



JOINT MEMORANDUM ON SOCIAL INCLUSION OF HUNGARY

In accordance with the provisions of the Accession Partnership, the Government of Hungary has prepared, together with the European Commission, Directorate-General for Employment and Social Affairs, a Joint Memorandum on Social Inclusion, with the purpose of preparing the country for full participation in the open method of coordination on social inclusion upon accession. The Memorandum outlines the principal challenges in relation to tackling poverty and social exclusion, presents the major policy measures taken by Hungary in the light of the agreement to start translating the EU's common objectives into national policies and identifies the key policy issues for future monitoring and policy review. Progress in implementing such policies will be assessed in the context of the EU social inclusion process, whose goal is to make a significant impact on the eradication of poverty in Europe by 2010.

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Minister of Health, Social and
Family Affairs
Hungary

Ms Anna DIAMANTOPOULOU
Member of the European Commission
Responsible for Employment and
Social Affairs

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1. ECONOMIC AND LABOUR MARKET BACKGROUND

1.1. Macroeconomic background

Hungary has successfully overcome the most difficult phase of economic transition and has become a dynamically developing open market economy. Economic catching up with the Member States has been taking place since the second half of the 1990s, and the growth of GDP exceeds the EU average considerably. In 2001, economic policy changed, owing to deterioration in the conditions of the external economy. Instead of export-driven growth, which had been the main trend earlier, focus was put on increasing domestic demand, raising living standards, infrastructure developments (motorway construction) and combating inflation (CPI dropped from 9.2% in 2001 to 5.3% in 2002). Fiscal expansion, including an appreciable increase in wages and pensions (e.g. doubling of the minimum wage in 2001-2002, 50% pay rise in the public sector in 2001-2003), as well as large State investments slightly curbed the decline in economic growth, but both the external and internal balance deteriorated considerably.

Starting in the second half of 2001, slackening external demand, declining corporate investments and the stronger Hungarian currency slowed down the development of the Hungarian economy. In 2002, the GDP growth rate slowed down to 3.5%, which, although lower than the sharp increase in the previous years, still exceeded the 1.1% EU average¹. In 2002, the investments of the national economy increased by a significant 7.2% compared to 2001, as a consequence of the dynamic expansion of public and housing investments. However, corporate investments decreased.

In the last two years the main driving force of economic growth was household consumption, which increased in 2002 by an unprecedented 9.4% as a result of high nominal wage increase which in combination with the successful disinflation process led to excessive real wage increases of 13.6% in 2002 and still 12.1% over the first nine months of 2003. These wage increases are considerably higher than productivity increases, and therefore unsustainable.

The nominal gross wage increase of the national economy was 18.3% in 2002 and the net increase was 19.6%. From September 2002, the minimum wage was made tax-free by the increase of employees' tax allowances, which resulted in a decrease in the average annual tax burden. In the public sector, measures to align salaries with the market sector were continued in 2002. From 1 September 2002, the salaries of public-service employees were raised by 50% on average. The budget deficit increased to approximately 9.4% of GDP in 2002; however, in 2003 the Hungarian Government started fiscal consolidation and significantly reduced public expenditure. The debt/GDP ratio increased from 53.4% in 2001 to 56.3% in 2002. In 2002, the high general government deficit of 9.4% contained one-off effects and statistical reclassifications of around 3% of GDP, most of which had no effects on the real economy. In 2002, the current account deficit was around 4.0% of GDP (following 3.4% in 2001).

1 The figures in this section are those of the Hungarian government.

1.2. Labour market

The transition to a market economy has fundamentally changed the Hungarian labour market. In the early 1990s, employment fell dramatically, while the number of economically inactive and the unemployed increased sharply, and a substantial restructuring of the workforce between economic sectors and occupations took place. Employment and activity rates in the 15-64-year age-bracket reached their lowest levels in 1997, standing at 52.3% and 57.5%, respectively, far below the EU average (60.7%; 67.7%). From 1997, employment and activity rates started to increase after more than two decades of decline. In 2002, the annual average number of the employed was 3 855 thousand, and the employment rate in the 15-64-year age group was 56.6%. Employment rates for men and women were 63.5% and 50.0%, respectively, with the employment rate of men exceeding that of women in all age groups. The activity (participation) rate did not change significantly: 59.9% of 2001 increased to 60.1% in 2002. The change in the EU was only 0.5%, from 69.2% it has increased to 69.7%. The unemployment rate peaked in 1993 with 11.9% and was decreasing subsequently until 2001. The decrease in the unemployment rate was partly due to modification of the unemployment benefit system, shortening of the unemployment benefit period and tightening of the eligibility criteria. In 2002, the decline in the number of unemployed stopped. The unemployment rate increased slightly from 5.7% in the preceding year to 5.8%. In comparison with 2001 figures, the unemployment rate of men decreased from 6.1% to 6.0% (EU-15: 6.5%; 6.9%), but that of women increased from 4.9 to 5.1% (EU-15: 8.6%; 8.7%). On an annual average, as many as 229 000 unemployed persons were registered in 2002. The average period of unemployment decreased from 16.0 months to 15.9 months. The proportion of long-term unemployed was 45.0%.

In 2002, 40.2% of the working age population appeared on the labour market neither as employed nor as unemployed (the number of 15-64 age group is 6.862.800). Among the 15-59 year old men, there were 172 000 inactive, and among the 15-54 year old women there were 260 000 inactive (altogether 431 000 persons), who were not studying or receiving pension, unemployment or maternity benefits².

In 2002, the employment and unemployment indicators together are indicative of a worsening situation of young persons: the unemployment rate increased from 10.9% to 11.9%. The situation of the other age groups did not change significantly.

As a result of the economic transformation, the **sectoral and geographical structure of employment** also changed significantly, with decreasing importance of agriculture and an increasing proportion of those working in the service sector as the main trend. In 2002, 6.2% of the employed worked in agriculture (4.4% in EU-15), while 34.1% worked in industry (26.9% in EU-15) and 59.7% in the services sector (68.8% in EU-15). This sectoral structure of employment indicates that Hungary still has a strong potential for job creation, namely in the services sector. The sectoral structure of employment is characterised by huge regional differences. **The regional differences in unemployment and employment** increased during the past year. The low employment rate and high inactivity rate, as well as the unsuitability of qualifications and skills of the labour force are causing concern in certain regions. **In the**

2 Source of data: HCSO.

disadvantaged regions, not only is the number of the unemployed and the inactive high, but their composition is also very unfavourable.

Among the young between 15-24 years of age both the employment (Hungary: 30.1%; EU-15: 40.6%) and unemployment rates (Hungary: 11.9%, EU-15: 15.1%) are lower than in EU-15. The Labour Force Survey of the CSO and registration figures of the employment service also underline the fact that the labour market situation of young persons deteriorated slightly. The level of employment decreased, while that of unemployment increased. Their participation in education and training also increased, and their labour market supply therefore decreased during 2002. There are mismatches between the qualifications of the labour-market supply and the needs of labour market demand. The number of registered career starters without a job below 30 years of age increased by 6.6% and that of the older age group dropped by 6.3% compared with the previous year (2001). The number of registered career-starters without a job had already started to increase in 2001, and this trend continued in 2002. Among the population in the 15-24-year age group, the number and rate of employment decreased: the rate of employment dropped in one year from 31.8% to 30.1% (EU-15: 40.6%), and their unemployment rate increased from 10.9% to 11.9% (EU-15: 14.6%; 15.1%). At the same time, **the employment rate increased for all those over 55 years of age from 24.1% to 26.6%**. The most significant increase occurred in the cohort of 55-59-year-old women, who are most affected by the postponement of the retirement age. In spite of this, only 28% of women in this age group are employed (most of them became inactive already in the recession years). As many as 64% of the 50-54-year-old women are employed, with a corresponding rate of 52.8% for males aged 55-59 years³.

Based on the 1990 census, there were 142 683 Roma, while the 2001 census put their number at 189 984. According to expert and Roma organisations' estimates, between 450 000 and 600 000 Roma live in Hungary. According to demographic estimates their proportion in the population is growing. Only 77% of the young Roma finish primary school and their participation in higher education is much lower than that of the non-Roma population. The transition of the labour market affected **the Roma population** the most. After the transition period, more than half of the working-age population belonging to the Roma minority lost their jobs, and all their employment indicators are therefore much worse than those of the majority of society. Their employment rate is nearly the half of the non-Roma population, while their unemployment rate is three to five times higher than that of the majority of society. The rate of dependent individuals per one income earner is three times as high among the Romany population as in the non-Romany population. For the uneducated and unskilled Roma people the primary Hungarian labour market offers hardly any employment, and they suffer disadvantages in finding casual work as well.

