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**RECENT DEVELOPMENTS IN  
EDUCATION, TRAINING AND  
EMPLOYMENT POLICY IN  
HUNGARY**

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## 1. BACKGROUND INFORMATION

# 1

### 1.1 ECONOMIC DEVELOPMENTS

#### Declining and developing sectors

The world economy – contrary to previous predictions – did not gain strength in 2002; analysts forecast that it will be back on track in the second half of 2003 at the earliest. The slow growth rate of the western economies – especially that of Germany – continues to restrain Hungary's growth.

The growth rate of the Hungarian economy rose from 2.9% in the first quarter of 2002 to 3.4% in the third quarter of the year, mainly due to the increasing rate of consumption of the population. However, the average growth of 3.1% for the first three quarters of 2002 is still falling behind the 4% growth that was observed for the equivalent period in 2001. The increase in domestic consumption had only a slight effect on the growth of the economy, but seriously harmed the financial balance.

The estimated GDP growth for 2002 is a maximum of 3.3–3.4%, while it is expected to be around 4% for 2003, assuming economic prosperity in Western Europe during the second half of 2003<sup>1</sup>.

In terms of production, the building and service industries are the driving forces behind the economic growth; there was a slight decline in industrial production and a significant decline in agricultural production. The building industry's growth was more than 20% in the third quarter of 2002, though it is expected to slow down in 2003<sup>2</sup>.

#### Privatisation

The activities and organisation of the Hungarian Privatisation and State Holding (ÁPV Rt.) changed significantly during 2001. As the period of mass privatisation had ended, opportunities to generate large privatisation revenues from major transactions no longer existed. However, with a continuous decline in the volume of

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<sup>1</sup> Ministry of Economy and Transport.

<sup>2</sup> Ibid.

sales, the effective operation of state-owned assets and related functions became more and more important in the activities of the organisation. The revenue originating from the assets allocated to ÁPV Rt. may have reached HUF 50 billion in 2001. The most important transactions of the year included the completion of the privatisation of Budapest Bank Rt., the sale of the state-owned share package of CD Hungary Rt. and the privatisation contract for Hungaropharma Rt.

With respect to the gas utility assets, the asset management department fulfilled its obligation to local governments by the deadline, and in full. All the companies in the ÁPV Rt. portfolio that have majority state ownership now have a strategic plan discussed and approved by the owner. In accordance with the changes taking place in the activities of the asset management department, the number of departments and employees within ÁPV Rt. was reduced by a third in 2001.

#### Small and medium-sized enterprises (SMEs)

Hungary has 75 working enterprises per 1,000 inhabitants, 50% more than the average for the Member States of the European Union. Despite this, the SMEs'

share of national GDP is 10% lower than the average amount in the EU.

Since SMEs employ 50% of the working population, their development is continuously in focus: in 2001 the so-called 'Szécheny-plan' commenced, while by the end of 2002, the new government had started a massive campaign to prepare SMEs for EU accession.

## 1.2 LABOUR MARKET

### 1.2.1 EMPLOYMENT

The August–October 2002 workforce survey shows an average of 3,893,000 people in employment<sup>3</sup>.

During the early stages of the country's transition to a market economy, the number of people in work fell over a quarter (by almost 1.5 million people). By the year 2001, however, their number had increased by 214,000, reaching 3,860,000, and the total workforce had increased by 97,000 to 4,092,000.

Employment and unemployment in Hungary 1992–2001 (percentage)



Source: Hungarian Central Statistical Office, workforce changes

<sup>3</sup> Hungarian Central Statistical Office.



Thus the employment rate rose to 56.6%, and the proportion of the population of working age to 60.0%. Since the end of 2001, employment figures have remained almost unchanged<sup>4</sup>.

### **Structural changes in employment (breakdown by sector, region, occupation)**

Hungary's economic transformation brought about a significant change in sector-level and regional patterns of employment.

#### *Sectors*

In line with international trends, labour force reallocation in the main industrial sectors reduced the number of agricultural workers and increased employment in the service sector.

The total workforce divided among the main economic sectors in 2001 was as follows:

- 6.2% in agriculture;
- 34.2% in industry;
- 59.6% in services.

#### *Regions*

The increase in the total number of people in employment, a rise of 10,400 in 2001, was distributed across the regions as follows:

- an increase of 5,600 in Central Transdanubia;
- an increase of 6,000 in the Northern Great Plain;
- an increase of 4,600 in Central Hungary;
- an increase of 2,000 in the Southern Great Plain;
- a slight fall in Western Transdanubia and Northern Hungary;
- a decrease of 5,700 in Southern Transdanubia.

Employment in the various sectors shows considerable regional differences.

- The proportion of the workforce employed in agriculture is well above the national average in the Great Plain region and Southern Transdanubia.
- In terms of the traditionally more industrialised regions, industrial employment has increased further in Central and Western Transdanubia, and has remained unchanged in Northern Hungary.
- Employment in the service sector is most significant in Central Hungary<sup>5</sup>.

### **Work prospects of job-starters (according to qualification levels)**

Growing numbers of school-leavers are having serious difficulty in finding a job: in June 2002 over 24,000 school-leavers began their employment record as registered unemployed at job centres across the country. However, even by conservative estimates the actual number of jobless school-leavers is twice as high – around 50,000.

## 1.2.2 UNEMPLOYMENT

### **National, regional and sectoral situation**

Labour market statistics for August–October 2002 show a total of 243,000 people unemployed, an increase of 6.6% on the corresponding period in the previous year. During these three months the unemployment rate averaged 5.9%, which was 0.4% higher than during the same period in 2001.

Taking the global economic slowdown into account, rising unemployment figures are not surprising, and less than 6% is still low by international standards<sup>6</sup>.

However, falling unemployment rates over recent years have in fact been the result of a number of negative trends:

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<sup>4</sup> National Development Plan, Human Resource Programme.

<sup>5</sup> Ibid.

<sup>6</sup> Hungarian Central Statistical Office.

- a shortening of the period of entitlement to state unemployment benefit;
- the tightening of criteria for benefit entitlement;
- the fact that job-seekers have become less interested in registering;
- the retirement of unskilled older workers.

As many as 46% of unemployed Hungarians are long-term unemployed people, who are unable to find work due partly to a lack of opportunities, partly to their lack of qualifications, and often to their decreasing ability over time to re-enter employment.

#### *Regions*

Hungary's economic transformation produced large discrepancies between the various regions, causing major imbalances in the labour market that general improvements in job prospects have not significantly reduced.

Although in the western and central parts of the country the unemployment rate was below 4% in 2001, and some industrially well-developed places even required more skilled workers than the numbers available, in Northern Hungary and the Northern Great Plain the unemployment rate was twice as high.

Over the past two years, differences in regional unemployment levels have decreased somewhat as a result of a significant fall in the rates of the two most disadvantaged regions (Northern Hungary and the Northern Great Plain). However, in the region with the lowest rate, Western Transdanubia, unemployment has remained at around 4% for the third consecutive year, and in Northern Hungary it approached 8.5% in 2001<sup>7</sup>.

#### **Unemployment by age and educational attainment level**

As well as a sudden rise in unemployment, the main labour market trend was the widespread early retirement of people threatened with unemployment. This mainly affected less educated, unskilled and older workers.

