the transition process, especially older people. More diversification is needed in learning offers and learning modes. The use of modern information communication technologies in learning in institutions, in the workplace, community and home has to be accelerated and open and flexible learning expanded. These developments all take time to implement and Hungary has a long way to go in making access to adult learning widely available. Among the many issues identified by the OECD adult learning review team (see Viertel 2005) are:

- a lack of a ‘whole-government’ vision for the future development of lifelong learning and set within that of adult learning and a tendency to develop adult learning policies, legislation and funding conditions based on ministerial responsibilities and where the funds will come from rather than on developing a shared, coherent strategy and set of measures to achieve such a vision;
- a sharp divide between school-based and out-of-school education and training that hinders integration of different levels and types of adult learning and the integration of general education and vocational training;
- the limited influence of the social partners in policy development and implementation of continuing training and initial vocational education despite widespread formal representation;
- insufficient responsiveness of national vocational qualifications and programmes to actual competence needs of employers;
- low, uneven and unequal participation in adult learning, unmet training needs especially of groups disadvantaged in the labour market and gaps in provision;
- funding problems: insufficient public funding for adult learning generally, unbalanced distribution of employer levy contributions in favour of initial vocational education at the expense of continuing training, inflexible funding arrangements that constrain innovation and diversification of adult learning provision and learning modes and hinder wider access and funding that flows primarily to institutions rather than to individual adult learners.