For **people living with disabilities** the greatest problem is caused by the need to offer equal opportunities on the labour market. According to the survey of the Hungarian Statistical Office conducted in 2002, fewer than 95 000 out of 656 000 persons of active age with long-term health problems were present on the labour market, of whom about 10 000 were unemployed. For those with long-term health problems and disabilities, the possibilities of finding employment are very limited. Only one out of ten affected person works, and among the employed only one-fifth are employed in sheltered employment.

3 The source of data concerning the 50-54 age group and the 55-59 age group is the HCSO.

1.3. Public welfare expenditure

Over the last ten years, the ratio of welfare expenditure to GDP declined from 30% in 1993 to 26.8% in 2002. The production of social protection data according to ESSPROS is under way and the CSO will publish the first results in the second half of 2003. The breakdown of the main expenditure items remained more or less unchanged during the past few years. Social welfare functions altogether: 26.6% in 1997 and 26.8% in 2001, out of which educational activities and services: 4.8% in 1997 and 5% in 2001, healthcare: 4.5% in 1997 and 4.2% in 2001, social insurance and welfare benefits: 14.5% in 1997 and 14.7% in 2001; housing, community activities and services: 1.7% in 1997 and 1.5% in 2001, entertainment, cultural and religious activities: 1.1% in 1997 and 1.4% in 2001.

The Hungarian fiscal policy, which was greatly affected by the expectations of international financial institutions and was aimed at gradually decreasing redistribution for social purposes during the last decade. In the long run, this tendency has to be stopped. Welfare expenditure has to be modernised and restructured in order to help the inclusion of marginal groups in a more efficient way.

2. SOCIAL SITUATION

2.1. Demographic characteristics

The population of Hungary decreased by 500 000 in the last 20 years. The primary causes of the decrease of the population include a low and declining birth rate (in 2001 it was 9.5‰ (EU: 10.6‰) and a mortality rate (13.0‰) well exceeding the EU average (9.5‰). The age composition of the population is similar to the EU average. In 2001, the proportion of children below 15 years of age was 16.6% (EU: 17.2%), of those between 15-64 years of age 68.3% (EU: 66.4%) and over 64 years 15.1% (EU: 16.4%). The deteriorating trend, which began in the 1960s, seems to have reversed in recent years, and the population decrease slowed down slightly. Life expectancy at birth increased and is currently 68.1 years for men and 76.5 years for women. However, mortality is much less favourable: it is almost twice the EU average expressed in standardised mortality rates, while in terms of life expectancy at birth there is a 6-8-year difference. The cause and age patterns of mortality are very similar to those found in developed economies (50% of deaths are due to cardiovascular diseases, one-fourth to tumours, 7-8% are due to external causes and infant mortality is 8.1‰.) Disease patterns are characterised by an increasing proportion of chronic patients, which may be accounted for partly by the ageing of the population and unhealthy lifestyles (lack of physical activity, poor dietary habits, smoking, alcohol, etc.) as well as the impacts of stress caused by the change in economic situation and circumstances, and the influences of environmental pollution.

According to the projections of the Hungarian Central Statistical Office, Hungary will also have to face the problem of an ageing population. Age groups that are smaller in number will enter the labour market year by year, while the proportion of those aged 50-64 years is increasing significantly and of those aged 64 years and over is growing less quickly but steadily. As a consequence of population ageing there is a rapid increase not only in pension expenditure but also in health care expenditure, as well as a growing need for social services.

In the 1990s, conurbations and suburbs around big cities and the most dynamically developing regions of the country, especially the Central Hungarian region, became the most

important target areas of **mobility**. Migration is still highest in the least-developed regions, Northern Great Plain and Northern Hungary, although its rate is declining. In international comparison internal mobility is low and has only a slight compensatory effect on the labour market. Although on the increase, international immigration is still far behind the figures in EU Member States: in the 1990s, approximately 14 000-16 000 foreign citizens immigrated to Hungary each year. Emigration from the country was significantly lower.

2.2. Income inequalities, poverty

According to the Laeken indicators⁴, the income of the richest 20% of the population was 3.4 times higher in 2001 in Hungary than the income of the poorest 20%, and the Gini coefficient was 23% (EU15: 4.4 and 29%). The risk of poverty threshold for one person was 421 114 HUF. An indicator of the significance of the welfare system is the result of transfers to poverty. According to the Laeken indicators, before all transfers 44% of the population would have lived in poverty in 2001 (EU-15: 40%), this figure is 20% including pensions (EU-15: 23%), and only 10% including all transfers (EU-15: 15%).

The measurement of income inequalities raises several methodological issues. In Hungary, there are different ways of collecting data. The Household Budget Survey of the HCSO measures lower inequality than other surveys of different research institutions. Based on the data of the HCSO, and according to the Laeken indicators 10% of the population had an income lower than 60% of the median of one consumption unit (EU-15: 15%). The proportion is higher (13%) using the 60% of **per capita** net median income as a poverty line. It is important to note at this point that because of the specificities of consumption patterns, experts in Hungary consider a different equivalence scale appropriate for Hungary. Using the Laeken indicators, in order to maintain the international comparability of definitions, the ratio of poor people is about 10%, among both men and women. However, the social status of poor women and men is significantly different, owing mostly to the different participation of the two genders in the labour market. Among poor women there is a high proportion who are receiving child-care allowance, housewives, pensioners, women depending on social assistance, and other dependent women. Among poor men, there is a high proportion of seasonal and casual workers, students, unemployed, men depending on social assistance and, similarly to women, other dependent people.

Regarding the family life cycle, the poverty risk of children in 2001 was still high: 14% of the young under the age of 16 were poor (EU-15: 19%). Within this, the poverty risk was high for children in single-parent families (18%, EU-15: 40%) and in large families with three or more children (22%, EU-15: 26%). Other important factors increasing poverty risks are the **size of the household and the number of children**. The lowest poverty rate is observed in families with three members (one child) and the poverty rate increases with the number of members, first gradually, then steeply.

4 The source of the data in this section, unless otherwise indicated, is the Household Budget Survey of the Central Statistical Office for 2001. Poverty was defined according to the definition applied by the calculation of Laeken indicators. The poverty line is 60% of the national median equivalised income. Equivalent units are according to the modified OECD scale. Poverty rate: the proportion of persons living below the poverty line in the respective groups compared to the total number of persons in the group.

The effect of **employment and unemployment** on poverty is especially significant in Hungary, just like in the EU. According to the Laeken indicators 31% of the total unemployed (EU-15: 38%), 36% of unemployed men and 24% of women were poor (EU data are 43% and 33% respectively) in 2001. In case of the employed, this figure was 5% (EU-15: 6%).

People of Roma origin are over-represented among the population at risk of poverty, and particularly at risk of persistent poverty, and their quality of life and poverty are often compounded by discrimination and prejudiced behaviour against them.. The risk of poverty and lack of security are compounded in the case of certain extremely vulnerable groups in a disadvantageous situation. These vulnerable groups are, in addition to the above-mentioned ones: **disabled people, people with poor health status, addicts, psychiatric patients and homeless people.**

2.3. Roma population

In the case of the Roma population, not many official data are available. Attempts to analyse the specific features of this ethnic group run into problems of definition as well as constitutional, human rights and data protection concerns, since there is no objective category for deciding who is and who is not a member of the Romany population, and a person is only considered an ethnic Roma if he or she declares membership of the ethnic group. The EU rejects theories attempting to determine the existence of separate races. The figures are not comparable between countries and are taken from a variety of official and non-official sources reflecting different national definitions and practices of ACs and Member States with regard to data collection on ethnicity. Official figures on Roma are generally far below the real figure because many Roma do not declare themselves as such for fear of discrimination. The Hungarian Government uses the data from the national representative sociological survey carried out first in 1971 and repeated in 1993-94⁵. The population census data have always been very unreliable, since the majority of the Roma refuse to identify themselves as belonging to that minority group. In the 2001 population census, approx. 190 000 persons declared themselves as belonging to the Roma minority, whereas according to the 1993-94 representative sociological survey the number is estimated at around 500 000, which represents around 5% of the total population of the country. Based on further calculations of researchers, this number has probably reached around 600 000 by now (2003). The Government uses this latest estimate as a reference number. In the following pages we will indicate if the data come from sources other than the 1971 and 1993-94 surveys.