In 2001, the number of non-working people of employment age was around 2,230,000. Of these, 31% were day-course students, 13.1% received childcare allowance, and 31.9% received a pension. Those remaining, approximately 25% of the total, are regarded as homemakers; 17% of this group receive unemployment benefit, and there is little information about the income of the other.

The high number of non-working people is in part due to the fact that unemployment has fallen not as a result of expanding work

#### **Changes in the numbers of registered unemployed and benefit recipients**

	At end of analysed period	Number of registered unemployed	Closing number on unemployment benefit	Average benefit HUF/month	Closing number on income support	Number on social benefit
<b>2000</b>	Jun	375,265	122,451	22,891	147,338	-
	Dec	372,409	122,458	23,273	101,143	-
<b>2001</b>	Jun	359,593	110,327	25,643	64,296	72,588
	Dec	342,773	125,903	27,454	26,651	85,927
<b>2002</b>	Jun	328,459	104,674	30,076	6,819	105,745

Sources: Hungarian Central Statistical Office, OMMK

<sup>7</sup> National Development Plan, Human Resource Programme.

prospects, but because of the withdrawal of jobless people from the labour market<sup>8</sup>.

The sudden rise in unemployment in July 2002 was due to school-leavers encountering difficulties in their search for jobs: unemployment in the under-24 age group rose to 13.4%<sup>9</sup>.

The decline in the number of manual workers (1.3%) was largely counterbalanced by an increase in the number of white-collar workers (1.5%). Over a 12-month period the number of professionals rose by 1.0% in the private sector and 1.7% in the public sector, while the blue-collar presence dropped in both, by 1.7% and 0.3% respectively<sup>10</sup>.

### Disadvantaged groups

The main disadvantaged groups are the Roma, people without jobs, undereducated and unskilled individuals, people with disabilities, those who are chronically ill, drug and alcohol addicts, vulnerable children, lone parents and homeless people, as well as people who have bad living conditions, in disadvantaged regions or settlements. The central element of their social isolation is their marginal labour market position, but in a wider sense their exclusion implies lack of security and low chances of social survival.

#### *The Roma population – A cumulatively disadvantaged group*

The Roma are Hungary's largest ethnic minority. Current estimates put their numbers between 450,000 and 600,000. Unlike the non-Roma population, their numbers are steadily increasing, and demographers forecast growth from their present 5% to 11% of the country's population within the next 50 years.

The Roma are dispersed around the country, yet most can be found in the less developed regions of Northern Hungary, the Northern Great Plain, and Southern Transdanubia. Consequently the

proportions of Roma in the local populations are highest in these areas.

Considering all the main features of their social circumstances, as well as their situation in society and the economy, the Roma are the most disadvantaged group of Hungarian society.

- **Living conditions.** Despite recent major improvements, the level of facilities in their homes is still well behind the national average.
- **Health and life-expectancy.** Their life expectancy at birth – in spite of some improvements – is nine to ten years lower than the national average.
- **Education.** Their qualification level has risen significantly in recent years, yet their relative disadvantage has not decreased in comparison to the majority of the population. Only 77% of Roma school-leavers complete eighth-grade elementary education and few pursue further education compared to the numbers in the non-Roma population. Their attendance at certificate-granting secondary schools and higher educational institutions is substantially below average, despite recent measures (scholarships, colleges) to increase secondary and higher education participation. The proportion of Roma university and college graduates remains below 1% of the total.
- **Labour market.** The Roma have been the main losers in Hungary's economic transformation, with all employment indices for this group being far below the national averages. Compared with the non-Roma population, the Roma employment level is around half, the unemployment rate is three to five times higher and the number of dependent family members per capita is three times higher.

Since this decade-long unemployment rate seems to have become a permanent feature, there is an increasing danger of joblessness becoming the accepted norm

<sup>8</sup> National Development Plan, Human Resource Programme.

<sup>9</sup> Hungarian Central Statistical Office.

<sup>10</sup> Ministry of Economics.

in many communities. Furthermore, the chances for Roma people to find jobs are reduced by discrimination among employers.

#### *Disabled people*

Exclusion from mainstream society affects an estimated 900,000 people with physical or mental disabilities. Most of them are in retirement and drawing disability pensions. Despite the fact that employers are obliged by law to have at least 5% of their workforce with 'altered work abilities', only a tenth of disabled people are employed. They have low levels of qualification, and their participation in the economy is a sixth of the national average.

Social and occupational rehabilitation is hindered by the medical classification system, which focuses primarily not on functioning and increasable skills, but on establishing passive health provision. Although a nationwide protective employment system is now fully established, disabled people still have limited employment prospects, mainly restricted to low-paid jobs. Their chances of finding work are also reduced by the low level of adaptation of Hungarian institutions and public transport to the needs of disabled people.

#### *Alcoholics and drug addicts*

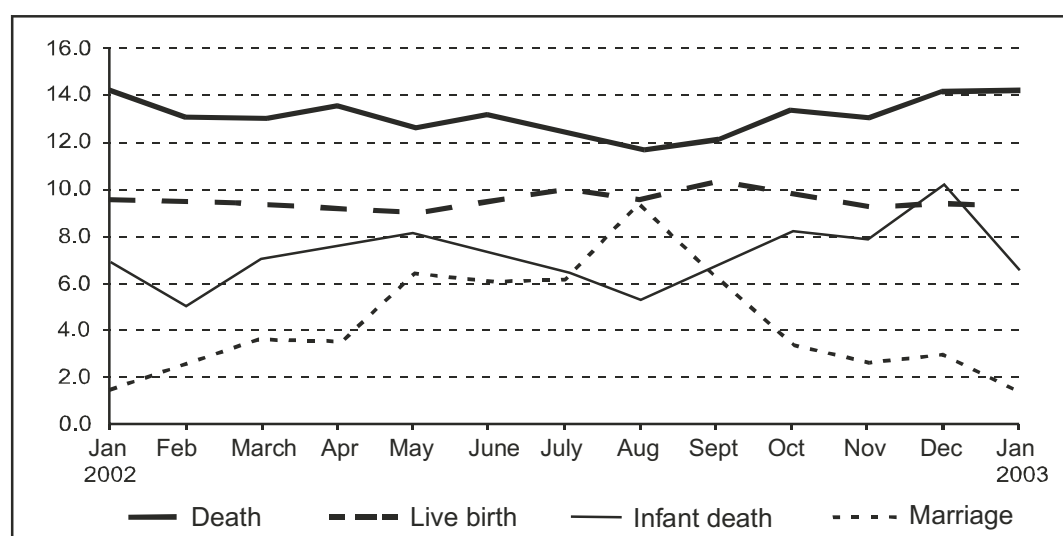
In terms of employment policy it is important to note the growing number of people becoming jobless due to alcohol or drug addiction. Another worrying phenomenon is the high proportion of homeless people who have lost their permanent accommodation through developing an addiction, with 10% addicted to substances classified as drugs; this naturally affects their work capacity and labour market prospects.

#### *Selective school system, disparity of prospects*

The integration of disadvantaged children is hindered by the disparity of opportunities and significant levels of selectivity in the Hungarian school system. Educational integration needs to be promoted through the training and postgraduate education of teachers in the fields of integration and positive-discrimination education for excluded social groups<sup>11</sup>.

## 1.3 DEMOGRAPHIC DEVELOPMENT

**Demographic data by month, January 2002–January 2003 (per thousand population)\***



\* Preliminary, partly estimated data

Source: Hungarian Central Statistical Office

<sup>11</sup> National Development Plan, Human Resource Programme.

## 1. BACKGROUND INFORMATION

### Demographic data

	Marriage	Live birth	Death	Natural increase or decrease	Decease under one year of age	Marriage per thousand population	Live birth per thousand population	Death per thousand population	Natural increase or decrease per thousand population	Decease under one year of age per thousand
2001	43,583	97,047	132,183	-35,136	789	4.3	9.5	13.0	-3.4	8.1
2002/Jan-Dec	46,000	96,800	132,700	-35,900	700	4.5	9.5	13.1	-3.5	7.2
2002/Jan	1,258	8,265	12,288	-4,023	57	1.5	9.6	14.2	-4.7	6.9
Feb	1,908	7,372	10,217	-2,845	37	2.4	9.4	13.1	-3.6	5.0
Mar	3,144	8,100	11,274	-3,174	57	3.6	9.4	13.1	-3.7	7.0
Apr	2,948	7,662	11,366	-3,704	57	3.5	9.2	13.6	-4.4	7.4
May	5,505	7,771	10,886	-3,115	63	6.4	9.0	12.6	-3.6	8.1
Jun	5,038	7,832	11,013	-3,181	56	6.0	9.4	13.2	-3.8	7.2
Jul	5,317	8,612	10,747	-2,135	56	6.2	10.0	12.5	-2.5	6.5
Aug	8,139	8,207	10,087	-1,880	44	9.4	9.5	11.7	-2.2	5.4
Sep	5,115	8,670	10,145	-1,475	60	6.1	10.4	12.1	-1.8	6.9
Oct	2,900	8,458	11,550	-3,092	69	3.4	9.8	13.4	-3.6	8.2
Nov	2,166	7,726	10,910	-3,184	61	2.6	9.3	13.1	-3.8	7.9
Dec	2,562	8,125	12,217	-4,092	83	3.0	9.4	14.2	-4.7	10.2
2003/Jan	1,199	8,082	12,257	-4,175	53	1.4	9.4	14.2	-4.8	6.6
<b>Corresponding period of the previous year = 100.0</b>										
2003/Jan-Dec	95.3	97.8	99.7	103.8	93.0	95.5	98.0	100.0	104.0	95.1

Note: In 2001 the average life expectancy at birth was 68.2 years for males and 76.5 years for females. In 2001 the net reproduction rate was 0.6 (calculated on the basis of the life table of 2001).

## 1.4 EDUCATIONAL ATTAINMENT LEVELS

Educational attainment in Hungary continues to improve. In the age range dominating the labour market (25–59 years) there has been a significant decrease in the proportion of people with only eighth-grade elementary school education, and a parallel rise in the proportion of those completing secondary school and higher education. Consequently, the general educational level of employment-age Hungarians is by now approaching the EU average.

While in 1990 almost half of this age group had only eighth-grade primary school certificates, in 1999 the corresponding proportion had fallen to just over a quarter. The proportion of the workforce with secondary school qualifications has risen from 40 to 60%, but only 30% hold secondary school leaving certificates equivalent to the international 'upper secondary' level (the EU average is 43%). Figures for Hungarian university and college graduates are less encouraging. The rapid expansion of higher education is not yet reflected in the educational structure of the 25–59 age group, where the ratio of university and college degree holders has only increased from 12.1 to 13.9% (the EU average is 21%)<sup>12</sup>.

### New developments under way

#### *Vocational Schools Development Project 2003–06*

This project, to be carried out from 2003 to 2006, is aimed at supporting two social objectives.

- In the first phase of vocational school education, as well as fulfilling the requirement of compulsory attendance, students should acquire all the general skills and knowledge vital for vocational training and orientation in life.
- Efforts need to be made to meet the economy's workforce demand and increase the competence and thus the labour market value of job-starting skilled workers.

The project components are as follows.

1. **General knowledge and trade-orientation component.** Aim: reviewing and revising the general, vocational and trade-related curricula and training in the ninth and tenth grades, improving the conditions of training, enhancing the methodological and professional knowledge of teachers, and introducing and disseminating tried-and-tested methods.
2. **Vocational training methodology (competence-enhancing) component.** Aim: in the eleventh and twelfth grades, effective support to provide students with all the skills necessary to gain market-oriented qualifications, perfecting the vocational teaching methods of teachers, and improving training conditions.

### Changes in the educational structure of the 25–59 age group, 1990–99 (%)

Qualification	1990	1999
Eight-year elementary or lower	47.6	26.5
Skilled worker training or vocational school	18.0	30.2
Secondary school	22.3	29.4
Higher education	12.1	13.9
Total	100.0	100.0

Source: Hungarian Central Statistical Office

<sup>12</sup> National Development Plan, Human Resource Programme.

### 3. Disadvantaged youth reintegration component.

Aim: designing a one-year catching-up schedule for vocational schools teaching disadvantaged young people who have reached school leaving age but have not completed their elementary school studies. Modifying the admission rules for vocational qualifications listed in the National Training Register (OKJ), designing and introducing postgraduate/basic teacher training to be carried out with social-educational backing, improving training facilities.

### 4. School development component.

Aim: for an institution participating in the project, preparing a group in charge (at seminars held in Hungary and abroad), to carry out the organisational, supervisory and self-development duties of their modern vocational training institution, as well as support self-development and improve the objective conditions of pedagogical work.

#### *Institutional background of lifelong education*

A four-point system has been formed within institutions offering after-school training:

- state-maintained training organisations, including the regional workforce development centres;
- non-profit organisations;
- business organisations specialising in training;
- employers<sup>13</sup>.

#### *National Adult Education Institution*

In April 2002, the National Adult Education Institution was set up with the following tasks:

- professional and methodological development of adult education;
- carrying out adult education development tasks;
- producing and continually improving written material for adult education;
- nationwide harmonisation of research and professional services in adult education;
- reinforcing interaction between adult education, public education, higher education and general education;
- international cooperation, including collaborating with adult education institutions of European Union Member States;
- operating the Adult Education Accreditation Board secretariat.

The government has passed a statute regulating in detail the accreditation of adult education institutions and programmes (91/2002 (IV/26)).

The National Adult Education Council was set up with 13 members, who are responsible for preparing decisions, making assessments and drawing up proposals. An Independent Adult Education Accreditation Board was founded with 22 members.

Adult training can be only organised by those listed in the National Assessment and Examination Centre for Public Education registers<sup>14</sup>.

In Hungary, adult education is regulated by Act No CI, 2001.

<sup>13</sup> National Development Plan, Human Resource Programme.

<sup>14</sup> The daily paper *Magyar Nemzet*, 28.3.2002.





## 2. RECENT DEVELOPMENTS IN EDUCATION AND TRAINING IN A LIFELONG LEARNING CONTEXT

# 2

### 2.1 POLICY DEVELOPMENT

#### **Vocational Schools Development Project 2003–06**

The project aims to reach two fundamental goals concerning society. In the first stage of vocational school education, as well as fulfilling the requirement of compulsory attendance, students are expected to acquire all the general knowledge and skills essential for orientation in life, as well as for pursuing further studies in vocational education.