The average standard of living, housing and health conditions, employment and education of the Hungarian Roma population are significantly worse than the corresponding indicators applicable to the whole of society. According to the sociological survey, in 1971, 39% of the Roma population over 14 years were illiterate, while among the non-Roma population practically 100% were able to read and write. On the basis of a comparison of the results of national representative surveys conducted in 1971 and 1993-94, illiteracy among the Roma population dropped from 39% to 8%.

5 Both surveys were carried out by the Sociological Institute of the Hungarian Academy of Sciences. The Government uses the 1971 data to see the changes in the situation of the Roma population. There are other surveys concerning different aspects of the situation of the Roma population of Hungary, but the above-mentioned two are the most comprehensive and the medium-term Roma programme (see chapter 4.4.1) is also based on the data from the 1993-94 survey.

In the case of Roma, proportions have improved with regard to the completion of primary school. Although in the last couple of years the rate of those attaining secondary and university qualifications has increased, owing partly to certain measures (scholarships, student hostels, preparatory courses for universities), the gap is still very wide as compared to the non-Roma. Whereas 83.6%⁶ of the Roma population aged 18-74 years has at most primary school education, the percentage for the total population is 27.9%; 94% of Roma children finish primary school, 85% of whom continue their studies at secondary level. The proportion of people with university education is only 1% among the Roma, whereas it is 13.5% among the total population.

Dropping-out is still a problem, which is mainly caused by the financial difficulties of the families. On the basis of sociological surveys, there are approximately 700 schools in which Roma children are segregated in education (studying in separate classes). European Community legislation prohibits racial discrimination in employment, education, social security, health care, housing and access to goods and services. Discrimination on grounds of religion or belief, age, disability and sexual orientation are also covered in the areas of employment and training⁷. The transposition and effective implementation of these Directives should form part of Hungary's strategy for promoting the integration of ethnic minorities and other disadvantaged groups. According to estimated data, approximately 7% of all Roma children study in schools with a special syllabus (remedial school), while the same rate is only 1-2%⁸ in the case of children belonging to the majority of society. From the point of view of schooling and successful school performance, the low rate of attendance at, and late accessibility of kindergartens among the children of disadvantaged Roma families cause further difficulties. The Commission encourages Hungary to make greater efforts to integrate Roma children in mainstream education.

The prevalence of poverty is 5-10 times higher among the Roma population than in the rest of the population. The lower the poverty threshold, the higher the difference⁹. Most Roma live in poverty and are over-represented among the poor. According to the data from the 1993-94 sociological survey, the employment rate of the Roma population is about half of that of the non-Roma population, while the unemployment rate is around three-five times higher among the Roma than the non-Roma. The rate of dependent persons is about three times higher than in the non-Roma population. Among children taken out of their families and placed under child-protection care with third parties, the children coming from Roma families are over-represented, and in the northern and eastern counties of the country their proportion is as high as 80-90%.

The process of self-organisation has strengthened among the Roma communities, and the number of minority self-governments and civil organisations has multiplied in the last 10 years. However, the level of infrastructure and information available for these organisations is very low, and the effectiveness of their contribution to achieving perceptible change in the quality of life of Roma communities and families is therefore low. During the last 5 years

6 The data in this paragraph come from surveys commissioned by the Ministry of Education, published in its 2002 report.

7 Directives 2000/43/EC and 2000/78/EC.

8 2002 report of the Ministry of Education.

9 Data come from the "Study on the Social Protection System in the 13 Applicant Countries – Hungary Country Report", October 2002.

many Roma organisations and minority governments used a breakthrough strategy of starting programmes, mainly for educational and employment purposes, with government help, aimed at the reduction of long-term unemployment through training. A very good example for civilian self-organisation is the establishment of multi-purpose (social, employment, education, health prevention and information services) Roma community centres, in which Roma NGOs and communities play a very important role.

2.4. Housing

Social inequalities in housing conditions are very significant. Housing policies correcting market shortcomings are lacking, which often leads to exclusion. As a result of the housing privatisation that took place after 1989, approximately 92% of Hungarian homes are now owner-occupied (the EU average is 62%). A stratum of owners is unable to pay utility bills and/or interest on their bank loans and thus accumulate debts. Moreover, this stratum of flat-owners are also incapable of paying the renovation costs of their buildings, which results in the steady deterioration and devaluation of their properties. According to a survey on the housing situation carried out by the HCSO in 1999, the proportion of rented homes is 8% (this figure includes flats owned privately and by local governments), a very low rate compared to the EU average (EU: 33%). The majority of rented homes, i.e. about two thirds of them are owned by local governments. There are two types of local government-owned rented flats: subsidised ones and non-subsidised ones. The first type is the “social housing” type of arrangement. In this case tenants may get means-tested home maintenance support from the local government. The local government decides on the amount of support depending on the tenants’ social situation as well as on the financial situation of the local government. The other type is the non-subsidised rented flats, for the maintenance of which the tenants are not allocated flat maintenance support; however, the rent is well below the market rate. Nevertheless, debt accumulation happens in the case of these flats as well.

The poverty risk of people who live in rented flats is twice as high as the national average, and the poverty rate of people living in flats under other legal titles or without a legal title is even higher, i.e. 26%. Rented flats therefore represent a very important factor of poverty, but it is not because those people were given rented flats who were poor, but the other way round: those remained in rented flats whose income positions did not allow them to purchase their homes during the privatisation period, despite the favourable conditions. In Hungary, the housing subsidy system is very weak, the existing support is mostly casual and in-kind support, reaching only 5-7% of the households and representing 2-3% of GDP, whereas in the EU Member States, 18% of the households receive housing support and 1% of GDP is used to support housing expenditure. The flat maintenance support provided by local governments often does not reach the **indigent population** because of local entitlement conditions and administrative causes. The high proportion of housing expenditure among household expenditure represents a very special problem, together with over-indebtedness related to housing and difficulties in obtaining a home. According to expert estimates, approximately 500 000 households have recoverable interest and utility debts.

The housing situation of those living in small villages in regions with disadvantages, among whom the elderly and the Roma are over-represented, has to be highlighted as well. As for the

latter group, in 1971¹⁰, nearly two-thirds of the Roma households (65.1%) lived in segregated areas called “colonies” under unfavourable housing conditions. As said above, Community legislation prohibits racial discrimination in housing and access to goods and services and the transposition and effective implementation of the above-mentioned anti-discrimination Directives should form part of Hungary's strategy for promoting the integration of ethnic minorities and other disadvantaged groups. Started in the 1960s and continued until 1988, the colony elimination programme had a very important role in improving the settlement and housing conditions of Roma people compared to their former situation. The 1993-93 survey pointed out that 13.9% of the Roma population (about 70 000 people) lived in segregated settlements or colony-type neighbourhoods with insufficient utility supply, and low infrastructure, or in urban colonies in poor conditions. Another study carried out in 2000¹¹ found that approximately 20% of the Roma population (100 000 people) lived in segregated settlements. The difference between 1993-94 and 2000 can be explained by the increasing segregation and marginalisation of the poorest stratum of the population. The same study (2000) showed that approximately 60% of the Roma population still lived in disadvantaged areas, mainly in settlements and villages without any work opportunities. Although the social home construction programme launched recently and the related preferential loans have improved the situation, the comfort indicators of such homes are still very low and are way below the national average. For many Roma families in a disadvantaged situation, it is a problem to pay their utility charge arrears and repay loans related to former construction, the interest on which has been increased. The Commission encourages Hungary to make greater efforts to facilitate access to housing for the Roma in non-segregated areas.

3. KEY CHALLENGES

In the field of poverty and social inclusion the **absence of certain basic statistics** making international comparison possible causes serious problems. This situation hinders accurate monitoring of the effectiveness of schemes and policies implemented in Hungary in this domain.