There is also a need to meet the workforce demand of the economy and increase the labour market value of job-starting skilled workers.

To achieve these aims, the following objectives have been set out:

- improvement of professional and objectives conditions of education, and

the design of catching-up schemes adjusted to the skills of students;

- reinforcement of relationships with and involvement in the private sector, encouraging business organisations to support on-the-job training;
- improvement of the labour market value of job-starting skilled workers, thus ensuring that they have better opportunities for building careers;
- modernisation of the curricula and teaching methods for imparting the general knowledge and vocational skills necessary for a good start in the world of work.

In 2005 a new two-level school-certificate examination system will be introduced in secondary schools, as decreed in March 2002. The medium-level examination will enable students to attain a traditional type of certification, while the upper-level examination will be the equivalent of an entrance examination for universities and colleges. In the latter case, students will

have their knowledge tested by National Examination Centre examiners rather than their own teachers.

Students successfully passing upper-level GCE exams in foreign languages will receive free C-type state certificates.

## 2.2 ADAPTATION OF THE LEGAL FRAMEWORK

Up until 2002, allowances and allocations to students receiving vocational training within the school system were made under the following regulations:

- Vocational Education and Training Act LXXVI, 1993
- Public Education Act LXXIX, 1993
- Joint Decree No 9/1993 (XII/ 30) of the Ministry of Labour and the Ministry of National Cultural Heritage.

On 1 March 2002 **Decree No 4/2002 (II/26) of the Ministry of Education** came into effect. The new rules it set forth will apply to students whose vocational training began in the academic year 2002/03 at vocational secondary, skilled worker training and vocational schools. Earlier regulations still apply to students whose vocational training began before 2002/03.

The financial allocations for student contracts had to be at least 7% of the minimum wage in 2001, and a total of 6% in 2002. Since government Decree No 224/2001 (XI/21) stipulated a minimum wage of HUF 50,000 per month in 2002, students pursuing vocational studies with a contract are entitled to HUF 3,000 per month in 2002. The expression 'at least' is missing from the stipulation for 2002, so it is important to alert firms that they can pay more than this sum to students who are under contract to them.

According to the new decree (No 4/2002 (II/26)), students participating in continuous on-the-job training cannot be given less than the monthly pay set forth in their contracts. In addition, students' academic results and achievements must be taken into account when determining their monthly payments.

The new decree states that students should receive a meal at a discounted price on their on-the-job training days, or – as a new regulation – be granted payment in kind for their meal costs. Under the decree, students are also entitled to a refund of travel expenses, or a free lift in the vehicle generally used by the training organiser, if the on-the-job training takes place away from the usual premises.

The decree also stipulates that during on-the-job training, vocational training school students are to receive the same working clothes, individual safety equipment, toiletries (soap, hand-cleaning cream) and beverages as the employees, civil service workers or officials employed at the same workplace or under the same working conditions. In the absence of an agreement between the vocational training school and the organiser of the on-the-job training, the latter should provide the students with all these payments in kind.

According to Paragraph 1, Section 6 of the new decree, one set of working clothes should last for two years. However, under the decree this period can be shortened in view of the proportion of on-the-job training, age-related changes and the potential for garments to become soiled during manual tasks.

The closing provision of the decree allows vocational training schools operating within the Hungarian Armed Forces to take account of their special characteristics when applying the regulations. This permission also extends to secondary police training schools under the control of the Ministry of the Interior.

Amendments in progress:

- Public Education Act No LXXIX, 1993
- Vocational Education and Training Act No LXXVI, 1993.

### Legal aspects of the Vocational Schools Development Project

During the modification of the Vocational Education and Training Act, special attention was given to how the act can support the fulfilment of the development project objectives.

## 2. RECENT DEVELOPMENTS IN EDUCATION AND TRAINING IN A LIFELONG LEARNING CONTEXT

The project aims to examine the related legislative system and make the necessary improvements, with a focus on greater involvement by the private sector. The objectives are:

- to develop the legal environment in order to ensure that disadvantaged and disabled students, as well as those participating in catching-up projects, acquire knowledge and simple vocational qualifications that are saleable on the labour market;
- within the project framework, to initiate the formation of an independent set of state norms for vocational schools.

### 2.3 GOVERNANCE AND RESPONSIBLE BODIES

#### Vocational Schools Development Project 2003–06

The development project is to be directed by a body delegated from the Ministry of Education (Project Direction Committee).

- Project implementation: Project Management.
- Professional support organisation:
  - Research Analysis Group
  - Monitoring organisation.
- Organisers:
  - International Relations and Studies Organisation Office
  - Inland Extension Training Organisation Office
  - PR Centre
  - School Tender Office
  - Supply Arrangement Office.

### 2.4 MODERNISATION OF THE EDUCATION AND TRAINING SYSTEM

#### 2.4.1 STRUCTURE AND ORGANISATION

##### Entry requirements

The National Training Register (OKJ) contains all forms of training available within the vocational training system.

People wishing to acquire further qualifications can find adequate information in the register on admission criteria, the various institutions and the training processes.

The OKJ includes the following details for each vocational training project:

- OKJ number;
- name of vocational training;
- year of registration;
- Unified National Classification System of Occupations number;
- vocational fields, groups;
- whether available only in schools, or also elsewhere;
- proportions of theory and practice in the training;
- ministries involved in projects;
- preliminary qualifications required to enter training;
- relevant legislation;
- trade and examination requirements;
- vocational training institutions.

According to an OKJ four-year inquiry completed recently, it is essential that vocational qualifications build on one another, that trade and examination requirements harmonise in both content and form, and that a trade-group system be established in order to provide students with a wide range of basic skills. The complete modularity of the OKJ enables Hungarians to choose schools and plan their careers using all the information available, and to attend training that will help them to find a job and compete in the labour market. It also enables business organisations to plan more accurately and optimise their use of human resources.

One of the main strategic aims of the review of the OKJ is to help establish accord between state responsibility and the rapid changes demanded by the economy. The OKJ can best support this by clearly pinpointing the trades for which the state has responsibility for financing, and where the state thus controls training conditions within the school system, in relation to teacher training and the provision of schoolbooks. It is a strategic aim for the private sector to clarify training demands, requirements and examination

opportunities, and therefore it is logical for the state's responsibility for vocational qualifications to be passed on to trade associations able to guarantee rapid changes and quality in training.

### **Programmes and pathways (horizontal and vertical permeability)**

#### *Choosing and building a career*

On the threshold of the new millennium, the education authorities regard it as an important task to widen the scope for choosing and building a career as much as possible, and to establish a legislative environment that adequately backs career planning and building.

To this end, the following rights and obligations were set down in the Public Education Act and other legal regulations.

- Parents and children have the right to choose a school according to the child's interests, abilities and talents.
- At vocational schools, in grades nine and ten, vocational career-oriented preparatory education and basic trade training is regulated by the general curriculum.
- At vocational secondary schools, in grades nine to twelve, trade-oriented, trade-preparatory and trade-group training is held.
- The abilities, talents and interests of students are to be assessed by a career consultant holding an appropriate higher education degree.
- Consultation on further education and career choice, as well as professional educational services, are provided by local governments.
- New qualifications have been introduced, namely learning consultant and career-oriented extension training.
- The government is to set up a new public educational information centre.
- The National Vocational Education and Training Council will examine the work prospects of job-starters annually.
- The main principles of employment policy should provide guidance for both career choice and career modification.