In the field of **employment and labour market** the most important issue is the **high inactivity rate** (by the 15-64 age group in Hungary 40.2%, in the EU-15: 30%), alongside a lower than average employment rate (Hungary: 56.6%, EU-15: 64.3%). In addition, employment rates for both women and men are below the EU average, and very far below the targets set in Lisbon for 2005 and 2010. Low activity rates and poor employment performance have a regional dimension too, as they are concentrated in the regions of Northern Hungary and Northern Great Plain, where the inactivity rate is as high as 52%. It is therefore a key issue for the social protection system to know where the inactive and unemployed persons have gone, in order to help them back onto the labour market. Appropriate incentives should be put in place to ensure that target groups (e.g. persons with disabilities, those working in the black economy, etc.) find it worth taking up work. In addition, this challenge also requires **better labour market adaptability** by providing the unemployed, the excluded from the labour market and the inactive with the necessary skills – through access to lifelong learning, training, retraining and, in general, ALMPs programmes – to re-enter and remain in the labour

10 Sociological Institute of the Hungarian Academy of Sciences, 1971 survey.

11 Study commissioned by the Ministry of Agriculture and Rural Development, 2000

market; by helping the young unemployed in the transition from the education system to the labour market and finally by enhancing the intersectoral and geographical labour force mobility.

The key challenge in the **human resource development** field is to increase the employment/activity rate, strengthen the competitiveness of the workforce (bringing the education system (primary, secondary and tertiary) and vocational and adult training systems into line with labour market needs), promoting a more inclusive approach in access to education, training and the labour market along with strengthening equality of opportunity with special regard to disadvantaged social groups such as the Roma, the disabled, people with modified working capabilities and the long-term unemployed. At present, the school selection system does not provide equal opportunities for children coming from low-educated, poor families, and affects the integration of disadvantaged children negatively; the possibilities of enhancing educational integration for disadvantaged groups should therefore be strengthened. Teacher training and easier access to cultural and information services could be instrumental to this aim, while there is also a need to provide easier access to ICT for those living in small settlements, Roma, women, the elderly and other disadvantaged groups.

Population decrease and ageing, together with the ongoing transformation of the traditional family model, constitute important **long-term demographic challenges** that need to be addressed now. To face them, it is of utmost importance to increase the effectiveness of family and child welfare policies, to improve health indicators and mortality patterns, to ensure the long-term financial sustainability of the pension and healthcare system and its accessibility for the elderly, and to take the preparatory measures needed for a new immigration policy.

Insufficient income is the direct cause of **extreme forms of poverty**. There is therefore a need to ensure, within a relatively short period of time, a socially accepted minimum level of subsistence for all by implementing properly coordinated adjustments of the lowest salaries and wages, social insurance or universal benefits, and social assistance. Much emphasis needs to be put on reducing the poverty and preventing vulnerability of unemployed young persons, the long-term unemployed and the inactive, as well as children, the youth, the disabled, single parents, large families, the Roma, and the elderly living alone. Efforts are also needed to allow everyone access to information on rights and opportunities to pave the way for adequate income and services.

Another key challenge that needs to be addressed concerns **the specific contemporary multifarious home** – ownership situation, the consequent lack of stock of rental housing and social housing –, and the negative impact that this has upon the populations who require rental and social housing. There is a need to improve the functioning of the housing market and the housing support system, to create minimum housing conditions and facilitate access to suitable houses and better opportunities to maintain them.

Social and health services have a key role in providing equal opportunities and easing exclusion. Their tasks include guaranteeing equal opportunities for access to services and benefits, strengthening the service nature of institutional care and integrating social and health services in towns and villages. There is a need to improve the efficiency of the now cumbersome health, employment and social rehabilitation services for disabled people and for those living with modified working abilities, and to provide access to long-term nursing and caring for the disabled and the elderly.

Another key issue **concerns the involvement and strengthening of civil society** in the fight against social exclusion. It is important to make its participation in policy-making more effective by enhancing the cooperation between central and local government bodies and NGOs. Instruments in this category include the development of institutions for social dialogue, the strengthening of rights and public awareness of these rights, and the fight against discriminatory and social prejudices. **An integrated approach that enhances cooperation** between the employment, education, health and social administrations and regional development bodies would require a better sharing of responsibilities and resources and would increase the effectiveness of the fight against all kinds of exclusion, thereby contributing positively to the development of the most disadvantageous regions and settlements and to the rehabilitation of colonies, small settlements and parts of settlements with a sizeable Roma population.

4. FACILITATING PARTICIPATION IN EMPLOYMENT AND ACCESS BY ALL TO RESOURCES, RIGHTS, GOODS AND SERVICES

4.1. Facilitating participation in employment

4.1.1. Open and inclusive labour market

4.1.1.1. Active labour market programmes, supported forms of employment

Current instruments and problems:

The most important objective of the Hungarian employment policy is to increase the employment rate and to integrate the unemployed and the inactive into the labour market by strengthening active labour market instruments. Active tools enabled retraining and subsidised employment for approximately one-fifth of the registered unemployed (19.8% in 2002 and 22.1% in 2001). Among the active labour market tools the three most important are **public employment programmes** (for 85 000 people in 2002), **labour-market-oriented training** (for 83 000 people in 2002) and **employment with wage subsidies for the long-term unemployed** (for 41 000 people in 2002). The Government supports public works, communal work and other employment schemes with training for the unemployed which will maximise locally available employment opportunities. It has been operating labour market programmes, which comprise individual assessment and counselling, job clubs, personal development courses, communication training and a series of projects involving the assistance of NGOs. The **various forms of public employment programmes** (e.g. communal and institution maintenance tasks within a settlement, implementation of small district or regional objectives and accomplishment of public tasks) are designed for the employment of the most marginal groups of society. The objective is the same, i.e. to assist unemployed individuals to return to the labour market, to keep them in the world of work and to provide them, even if only temporarily, with work.

A similarly significant instrument is **labour market training**. Unemployed persons who join the labour market training may receive income supplement benefit during the training period or may obtain unemployment benefit for an extended period. In recent years, 80% of those who successfully completed the training obtained recognised qualifications. Owing to the inflexibility of the education system and its inability to adjust to the needs of the economy, a significant proportion of young people do not have the knowledge and the skills that are necessary for integration into the labour market. Those who cannot find a job therefore

acquire these skills in the labour market training courses. In 2002-2003, active programmes were launched which make it possible for people in the most disadvantageous situations to participate in the training arrangements (i.e., longer training period, possibility to earn some income during the training, and appointment of mentors).

In order to reintegrate people with chronic health problems and with disability into the labour market, rehabilitation groups were formed during the second half of the 1990s under the aegis of the Public Employment Service. Both the human services (information services, advice, training in how to look for a job) and the active tools (labour market training schemes, subsidy for job creation, wage subsidy, etc.) serve the purpose of the open labour market reintegration of the workforce. The important institution for implementing employment policy, the Public Employment Service (PES), operates under the auspices of the Ministry of Employment and Labour. The PES comprises the National Employment Office, the labour centres of Budapest and the 19 counties and the associated 173 branch offices, as well as the 9 regional labour development and training centres. It is responsible for surveying the labour market situation, promoting the coordination of labour supply and demand in order to improve the employment situation, mitigating regional labour market tensions, promoting employment and reducing unemployment and paying out unemployment benefits.

The financial resources needed to pay unemployment benefits, for the active labour market programmes and for running the PES are provided from the Labour Market Fund. The revenues of the Fund are generated from employer and employee contributions, rehabilitation and vocational training contributions and the central budget. The Minister of Employment and Labour is entitled to dispose over the Fund, however, in cases stated in law, it shares its disposition right with the Management Body of the Fund and the Minister for Education. Those unemployed and inactive persons who are not in touch with the Public Employment Service can be best reached by civil organisations, mainly working in the fields of employment, education, training and social services. The county labour centres implement annual and multiannual programmes for those who are at a disadvantage on the labour market. The labour centres have entered into agreements with local minority self-governments and non-governmental Roma organisations. Fifty-seven projects targeting the disadvantaged were introduced in 2002. There were 3 000-4 000 Roma employees amongst the project participants. Several centrally and locally sponsored programmes which combine service and support functions have been introduced for the long-term unemployed. One of the components of the PHARE programme **Combating exclusion from the world of work** launched in 2002 aims at promoting the labour market integration of the Roma population by supporting local initiatives and providing casual or regular employment in local community and public services.

The position of women on the labour market is weakened by lower wages for equal work as compared to men, a lower proportion of representation in the most dynamic sectors, and their exit from the labour market because of childcare or nursing elderly or sick people. The PHARE programme “Tackling the gender gap in the labour market” launched in 2002 aims at finding a remedy for the disadvantages of women on the labour market. The objective of this programme is to increase equal opportunities for men and women in the labour market by promoting the reintegration of inactive women into work. The programme focuses on currently inactive women over the age of 40 as well as those who intend to return to work after a period of parental leave.