A new model of career building is currently taking shape in Hungary. It preserves some earlier tried-and-tested practices, but also seeks new ways to meet new demands.

#### *Horizontal and vertical permeability*

Learning a trade only becomes possible following completion of the ninth and tenth grades of vocational schools, once students have acquired basic skills. The horizontal permeability of secondary school institutions is guaranteed until the end of compulsory education, because students follow almost the same curriculum at grammar schools, vocational secondary schools and vocational schools.

Vertical permeability is basically predestined. Elementary schoolchildren with good results have much better prospects of being admitted to grammar schools than less successful children. It is still a widely held view that vocational schools are only for children who have difficulties at school and hence, that only they should apply to such schools. However, there is a labour market shortage of skilled workers, while an increasing number of professionals are jobless.

We hope that one of the long-term achievements of the Vocational School Development Project will be the restoration of the prestige of vocational schools, so that schoolchildren will come to appreciate the value of manual work, and will make the best career choices accordingly<sup>15</sup>.

### **Adaptation of curricula and teaching and learning methodologies**

#### *Vocational Schools Development Project 2003–06*

The extensive component 'B' of the project – **Vocational training methodology** – has the following objectives:

- revision of trade-teaching methods at vocational schools;

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<sup>15</sup> <http://www.sulinet.hu>

## 2. RECENT DEVELOPMENTS IN EDUCATION AND TRAINING IN A LIFELONG LEARNING CONTEXT

- acquisition and adaptation of practice-oriented methods, and introducing them into schools;
- renewal of the contents and structure of the curriculum.

These objectives are intended to increase students' learning abilities and positive experiences, increasing their interest in their trade, and enhancing their motivation to acquire vocational qualifications.

The expected long-term effects of the project are as follows.

- An increasing numbers of vocational schools will apply practice-oriented methods.
- Vocational school-leavers will become better qualified for their chosen trade.
- Improved labour market prospects will result.
- Employers' demands will be better satisfied.

### Development of educational and occupational standards

#### *Modernisation of OKJ – Major challenges in future vocational training*

The social and economic changes, as well as the goals to improve employment prospects and ensure the possibility of lifelong education, require high-quality innovation. The OKJ, the basic document for domestic vocational training, includes information on the preliminary qualifications needed for each training programme, the vocational qualifications attainable through individual studies, and the duration of time (both theory and practice) for vocational training within the school system.

In the course of development it is vital that the contents of the OKJ are modernised in the following ways.

- The OKJ's trade structure must be continuously revised, including the overall analysis of the trade and examination requirements for the vocational qualifications listed, gathering relevant experience,

preliminary coordination and the elaboration of proposals for modification.

- Proposals must be drawn up for the reshaping of trade and examination requirements, in order to put in place a modular system guaranteeing that qualifications build on one another, that domestic and international qualifications are in accord, and that there is equity with European requirements.
- Support should be given to the introduction of central projects based on the modular principle, and to the preparation of the necessary school and course books, according to the guiding principles of the project as well as the trade and examination requirements. The related task of the Ministry of Education is, on the one hand, to develop projects for these 208 types of qualifications, and on the other, to assist with coordination during the central project development of the other 12 state bodies involved (196 types of qualification).
- Assistance is required for the nationwide introduction of quality guarantee methods intended to improve vocational education and training.

The introduction of **modularity** is relevant to school structure changes and enhanced training efficiency. The complete modularity of the OKJ will enable Hungarians to choose schools and plan their careers with all necessary information attained, and to attend training which will help them to find a job and remain in the labour market. It will also enable business organisations to plan more accurately and optimise their use of human resources.

### Quality assurance and accreditation

#### *Adult education quality guarantee<sup>16</sup>*

The objectives of introducing quality guarantee are:

- transparency
- controllability
- protection of consumers.

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<sup>16</sup> <http://www.sulinet.hu>

Three-part system:

- registration – overall, compulsory
- institutional accreditation – voluntary
- training project accreditation – voluntary.

## 2.4.2 DELIVERY

### Network of formal and non-formal education and training providers

The locations for education and vocational training within the school system are:

- elementary schools;
- secondary schools (vocational schools, vocational secondary schools and grammar schools).

Education and training outside the school system regards:

- basic trade training laying the foundations for gaining vocational qualifications;
- OKJ-type training;
- non-OKJ-type education relating to scope of work or occupation;
- extension trade or professional training;
- rehabilitating training for disadvantaged and disabled people;
- education for improving job or self-employment prospects;
- language courses.

During the early 1990s, when passive means of handling unemployment prevailed, adult education was often overlooked, its outstanding role and significance in fighting unemployment and helping the workforce to meet modern technical requirements only being recognised in the mid 1990s. This change in education policy is apparent from the legal, institutional and financial projects underpinning the central creation of the various forms of formal and non-formal adult education. Alongside state participation, several private firms specialising in training have become involved, and businesses themselves are playing an increasingly active role in

training their own staff, an activity subsidised through vocational training grants<sup>17</sup>.

### Teaching and training staff (pre- and in-service training, salaries, numbers, career development)

#### *Postgraduate Teacher Training Methodology and Information Centre*

The Postgraduate Teacher Training Methodology and Information Centre is the support institution for the Ministry of Education. It was set up to prepare, carry out and assess the tasks assigned to the minister in government Decree No 277/97. These include bringing the quality of postgraduate teacher training up to the required level.

As stipulated by Public Education Act LXXIX of 1993, modified several times, employment in a professional teacher's post requires the postholder to have passed special examinations for teachers.

Issue No 3/I (14 February 2002) of the *Educational Gazette* includes the special examination projects for teachers announced by higher education institutions on the basis of Decree No 41/1999 (X/13) by the Ministry of Education. Individuals can take the special examinations for teachers through the following extension training projects organised by higher education institutions:

- public education manager extension training [(8/1997 (II/18) Ministry of National Cultural Heritage decree];
- education management specialist extension training [(11/1997 (II/18) Ministry of National Cultural Heritage decree];
- nursery school head teacher extension training [(13/1997 (II/18) Ministry of National Cultural Heritage decree];
- educational evaluation extension training [(12/1999 (III/8) Ministry of Education decree];
- curriculum development extension training [(12/1999 (III/8) Ministry of Education decree];

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<sup>17</sup> National Development Plan, Human Resource Programme.



## 2. RECENT DEVELOPMENTS IN EDUCATION AND TRAINING IN A LIFELONG LEARNING CONTEXT

- practice instructor extension training [(28/1999 (VII/6) Ministry of Education decree];
- nursery school specialist extension training [(29/1999 (VII/6) Ministry of Education decree];
- clinical and educational psychologists' special examination, which is recognised by government Decree No 138/1992 (X/8) as being equivalent to a teacher's examination for the purposes of employment.

The agreement on a 50% pay rise for teachers in public education was signed in July 2002. Accordingly, the 107,000 teachers holding a college degree received a rise of 52.8%. University graduates teaching at educational institutions maintained by local councils were given a 50.1% rise, which enhanced the salaries of 26,000 individuals. To this end, HUF 30 billion was allocated to local councils from the central budget<sup>18</sup>.