The PHARE programme “Promoting access of people with disabilities to the labour market” launched in 2003 aims at the systematic improvement of the employment rehabilitation instruments, based on local initiatives, in the three regions of Eastern-Hungary.

Assessment and key priorities for future policy review:

Among integrated approaches and tailor-made services it is very important to make sure that disadvantaged groups can participate in education and training. To increase the number of participants, we must increase the number of vocational training programmes to improve the employability and employment opportunities of the Roma.

A quarter of people with disabilities are involved in employment rehabilitation, and about 10 000 persons a year will find a job as a result of complex employment rehabilitation. There are eight Rehabilitation Information Centres (RIC) affiliated to the labour offices which offer information, advice and a number of other services. In 2003, three new centres were opened and the services will be further improved by eliminating all kinds of communication barriers at these centres. Focused on providing information on social services, the Advanced Rehabilitation and Information Programme for Micro Areas has been a successful pilot project, which has created jobs and training opportunities for people with disabilities at tele-houses.

A National Action Plan was drawn up for Equal Opportunities between Men and Women. While women’s educational level has greatly improved in recent years, their employment rate remains low, women’s employment in higher positions has not increased, and their relative labour income has not risen either. For gender mainstreaming it is necessary to review and, if need be, modify the sector-specific regulations. Further measures to be taken are the following: collecting data on the types and extent of women’s wage differences, reviewing the system of career guidance services and developing a work assessment system to put into practice the principle of “equal pay for equal work”. It is also indispensable to involve women’s civil organisations in the work aimed at creating equal opportunities for all.

In order to prevent youth unemployment, programmes helping school-leavers in their transition to work must be strengthened on the one hand, and efforts should be made to ensure that their qualifications meet labour market requirements better, on the other. This presupposes efficient labour market planning by the labour market organisation.

4.1.1.2. Key legal and financial instruments promoting the employment of groups in a disadvantaged position in the labour market

Current instruments and problems:

In 1998, the Act on the rights and equal opportunities of persons with disabilities was passed, pursuant to which people with disabilities have the right to have access to integrated or, in the absence thereof, sheltered employment. Similarly, the amendment of the Labour Code in 2001 was an important prerequisite of vocational rehabilitation accessible for all. The code now provides that employees must not be discriminated against on the basis of their disabilities; furthermore, protection against discrimination has also been expanded to activities preceding employment. The medium-term National Programme for Persons with Disabilities prepared on the basis of the Act defined several tasks for the reintegration of these groups into the labour market, such as providing access to training, education, and employment - including working conditions and flexible forms of work.

Enterprises operating with more than 20 employees have to employ people with disabilities in a proportion of at least 5%. If 5% of their workforce has reduced working capability, employers are exempt from paying the rehabilitation contribution. If they employ more than 5%, organisations belonging under the effect of Company Law (including social employers and sheltered work places) are entitled to state subsidy. The amount of the subsidy depends on the degree of disability and the number of employees. This amount varies from 35% to 360% of the minimum wage per month. The most important financial source of support for job-creation model programmes and activities, as well as initiatives aimed at job preservation or vocational training for the disabled is the Rehabilitation Fund, which is part of the Labour Market Fund. The Bill "*On equal treatment and equal opportunities*", which is passed in Parliament during the second half of 2003, aims at eliminating discrimination and improving the position of the most disadvantaged people and to better the chances of women.

Assessment and key priorities for future policy review:

In the last five years 36.000 persons with disabilities per year received some kind of support to employment. Their participation on the labour market is very low, only one in ten of the people concerned works and, among the employed, only a few percent works on the primary (open) labour market. Comprehensive programmes should be worked out for supporting the flexible employment of people with disabilities. Employment of people with disabilities in ordinary workplaces should be promoted and the regulations regarding employment rehabilitation should be revised.

Since the rehabilitation contribution is low, companies prefer to pay it rather than hire people with disabilities. Therefore, new regulations should be introduced to correct the behaviour of employers in the field of employment of people with disabilities. The employment opportunities for this group are further reduced by the physical barriers of the built-up environment and public transport.

4.1.1.3. Flexible employment

Current instruments and problems:

In 2002, 86.2% of the employed were employees and, similarly to previous years, around 10% were self-employed. There are only few flexible job opportunities in Hungary. In Hungary far fewer people work part-time or with a fixed-term contract than in the EU-15. In 2000, part-time employment in Hungary was 3.2% against 17.7% in EU-15, while fixed-term work was 7.1% in Hungary against 11.4% in EU-15. Hitherto tele-working is hindered by an inadequate labour law and insufficient labour safety and the corresponding regulations, an underdeveloped infrastructure and the high costs of electronic connection. Some programmes were started, however, in 2002. In the same year, 1 400 new jobs were created by means of grants.

Assessment and key priorities for future policy review:

According to Labour Force Surveys, 53% of the unemployed would accept only a full-time job, 47% would work part-time (however, a part of this latter group would choose part-time if there were no other choice). The Lisbon strategy aiming at "*more and better jobs*" emphasised the need for job quality. One of the dimensions of job quality relates to the balance between flexibility and security. In this respect, it is important that flexible and non-standard types of

jobs such as part-time, atypical jobs, etc. should also provide a high standard and varied forms of entitlements and social protection.

Unfavourable social insurance regulations also hinder the spread of part-time employment. According to the current social insurance regulations, employers do not enjoy any advantage of reduced labour costs by employing part-time workers, while for the employees part-time employment means lower income and disadvantages in relation to pension entitlement. In the short run, positive incentives, such as favourable social insurance regulations, should be introduced which make part-time and/or flexible jobs attractive for both employers and employees. While the demand for part-time work from the employees' side is much greater than the opportunities, voluntary part-time work should be supported by the legal framework.

In accordance with the latest amendment of the Labour Code, the Government will have to regulate tele-working. Further development of tele-work is necessary to raise the level of employment and decrease unemployment, to create new workplaces and to help the integration of disadvantaged groups, among others the disabled, who may benefit from the technological change and, in particular, from tele-working. The Ministry of Informatics and Communications and the Ministry of Employment and Labour have developed a joint pilot project, under which more than a thousand new jobs will be created in the coming year. In the future new employment possibilities and forms, which provide the flexibility of the labour market, must be discovered.

4.1.2. Stable and quality employment for all

4.1.2.1. Establishing paths to employment, training measures

Current instruments and problems:

The Hungarian education system does not adequately ensure the acquisition of skills and abilities that are required by the labour market. The problem is that education and training are not in accordance with the labour market's demands, which results in fewer skilled workers than needed. In the promotion of social and labour market integration of the disadvantaged social groups, including the Roma population, a huge backlog has to be dealt with. Disadvantaged children have fewer opportunities to finish primary education and subsequently pursue studies in secondary or higher education than do their peers who do not have disadvantages; consequently their chances on the labour market are rather limited. According to the PISA 2000 analysis, in the Hungarian educational system the performance of students is much more influenced by the family's socio-economic background than in the OECD countries in general.

Since the change of the political system in 1989/1990, one of the priorities of education and training has been to provide the widest possible and equal access to education and training, particularly to vocational training and higher education. From legal, financial and administrative points of view, vocational training for adults organised within the school system and outside the school system are separated. While the institutional system is mostly separate, it is increasingly common for them to engage in joint tasks, which means that in some cases adult training institutions provide practical training for school trainees or schools organise adult training courses too. The school system includes elementary schools, vocational schools training skilled workers, secondary grammar schools providing school leaving examination, vocational secondary schools providing school leaving examination and qualifications, and institutions of higher education. What is known as "accredited vocational

higher education” may be organised in vocational secondary schools or in institutions of higher education, the main feature being that it provides vocational qualifications and the possibility to continue in higher education. Education and training organised within the school system is financed from several channels: statutory payments from the central budget, the revenues of the local municipalities and, in the case of vocational training, the system of vocational training contribution, which serves basically the development of practical training and furthering of vocational training.

In the field of adult education, the training of the unemployed has been regulated since 1991. The objective of the Act on Adult Education passed in 2001 is to make participation in adult education and training accessible for all and make adult education institutions, vocational training programmes and adult education services meeting the quality requirements. It is a problem that education, training and higher education are often not adapted to the demands of the labour market. There are not enough skilled workers, but the structure of higher education does not comply with the demands of the labour market. There is a high dropout rate of disadvantaged children from school. Several programmes exist to motivate those who have no qualification or vocational qualification for continuing their studies within the school system or for obtaining qualifications within the possibilities of adult education.

Priority was given to the extension of **lifelong learning** through support for programmes aimed at developing vocational skills as well as skills related to the world of work and by the extension of favourable financial arrangements and interest in studying in adulthood. The portion of the contribution to vocational training allocated to the Labour Market Fund provides resources for the system of adult education. As a result of the Act on Adult Education passed in December 2001, the institutional system responsible for controlling and ensuring the quality of adult education was put in place in the summer of 2002.

The **employment of young people** is supported by the following measures: (i) wage subsidy offered to the employer to support the practical on-the-job training of young people who have completed apprenticeship schools; (ii) wage subsidies in general (for any employer, for young people with various qualifications) to ensure work experience; and (iii) training for the labour market. The amendment of the Act on Public Education is under way in order to enable young persons with disabilities to obtain vocational qualifications as in the NRVQ (National Register for Vocational Qualifications).

The group most threatened by social exclusion is **the Roma population**, representing almost 5% of the total population. The central elements of their exclusion from society include their weak labour market position and the lack of labour market skills. Promoting their participation in education and training can best support their integration. The important elements of problem management include the PHARE and ministry programmes organised under the supervision of the Ministry of Education; these programmes target primarily the social integration of young Roma citizens. In the areas of education and training of the Roma, two PHARE programmes provide assistance: “*Social inclusion of disadvantaged youth, with special emphasis on the Roma minority (HU-990401)*” and “*Supporting the social inclusion of people with multiple disadvantages, primarily the Roma young people (HU010101)*”. The most important objective of the programmes is supporting and providing equal opportunities for the socially disadvantaged, primarily the Roma population, especially in the fields of education, training, community development, representation of interests and labour market opportunities. The programme HU10101 aims at improving the relationship between the majority society and the Roma minority, in order to strengthen social cohesion. The programme will provide funds for the establishment of information centres, for launching

educational programmes adapted to the needs and training courses to improve labour market opportunities.

The amendment in 2001 of the Act on Employment helps the reintegration of **women**; according to the provisions of the amended Act, the parents making use of child care or nursing leave may participate in subsidised training to promote their reintegration into the labour market. Finally, the breakdown by qualifications of the **unemployed over 50 years of age** is rather unfavourable; active instruments such as retraining, public work and wage support play a key role in strengthening and maintaining the labour market positions of older workers.

Assessment and key priorities for future policy review:

Adjusting the education and training system to the changing requirements of the labour market has begun. It was possible to gather experience with quality improvement of education and supported educational and vocational training through PHARE HU 990401 (which can be considered to be the predecessor of the 1999 and 2000 PHARE projects). PHARE HU 010101 supported the establishment of Roma community and information centres (with training mediators), through which the earning ability of the Roma also improved. Development and widening of the social network and social competences of the programmes' participants are important results as well. Cumulative effects of the programme include the reduction of the number of unemployed in the region, and the development of a regional employment model. Through the involvement of civil partners the third economy sector became stronger. The following tasks are the most important: module type transformation of the structure of vocational schools, the development of core competences, the introduction of quality assurance and statutory support for obtaining the first vocational qualification and the general, language and vocational training of people with disabilities in the framework adult education. A government action programme has been prepared to include several measures for the extension of the possibilities for adult education: by 2006 the Government intends to provide adult education for 800 000-1 000 000 persons on the basis of the existing institutional system of education and culture as well as with the systematised participation of the media and through informal types of training with the help of information technologies, such as education by correspondence, e-learning.

In order to meet the demand of the labour market and have the necessary information available, the links between the institutions of higher education and the national economy must be strengthened by effective labour market planning and by a stronger relationship between firms and universities in the field of research and development. A scholarship system should also be part of this relationship.

There is a need to attain society-wide acceptance and awareness of the concept of lifelong learning, to implement it as widely as possible and to develop, already in primary education, certain skills and abilities that are required by the labour market. Further, information and communication technologies must be spread widely at all levels and in all forms of education. Finally, the quality of public education, higher education and vocational training should be improved through the introduction of comprehensive and uniform measurement and evaluation systems.

4.1.2.2. Measures to promote the reconciliation of work and family life

Current instruments and problems:

Reconciliation of work and family duties is helped by the components of the family support system (universal family allowances, childcare allowance given to parents with children below the age of 3), the social and childcare services, part-time employment and the strengthening of tele-working. Tools helping to deal with work and home duties, and to maintain the integrative role of the family are the following: (i) guaranteeing economic stability and better living conditions through various subsidy and taxation mechanisms; (ii) introducing various information, welfare and mental health advisory and support services to prevent the break-up of families and in cases of divorce; and (iii) promoting the reconciliation of family and career, offering incentives to home-care for relatives in need, and providing support to families in need. Social, child welfare, health and mental health services contribute to this.

Family benefits include the following cash benefits: family allowance, childcare allowance, child raising support and maternity benefit. All parents raising children are entitled to these benefits. Maternity leave and childcare fee are entitlements only for the socially insured. Family allowance is a universal entitlement. All Hungarian citizens with a child under a certain age are entitled to family allowance. This benefit is funded by the central government budget. All women with children are entitled to maternity allowance, which is a single, lump-sum payment equal to 150% of the minimum pension. Childcare allowance is another universal entitlement, which is paid until the child reaches the age of three. The monthly payment is equal to the minimum pension receivable in a person's own right. Child-raising support is an entitlement for a parent with three or more children in the household, if the youngest is between the ages of 3 and 8. The amount is also equal to the minimum pension receivable in a person's own right. Maternity leave is offered for 24 weeks, the first four weeks of which may be taken in the four weeks preceding the expected date of the childbirth. The monthly sum amounts to 70% of the person's average daily pay during the preceding year. Childcare fee is paid until the child reaches the age of two, and its monthly sum is also 70% of the average daily earnings of the person entitled to it, but may not exceed HUF 83 000 (since 1 January 2003). A further assistance is the family tax allowance that is calculated according to the number of dependant family members and its amount increases progressively.

A system offering personal care to the elderly has been built up on a nation-wide scale, but it does not always cover existing needs. In 2000, about 6% of people over the age of 60 took advantage of home assistance, senior citizen club services, or lived in residential homes for the elderly. In Hungary, one-third of the households have under-age children, and 40% have dependent individuals requiring care or having a long-term illness. These family obligations are mainly undertaken by women. The 1990s witnessed the disappearance of childcare institutions run by employers and the capacity of childcare institutions managed by local governments also dropped, especially in the case of crèches. Currently some 8% of the children in the 0-2 age group are being looked after in day-care institutions (the rate for children of kindergarten age was 87.3% in 2000), and only a small proportion of the elderly, disabled citizens needing constant care may have access to institutionalised care.

Assessment and key priorities for future policy review

International comparisons have won recognition for the Hungarian **family support system**, which has been qualified as high-standard. Most OECD countries offer shorter-term and lower amounts of benefits following childbirth. One positive feature of child-raising support is that entitlement is broad-based. Concerns regarding care for and the nursing needs of the elderly, as the population ages and as family patterns change, often cannot be resolved by the family members, the welfare system and the healthcare sector currently responsible for provision. The expected rise in demand requires reorganisation of the division of labour between the social insurance system and the welfare sphere.

It will become **necessary** to develop care provision on a family and community basis, and to expand services that care for and nurse the elderly; which means offering support to family members who do the actual nursing. Both the service system and society in general must be made more aware of the characteristics of ageing/old age, and of the standards for appropriate management of them. It is necessary to continue to develop personal care services that we still lack (for instance, home care with a warning system), to improve equality of access, and to expand opportunities for choice. There is a need to ensure that the various forms of caring for children or elderly or sick family members become accessible to the broadest possible circle (which means that they need to become flexible and accessible to persons with disabilities and residents of small settlements, too). The particular focus should be on the day-care of children under the age of three, and home nursing and care for elderly or sick family members. This means that shortcomings in small settlements should be eliminated.

To achieve these goals, it is necessary to do the following: (i) to promote preventive and primary care, and primary care in conflict management (healthcare, welfare, child protection); (ii) to achieve recognition of home care for children and family members needing full-time care from the point of view of enjoying social insurance rights; (iii) to begin building up a modern nursing care system; (iv) to offer effective assistance to parents wanting children, ranging from assisting with preparations for childbirth until the children begin their working lives – which involves a series of targeted support programmes; (v) to increase family allowances or at least to maintain their value; and (vi) to reduce inequalities and build welfare functions, not only in schools but also in crèches and pre-schools.