### Minimum wages, teachers' initial salary and teachers' average pay in Hungary, 1990–2002

Year	Inflation % (on previous year)	Minimum wages HUF/month	Initial salary for teachers (with college degree) HUF/month	Initial salary compared with minimum wages %	Gross average salary of teachers HUF/month	Gross average salary compared with minimum wages %
1990	28.9	4,800	9,750	203.1	17,418	362.8
1991	35.0	7,000	13,500	192.9	21,250	303.6
1992	23.0	8,000	15,800	197.5	24,523	306.5
1993	22.5	9,000	17,500	194.4	27,331	303.7
1994	18.8	10,500	21,250	204.8	35,376	336.9
1995	28.2	12,200	23,200	190.2	38,115	312.4
1996	23.6	14,500	25,800	177.9	42,928	296.1
1997	18.3	17,000	29,000	170.6	55,071	323.9
1998	14.3	19,500	33,600	172.3	63,890	327.6
1999	10.0	22,500	39,000	173.3	75,647	336.2
2000	9.8	25,500	43,300	169.8	83,229	326.3
2001	9.2	40,000	47,100	117.8	99,659	249.1
2002	5.5*	50,000	61,100	122.2	117,610*	235.2*

Source: PSZ National Office

\* Data estimated by the government

<sup>18</sup> The daily paper *Magyar Nemzet*, 29.7.2002.

Institution/teaching staff qualifications	1990	%	2000	%
<b>Nursery school teachers</b>	<b>33,635</b>	<b>20.3</b>	<b>31,409</b>	<b>19.4</b>
• University or college degree	25,668	76.3	29,403	93.6
• Secondary qualification	6,324	18.8	1,434	4.6
• No qualifications	1,643	4.9	572	1.8
<b>Elementary school teachers</b>	<b>90,511</b>	<b>54.5</b>	<b>82,829</b>	<b>51.1</b>
• Teachers' college degree	35,521	39.2	36,101	43.6
• Teachers' university degree	52,461	58.0	44,596	53.8
• No qualifications	2,529	2.8	2,132	2.6
<b>Vocational school and skilled-worker training school teachers</b>	<b>12,831</b>	<b>7.7</b>	<b>8,350</b>	<b>5.1</b>
• Teachers' degree	4,243	33.1	3,631	43.5
• Vocational subject teacher with degree	4,771	37.2	3,226	38.6
• Vocational subject teacher with no degree	3,817	29.7	1,493	17.9
<b>Secondary school teachers</b>	<b>22,902</b>	<b>13.8</b>	<b>32,317</b>	<b>19.9</b>
• Teachers' university degree	16,526	72.2	22,459	69.5
<b>Teachers in special schools for disabled students</b>	<b>6,163</b>	<b>3.7</b>	<b>7,244</b>	<b>4.5</b>
• Special degree for teaching remedial children	3,948	64.1	4,230	58.4
<b>Total number of teachers</b>	<b>166,042</b>	<b>100.0</b>	<b>162,149</b>	<b>100.0</b>

Source: Hungarian Central Statistical Office

### Modernisation of training infrastructure and equipment

#### *Vocational Schools Development Project 2003–06*

Elements of component 'B' – Vocational training methodology – are as follows:

- extension training; study tours for specialists, vocational subject teachers and practical instructors;
- methodological supplements and curricula development;
- equipment development.

One of the principal long-term objectives of the overall project is to match workforce demand and workforce supply. Therefore it is vital to harmonise the needs of the private sector with vocational training provision. However, this creates a need for qualified and experienced professionals. More emphasis must be placed on practical training, and this is only possible if

an adequate infrastructure and technical background exists.

Another infrastructure-oriented element of the continuous improvement of vocational training is the formation of inter-works training shops. Since this process is also in the interests of employers, they should be encouraged to support on-the-job training. It is vital for them to realise the long-term benefits of aiding training workshops, i.e. that the highly skilled workers trained by them will become an asset to the company (Act LI, 2001).

#### **Training for unemployed individuals**

(including specific target groups such as long-term unemployed people, early school-leavers, young graduates, disabled people and Roma)

Vocational and extension training of unemployed people is financed from the labour-market fund rather than the vocational training fund.



## 2. RECENT DEVELOPMENTS IN EDUCATION AND TRAINING IN A LIFELONG LEARNING CONTEXT

### **Management training and business education**

Human resource development is closely connected to improving school management. Admission to the European Union demands the formation of new international links and gathering information on tenders by school managers. Accordingly, school heads must be shown as soon as possible how to join international projects and use the available financial resources more rationally.

### **Training in enterprises**

Training is provided for employees by business organisations. Such training can qualify, for accounting purposes, as a contribution to vocational training. Companies often hire outside firms to organise employee training.

### **Training to promote labour market and social inclusion of disadvantaged groups**

*Increasing the job prospects as well as employment of disadvantaged people (€2.4 million)*

The project provides a new type of support to disadvantaged groups struggling with the most severe difficulties in their search for a permanent job. Project assistance focuses on three Phare-backed regions (the Southern Great Plain, the Northern Great Plain and NE Hungary). The tender-related sub-projects are aimed at the (re)integration of three disadvantaged groups: (cumulatively) disadvantaged young people, the Roma minority and disabled people.

*National Development Plan, Human Resource Programme*

The employment and human resource development strategies must place special emphasis on assisting society's most disadvantaged groups to achieve labour-market and social integration.

- In order to ensure equality of opportunity for the Roma population, efforts must be made in the fields of employment, education and the social welfare system.
- A prerequisite for an efficient and successful education system and for social security is a high-quality, regionally balanced education, training and social infrastructure, accessible to all.

Hungary has significant human assets, on the basis of which it is possible to reach the main strategic goal of the National Development Plan: for the country to make progress and to reduce regional discrepancies. The Plan sets down objectives, and defines how they should be achieved<sup>19</sup>.

*Vocational Schools Development Project 2003–06*

Component 'C' of this initiative comprises a project for reintegrating disabled people.

## **2.4.3 PARTICIPATION IN EDUCATION AND TRAINING**

### **Formal/non-formal**

#### *Formal*

The number and proportion of students in secondary and higher education has increased significantly. In the academic year 1999/2000, 60% of secondary school age students studied at GCE-granting schools, compared with 40% ten years earlier, and a further 20% attended skilled-worker training schools. Higher education attendance almost trebled, rising from 102,000 to 279,000. The number of students between 18 and 24 doubled, reaching 15%, which is still below the 23% EU average.

The most important changes affecting the vocational training sector were the fall by almost a half in the number of skilled-worker

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<sup>19</sup> National Development Plan, Human Resource Programme.

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trainees, and the 40% increase in the number of vocational secondary school students.

Vocational training itself also underwent major changes. The extension of compulsory schooling to 18 years of age, with a parallel modification of the vocational training system, has made it possible for students to specialise at a later stage. Now vocational training for vocational school students begins only after the age of 16. Substantial changes have taken place in the national management of education and vocational training in order to deregulate and decentralise the whole system. A National Training Register, the OKJ, was formed in accord with the relevant EU requirements.