4.2. Promoting access to resources, rights, goods and services

4.2.1. Social protection system

Social security is insurance-based, offering pensions, and health insurance to all economically active persons and to all persons who pay contributions as well as those who are entitled to social insurance according to the law (e.g. family members, recipients of income supplements). The cash benefits of social insurance are proportionate to income. However, healthcare services are open to additional persons (for instance, family members). Social insurance benefits, containing solidarity elements among others, come from Health Insurance Fund and Pension Insurance Fund resources, covered by payments from employers and employees. The central budget guarantees the solvency of both of these funds. All employees under employment contracts are entitled to unemployment benefits. The support is financed by (separate) unemployment insurance. Entitlement to support is based on contribution payments for at least 200 days in the preceding four years. The support is financed from the Labour Market Fund. Unemployment benefits amount to 65% of the average previous income of the person, but may not be less than 90% of the minimum pension to which a person is

entitled in his/her own right and not more than double this minimum pension and is paid for a maximum of 270 days. However, the unemployment benefit is relatively low compared to the living costs.

The so-called pre-pension unemployment benefit is a special form of support offered to unemployed people who are close to retirement age. A person is entitled to this support if he/she loses a job within five years of retirement age and if he/she has paid social insurance contributions for at least 15 years. The sum of the support amounts to 80% of the minimum old-age pension and it is paid from the Labour Market Fund.

4.2.1.1. Social assistance

Current instruments and problems:

The social assistance system in Hungary is based not on social insurance entitlement but on means-testing. It is financed partly by the central budget and the own resources of local governments. Providing social aid comes under the responsibility of local governments. There are three main types of assistance:

- **general subsistence assistance**, a regular monthly payment in cash. There are several types of benefits: (i) ordinary social assistance (number of recipients per 10 000 population: 29.9 in 1993, 93.0 in 2001, CSO); (ii) non-contributory old age allowance¹² (number of recipients per 10 000 population aged over 60 years: 43.5 in 1998, 37.1 in 2001, CSO); (iii) nursing fee (rate per 10 000 population: 17.1 in 1993, 28.8 in 2001, CSO); and (iv) finally, ordinary child-protection support, which was paid to about 780 000 recipients in 2001.
- **assistance related to special needs**, such as housing support (rate per 10 000 population: 52.6 in 1993, 179.8 in 2001), indigent medical care (rate per 10 000 inhabitants: 264.1 in 1993, 488.3 in 2001), funeral assistance (number of cases: 65 517 in 1993, 71 386 in 2001), reduced fees in child care institutions¹³;
- **one-off assistance**, including temporary assistance (rate per 10 000 population: 965.8 in 1995, 627.5 in 2001), special child protection benefit (rate per 10 000 population aged 0-24: 1 159.4 in 1998, 1 299.2 in 2001), help with housing debts.

Assessment and key priorities for future policy review:

In Hungary means-tested eligibility for assistance and the amount of most types of assistance are related to the minimum old-age pension. In the last few years, the change in the minimum pension did not follow the increase of the minimum wage, and the relative level of assistance was therefore somewhat eroded. The objectives to further improve the system include an adequate level of assistance; the clarification of issues of eligibility, the enhancement of factors that act as incentives to employment, and the drafting of a conceptual framework for a guaranteed minimum income.

12 The old-age allowance is payable to people who are of retirement age but do not have a pension entitlement.

13 From 2003 meals are provided free of charge to kindergarten children in need, which will be extended to elementary schoolchildren in the coming years.

4.2.1.2. Social and personal care services

Current instruments and problems:

The system of primary (general) and specialised services defined in the Social Act and in the Act on Child Protection is established. Ninety percent of the population live in settlements where access to general services is ensured. However, the ratio of the population covered is lower and many services do not cover the existing needs. In fact, a large number of small settlements are unable to maintain general services (in 2001, 30% of the local governments operated all forms of primary social services), hence the principle of equal access is infringed. At present, local services for the elderly are relatively well developed. General and specific support services targeting families in need can be found only in 50% of all settlements. Professional social workers can only be found in institutions of bigger towns. The cooperation of local governments in order to run social services together in villages is very low (10%), as is the participation of civil organisations in providing these services (7%). Local services for the disabled, psychiatric patients, addicts and homeless people need to be developed as well. Specialised services such as **long-term and temporary institutions providing residential care, day-care and nursing homes** cannot cope with increasing and changing demand. In the case of residential institutions, the main problem is insufficient equipment, while in case of day-care and temporary institutions the main problem is the defective countrywide network of services.

Assessment and key priorities for future policy review:

A key step is the development of **accessible services based on actual demand and at arm's length**, including the strengthening of basic supplies and community services, the continuation of the transformation of large institutions, the establishment of missing institutional forms and the modernisation of existing facilities, the provision of access to such services for people living in micro-settlements and on the outskirts, hamlets, the development of model programmes helping micro-regions to catch up with larger communities. An important task is to launch model experiments to form the basis for the integration of basic social and health care services. The **development of the role of social policy benefits in helping to preserve family functions**: with the strengthening of family assistance services, the establishment of services to support the reconciliation of work and family life, and increased support for the rearing of children in families.

The strengthening of the **role of social policy benefits in helping integration into** society by the development of services for disabled people, facilitating access of the Roma population to social services, the development of the system of services to homeless people, by providing special supporting services and launching model-type programmes to increase the chances for integration of people who leave institutions.

Advocating the rights of care recipients and children is a priority task. This system of advocacy will be put in place in the near future as a public foundation. Increasing the role of non-government entities in both service provision and preparing decisions will play a key part in this. Joint forums of non-governmental and local government bodies are also to be established to contribute to this. Planning need-based assistance, supporting regional planning, uniting resources, boosting the cohesive force of the sector, building human resources, and upgrading welfare training and administration are priority tasks.

4.2.1.3. Benefits for elderly people

Current instruments and problems

A gradual reform of the pension system was begun at the start of the 1990s. Since 1998 a multi-pillar system has been in operation in place of the previous uniform government pension system.

The mandatory pension insurance system was reformed in 1998 through the partial privatisation of the state system and the private pension scheme was established in addition to the social insurance pension system:

- The social insurance pension pillar makes up 3/4 of the mandatory scheme for persons participating in the private system. A PAYG-type model has been retained when defining services, in which the relationship between the amount of contribution paid and the benefits received becomes stronger. **(First pillar.)**
- The private pension scheme, which covers 1/4 of the system, operates on the fully funded principle. From 2013 it offers life annuity defined with payments. During the accumulation period the funds in the person's individual account may be inherited. It is a non-profit fund operating on a corporate model. This system is mandatory for persons beginning their careers – with minor interruptions – while 51% of the persons thus insured joined the system. **(Second pillar.)**
- At the time the pension system was reformed in 1998, a system of government allowances was introduced for the elderly who had not earned pension rights or whose pensions were very low. It guarantees a minimum income as a benefit for persons whose incomes are below a given level. We call this welfare benefit, offering cash support to the elderly, the “zero” pillar of the system. (This benefit is financed by the state budget.)

In addition to the mandatory social insurance pension system, a voluntary pension fund system was introduced in 1994, and to date 30% of economically active persons have joined it. **(Third pillar.)** This pillar is fully independent of the mandatory pension system.

Assessment and key priorities for future policy review:

In 2003, Hungary joined in community-based activities based on open coordination and related to the sustainability of pension systems. We are conducting a detailed analysis of the challenges of an ageing population and are working on designing the pension policy responses to these challenges, based on consideration of the common goals.

With the low economic activity rate, we expect so see a rise in the number of people with short periods of service, which will entitle them to low pensions only. Appropriate preferences need to be introduced for atypical forms of employment that ensure pension rights. Other incentives are needed to induce people to retire later. Sharply reducing the widespread black and grey economy is a major challenge to the sustainability of the pension system. Low pensions that are adjusted to wages will be a problem among persons employed long term at the minimum wage. While increasing adherence to the insurance principle, the solidarity elements of the system will have to be maintained when offering disability benefits

and support to family members. The private pension pillar will have to be reinforced (by upgrading the guaranteed elements, by increasingly pinpointing the rules for service provision, by securing the profitability of asset management, and by reducing overhead costs). Another future challenge will be finding stronger incentives for voluntary supplementary savings.