### *Non-formal*

During the early 1990s, when passive means of handling unemployment prevailed, adult education was often overlooked; its outstanding role and significance in fighting unemployment and helping the workforce meet modern technical requirements only being recognised in the mid 1990s. This change in education policy is apparent from the legal, institutional and financial projects underpinning the central creation of the various forms of formal and non-formal adult education. Alongside state participation, several private firms specialising in training have become involved, and businesses themselves are playing an increasingly active role in training their own staff, an activity subsidised through vocational training grants.

Location of activity	Number of schoolchildren/students					Full-time teachers		Stu- dents with GCE	Class- rooms or group rooms
	Day time	Adult educa- tion	Total	of which:		Total	of which: women		
				girls	special needs				
Nursery schools	342,327	0	342,327	167,927	4,218	32,357	32,273	0	15,496
Elementary schools	940,491	2,755	943,246	455,475	44,798	90,081	78,755	0	43,585
Skilled- worker training schools	131,106	1,901	133,007	51,798	6,669	9,102	4,466	0	3,473
Grammar schools	181,643	39,910	221,553	128,141	174	16,551	11,692	36,928	6,663
Secondary vocational schools	237,180	51,201	288,381	143,732	478	19,060	11,939	49,071	4,636
Total	1,832,747	95,767	1,928,514	947,073	56,337	167,151	139,125	85,999	73,853

Students pursuing further studies:

- 40% at vocational secondary schools
- 38% at grammar schools
- 22% at vocational schools<sup>20</sup>.

<sup>20</sup> The daily paper *Magyar Hírlap*, 21.1.2002.

### 3. RECENT DEVELOPMENTS IN EMPLOYMENT POLICY AND IMPLEMENTATION

# 3

#### 3.1 GENERAL OUTLINE OF EMPLOYMENT POLICY OBJECTIVES AND MEASURES

The main thrust of human resource development follows the direction laid down in the National Development Plan:

- improving the employability and adaptability of the workforce through development of the education and training system;
- assisting disadvantaged people to achieve labour market and social integration;
- forming the knowledge basis necessary for an information society and economy.

The **Human Resources Development Operational Project** aims to fulfil the

strategy of the National Development Plan by:

- increasing the skills and knowledge of the population;
- improving the employability and adaptability of the workforce;
- reducing social discrepancies regarding educational and career prospects;
- increasing the social and labour market integration of disadvantaged groups;
- improving the infrastructure for education, training and social services.

The overall goals of the project are to:

- boost employment levels;
- increase manpower competitiveness by guaranteeing qualifications that meet labour market demands;
- increasing social integration<sup>21</sup>.

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<sup>21</sup> <http://www.euregio.hu/nft/>

### 3.2 GOVERNANCE AND RESPONSIBLE BODIES

A Human Resources Development Operational Project Directing Authority was set up in the Ministry of Employment Policy and Labour, and holds responsibility for the execution of the operational project as well as the correctness and effectiveness of the related legal process.

#### 3.2.1 PARTNERSHIP IN EXECUTION

During the execution process, cooperation between key partners takes place at various levels. The Monitoring Committee is the highest-level authority for the execution of the Operational Project. The execution of operational tasks and the expert-level cooperation of ministries will be assisted by the so-called 'HEF OP Management Committee', to be set up as an advisory body to the Directing Authority; it will also oversee interministry planning and work committee activities (in the planning period from 2007 onwards).

The committee's activity can be divided into two distinct areas:

- before admission, cooperation in executing the Operational Project, with regard to the finalisation of the Supplementary Project Document; the execution of institutional development and, as a priority, preparations for project planning in the 2007–13 period, outlining the next Operational Project;
- the coordination of post-admission tasks directly linked to the Operational Project, including regular sessions and continuous cooperation between the involved ministries' specialists to secure professional monitoring over the execution process.

#### 3.2.2 DIRECTION AND CONTROL OF FINANCES

As set down in Sections 38 and 39 of Council Decree 1260/1999/EK and Committee Decree 438/2001/EK, 'on the Committee, Hungary takes prime

responsibility for controlling financial assistance, in no way disrupting the execution of the European Community central budget'. This ensures that the mechanisms for direction and control are formulated and operate on the principle of efficient and proper use of Community resources. The government-summoned organisation is to inform the Committee on these mechanisms in advance, and to guarantee that financial assistance be used in accordance with all normative Community rules, and in harmony with the principles of efficient and successful finance management.

According to Committee Decree 438/2001/EK, the Directing Authority, the Allocation Authority and the mediating organisations must ensure the following:

- clear definition of tasks, their distribution and – to the extent required for efficient financial management;
- efficient systems guaranteeing the completion of tasks;
- in the case of mediating organisations, the actual completion of tasks and forwarding information on the methods used to the authorities concerned;
- creation of procedures to check reported expenses, and to secure respect for Community and domestic regulations for procurement, state subsidy, environmental protection and equality of opportunity for all social groups.

#### Supervision of transactions

Under Section 4 of Decree 438/2001, the first-level control for transactions involving the use of EU funds is to be carried out by the financial supervisors of the Operational Project Directing Authority.

#### Organisations responsible for on-the-spot control ('5 per cent control')

On-the-spot examinations regulated by Section 10 of Decree 438/2001 are carried out by the Operational Project Ministry Control and Supervision Section and the Government Supervisory Office. The Control and Supervision Section

### 3. RECENT DEVELOPMENTS IN EMPLOYMENT POLICY AND IMPLEMENTATION

functions independently of the Operational Project Directing Authority's independent inner supervisory section.

The Operational Project Ministry Control and Supervision Section forwards the results of its checks to the Ministry of Finance. These are ultimately compiled into annual reports, to be discussed by the Inter-Ministry Committee for International Financial Aid Control, which is in charge of coordinating '5 per cent supervisions'. The Finance Ministry then forwards the reports to the European Committee.

#### **Closing statement**

Issuing a closing statement is the task of the Government Supervisory Office.

### **3.3 EMPLOYMENT SERVICES (NATIONAL AND REGIONAL)**

#### **3.3.1 STRUCTURE AND ORGANISATION**

The State Employment Service functions at various levels. The Employment Bureau, under the Ministry of Employment Policy and Labour coordinates job centres in the municipality of Budapest and in the counties. To ensure efficient operation, these centres run local offices close to clients.

The organisations of the multilevel Employment Bureau are budget-holding institutions functioning as autonomous legal entities. Their operation is financed by the Labour Market Fund, and their tasks and scope of authority are regulated by law.

#### **3.3.2 DELIVERY OF SERVICES**

##### **Employment service staff**

The Employment Bureau employs 158 staff, while a further 3,980 are employed at the 20 county and Budapest job centres and their 174 local offices.

Of the total staff of 4,138, the centres employ 1,538 and the local offices 2,499. As many as 3,882 people work as civil service functionaries, 2092 with higher education degrees (420 in top positions), and the remaining 1,790 with secondary qualifications.

##### **Client groups**

Job centres mainly bring together jobless people and firms offering work. Their clientele also includes a small number of current employees seeking a new job or attending training to keep up with their employers' requirements.

In 2002 the number of people without jobs numbered 344,715, a total of 123,000 on unemployment benefit or receiving income support. Of the registered unemployed, 53.5% were men and 46.5% women.

High client turnover is obvious from the fact that some 56,000 people leave job centre registers every month, with a similar number joining the register.

Employers number several tens of thousands. Nationwide almost 45,000 vacancies are registered at local offices every month, and 5,000 firms currently participate in the design of the twice-yearly workforce forecasts.

##### **Scope and balance of activities**

The activities and services of job centres and their local offices mainly focus on improving the labour market prospects of jobless people and procuring employment for them. Almost all resources and capacities serve these two aims.

In 2002 the number of jobless people who were actively supported exceeded 273,000, and some 404,000 cases were closed, more than half successfully. Around 65% found jobs at assisted workplaces. Responsibility for the local allocation of job-preserving support was handed back to the local offices, which also undertook a major role in the granting of centrally coordinated subsidies to job-creating initiatives.

A new element in 2002 was the introduction of reduced-value rates and tax vouchers as support for people working with a Temporary Employment Book. This form of subsidy is granted to employers in advance. In 2002 the local offices issued some 50,000 Temporary Employment Books, and this year their number has already reached 80,000.

Another new development was that the job centres and local offices helped to draw up a central tender for the creation of 1,000 long-distance jobs.

### **Specific measures for disadvantaged groups**

The number of long-term jobless people (unemployed for more than a year) has risen slightly, and is now over 123,000. Most of these are unskilled people over the age of 45.

Job-starting skilled workers number more than 28,000, their proportion decreasing in relation to the total number of jobless, which stands at 17.4%. The male–female ratio remains approximately the same.

The number of unemployed people 'with altered work abilities' is between 15,000 and 16,000. It is encouraging that in 2002 vacancy filling increased by 30%, reaching almost 14,000.

In the over-55 age group, jobless people number 22,000, a 0.4% increase on the figure for 2001.

There are over 142,000 unskilled jobless people, representing 42.2% of the total number of unemployed people.

To help those from disadvantaged groups and improve their labour market prospects, job centres are designing and launching special projects that will run for several years. There are 58 such projects currently operating, 11 for job-starters, eight for Roma people, seven for women and four for people 'with altered work abilities'. The number of jobless participants totals 9,000.

### **Career guidance and counselling**

Job centres begin career management and counselling for final-grade schoolchildren and students and their parents by informing them of labour market trends and the opportunities available. They also organise annual Career Choice Exhibitions in several counties and regions (in 78 locations in 2002), and operate Employment Information Counselling county offices. In 2002 as many as 1,200 schools were represented at the exhibitions, and over 148,000 individuals participated; 78% of the visitors were of school age, 8.7% per cent, and 6.2% parents.

For jobless people, career management begins with an initial interview. Job centres regard client counselling as important and effective for work procurement, and plan to involve increasing numbers of staff in this service. According to a survey carried out in 2001, over 190,000 people benefited from counselling, 26% at Employment Information Counselling offices. Over 36% of services were used by non-registered unemployed people (including school-leavers, parents and employees).

### **Cooperation with employers**

In practice, cooperation with those in work affects two areas. One is helping employees who are seeking a new job to register and hence be kept informed of vacancies. The other relates to people who were formerly jobless but have re-entered the labour market with some kind of assistance. This means that almost all actively supported people are monitored while registered and in the initial phase of employment. Those participating in projects lasting several years are overseen for the whole duration of training.

### **Share of active and passive measures**

Among the direct (passive) methods of tackling unemployment, job centres and their local offices register and allocate the various types of benefits and aids, and inform the tax authorities on relevant data. In 2002 job centres processed the



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documents of a monthly average of 114,900 people receiving benefit, of which 8,907 were receiving income support, 104,399 regular social support, 3,749 wage support, and 7,221 pre-retirement unemployment benefit.

The number of people receiving unemployment benefit or income support has decreased slightly, while the number of people receiving social support is on the increase. Figures for other benefits remain basically unchanged.

Indirect measures are apparent through the diversity of the active measures and the number of participants. A total of HUF 36 billion has been allocated from the central budget to the job centres to support the use of active measures. Of this, 80% has been spent on four types of active measure: financing training, public-works wages, wage support and assistance to job-starters. Training and public-work schemes have received slightly less money than they did previously, while spending on wage support and job-starters has risen. Another indirect measure is that in 2002, due to a significant increase of minimum wages, firms employing a high ratio of 'live work' were granted HUF 15 billion, available through tenders. As a result, 41,125 private enterprises have received wage support, which has helped to stabilise the position of 355,360 low-paid employees. Another measure, also regarded as indirect, are the above-mentioned reduced-value rates and tax vouchers for temporarily employed people, introduced in September 2002.

#### **Implementation mechanisms**

The execution mechanism is outlined in the strategy of the State Employment Service.

In relation to this strategy, the prime objective of the Employment Bureau and job centres is the classification of tasks, followed by consideration of special characteristics and individual performance at local level. This kind of performance setting and evaluation, which reflects the process of the execution of tasks, was introduced in 2002.

#### **3.4 PREPAREDNESS OF EMPLOYMENT SERVICES TO CONTRIBUTE TO THE IMPLEMENTATION OF THE EUROPEAN EMPLOYMENT STRATEGY**

Comprehensive and intensive preparation for smooth admission to the EU has been taking place since 2002. Courses on EU-related information, foreign languages, information technology and modern management have been attended by 1,336 people.

In 2003 a Phare project – with six sub-projects – was launched with the aim of modernising the State Employment Service, with the participation of the Employment Bureau and 20 local offices.

It was planned to start the following EU-related preparatory courses in 2003:

- public administration (450 participants);
- courses on migrating manpower (500–600 participants);
- 'EURES' extension training (115 participants);
- human resource development, project operator, training for operation of mediating organisations (275 participants);
- language courses (200 participants).





## 4. CONCLUSIONS

# 4

Progress has been made towards implementing lifelong learning and preparing for the European Employment Strategy.

Obstacles and constraints: over a ten-year period the proportion of vocational school students fell by 40%, and of a total of 51,000 students, only 36,000 acquired vocational qualifications between 1993 and 1996.

### Further reform steps needed

The modification of the **Vocational Training Act LXXVI of 1993** is currently underway, with the following major objectives:

- increasing the relative duration of practical training;
- modernising the National Training Register (OKJ);
- boosting the role of student contracts.

In the course of modernisation, the OKJ list of over 800 trades is to be reduced to the much lower number of 150–250, in line with the western European standards. The modernisation of the OKJ is expected to finish in 2003.

As well as practical training in schools, on-the-job training should be given increasing emphasis. With regard to recent changes, the minister has stated that chambers of commerce are now involved in the preparation of decisions, and help to define practical training formats and qualifications.

One of the goals mentioned is to guarantee the opportunity to pursue lifelong learning. The Act also specifies that the problems faced by disadvantaged children should be addressed.

The amendment of the **Public Education Act LXXIX of 1993** is currently in progress.



## LIST OF ACRONYMS

<b>ÁPV Rt.</b>	Hungarian Privatisation and State Holding
<b>EU</b>	European Union
<b>EURES</b>	European employment services
<b>GDP</b>	Gross domestic product
<b>HUF</b>	Hungarian currency (forint)
<b>OKJ</b>	National Training Register
<b>SME</b>	Small and medium-sized enterprise