The Government National Programme of Action for the Elderly currently being designed and expected to be ready in the autumn 2003 will form an umbrella for all measures affecting the elderly in all the different occupational policy areas. The elements of the programme are aimed at expanding the knowledge level (through research and conferences), at increasing the activity of the elderly (through training, employment and recreation), at evolving an environment that is pro-elderly person (improving accessibility, and designing pro-senior facilities that can be installed in homes), and at improving healthcare and social services (enlarging geriatric wards and specialised home nursing and care networks).

4.2.2. Decent and healthy housing

Current instruments and problems

Currently the Government focuses on two main areas concerning the improvement of the housing situation in Hungary: the increase of publicly owned rented housing and the reconstruction and modernisation of blocks of flats built with industrial technology to make them energy-efficient. In 2000, 8% of the flats in Hungary were rented, 3% of which were privately owned, whereas in the EU the rate of rented houses is over 30%. Launched in July 2000, the State-Supported Rented Housing Programme aimed at increasing rented housing. Local governments can apply for non-refundable State funds (co-financing 50-70%) to build publicly owned houses. These houses can be subsidised and non-subsidised rented houses (for the difference, see chapter 2.4), studio flats for young people and housing for the elderly. It is up to the local governments to decide which of these types to build. The second type of State instrument aims at the efficient reconstruction and modernisation of houses built of building blocks and other industrial technologies ("panel" programme) The reason for launching such programmes is that in Hungary there are 600 000-700 000 residential buildings built with such technology, which are in poor technical condition now. The Government has two programmes to tackle this problem. The first one, launched in February 2001, includes the State fund that finances 1/3 of the total costs, with the other 2/3 to be financed by the local governments and the owners. Within the second programme, launched in July 2003, the State budget finances 50% of the total cost. The difference between the two programmes is that the first one provides for partial and the second for complete renovation.

Assessment and key priorities for future policy review:

Under the State-Supported Rented Housing Programme 10 318 flats were built up to the end of 2002 for 43.6 billion HUF (175 600 000 euro), of which 44% are subsidised rented flats, 7% are studio flats for young people and 24% are housing for the elderly. This, a total of 75%, is social housing, meaning that the tenants living in these flats are given flat maintenance support by the local government. Only 25% of this fund was spent on building non-subsidised flats by local governments.

The modernisation programme financed the renovation of 16 825 flats (1.553 billion HUF, i.e. 6 212 000 euro) up to the end of 2002. Currently the Government is drawing up the national housing programme ("At Home in Europe") that puts forward the reform of housing

policy in the short, medium and long term. In the short term, we need to improve access to housing maintenance (welfare-type) support and coordination of this support. The rental housing development scheme planned for 2003-2004 includes increasing the number of rental units along with a new system of rent support. With this, families that rent homes will become able to pay sufficient rent to attract private capital investment in the construction of rental homes. The central government is providing local governments with an overall sum of money to finance rent support, to which the local governments are mandated to add their own rent support share. In the long run it plans to offer incentives to market competition and to protect the natural and built environment. The overall directions of development include renewing the regulations governing real estate in general and construction in particular, offering incentives for construction and investment, extending support for home purchase and social support, and designing unique programmes for persons in unique life situations.

4.2.3. *Health care*

Current instruments and problems:

The Hungarian mandatory health insurance operates as an independent branch of the social insurance system, based on the principle of solidarity. Since 1989, there have been significant changes in the Hungarian healthcare system, particularly as regards financing. At macro-level the current system is quite similar to the systems employed in most EU countries, since its coverage is extensive and most of it is publicly financed. Hungarian law makes supplementary insurance possible too, but its role is very limited because the system is so extensive. The capped funds of the curative/preventive health provision offer effective macro-level controls in all areas except the reimbursement of drugs. Healthcare benefits were last regulated in 1997. The healthcare system offers services to persons covered by social insurance against all risks, to persons authorised only to access healthcare services, and to those whose entitlement is based on international (bilateral) agreements. Dependent family members and pensioners are also entitled to healthcare benefits. Persons become entitled to benefits from the beginning of their illness and the duration is not set. Free choice of physicians is ensured at primary care level. Services include treatment in and outside hospitals, sanatoria, dental care, pharmaceuticals, prosthetic devices, medical appliances, home nursing, transport and travel costs, and the opportunity for medical treatment abroad and for medical rehabilitation. In some cases, co-payment has to be made, e.g. for dental care, pharmaceuticals and medical appliances, as well as for advanced accommodation services during hospital care.

The following measures have been taken for consolidating and modernising the Hungarian healthcare system: an average 50% pay rise was implemented in the health sector; and a debt-relief programme was launched, based on applications. Some 3.1 billion HUF, in total, were provided for 30 hospitals with liquidity problems, on condition that they will establish efficient management systems and transform the professional structure. In order to provide equal opportunities in access to healthcare services, the capacity of the healthcare system has been assessed, regional disparities have been analysed and structural tensions have been revealed. Parliament passed an **Act on Healthcare Institutions**. This Act enables the organised, controlled and regulated development of institutions, through the involvement of private capital, in a sector-neutral way and by ensuring the professional and financial conditions of healthcare service providers. Another law, adopted in parallel with this Act (will take effect in 2004), regulates overtime in the healthcare sector in accordance with EU standards. The service purchasing and financing role of the National Health Insurance Fund is being transformed. Instead of the current obligatory contracting procedure, the National

Health Insurance Fund will enter into contracts with those service providers who fulfil the professional and management conditions. Besides this, volume contracts will be introduced in the field of capacity purchasing and the formulation of professional minimum standards has started. Finally, a system that regulates regional capacity is being introduced to make more efficient use of human and material resources.

Groups excluded from mainstream society are essentially ensured access to primary healthcare services, but there are difficulties which the Johan Béla Public Health Programme should overcome.

Assessment and key priorities for future policy review:

Issues we are forced to resolve when transforming healthcare: fair opportunities for access to services must be ensured to all persons, while the system has to be made financially sustainable— we need a change in structure, quality control, and a transformation in professional and financial controls. The Johan Béla Public Health Programme within the National Programme for the Decade of Health devotes special attention to issues of young, problems of old age, equal opportunities and creating a healthy environment. Implementation of the Programme started in 2003. In the “Equal opportunities for health” subprogram a survey is being launched in 2003-2004 to ascertain the factors that hinder the access to primary healthcare services of excluded groups. An ongoing campaign has been launched as well to popularise discrimination-free healthcare. At the same time complex health education programmes are being introduced for disadvantaged social groups.

Primary prevention is a high priority. Another priority is to prevent avoidable deaths, illnesses and disabilities. One of the key objectives of the National Programme is to improve the health conditions of disadvantaged groups of the population, i.e. Roma people, disabled and homeless people, addicts, children in State care. This involves (i) mapping out the system delivering services to groups of the population excluded from society, developing effective communication skills of service providers, and introducing anti-discriminatory legal measures; (ii) to ensure equal access to health services of disadvantaged groups (Roma, disabled, homeless people, addicts, and children in State protection, etc.). As a new consideration, encouraging the use of services must be applied; (iii) to prevent and better solve conflicts (between staff and patients) in health services, with special regard to discriminatory attitudes; (iv) to launch training courses presenting the relationships between health and culture, increasing tolerance of the other and disabilities at graduate and post-graduate levels of medical and paramedical education; (v) to improve the healthcare coverage of people with a low education living in Roma ghettos or colony-type tenements or disadvantaged settlements. Ways of doing this including training lay healthcare monitors and outreach workers through model programmes, including the general public in preventive care, training healthcare workers in multiculturalism, and introducing mobile screening facilities; and (iv) to improve the prevention, screening, therapy and follow-up care among particularly disadvantaged groups.

4.2.4. Access to education, justice, culture and sports

4.2.4.1. Education

The pre-primary educational level is regarded as the first level of the school system. It caters for children from 3 to 6 years of age. Attendance at schools at this level is optional, except for the final year, which is compulsory. Public-sector institutions may only charge for services

beyond their basic tasks (extracurricular activities, meals, excursions, etc.). In 1999/2000, 365 704 children attended nursery school. Currently, the attendance rate for the 3-5 age groups is around 86.5%.

School based full-time education

Pre-primary – one preparatory year, compulsory	5-6 years
Primary – single structure	6-14 years (1st cycle: 6-10 years; 2nd cycle: 10-14/16 years)
General lower and upper secondary	10/12/14 – 18 years
Secondary vocational school	14-18/19 years (4-5 years)
Vocational training school	14-17/19years (2 + 1-3 years)

In Hungary, higher education institutions are specialised and organise courses in their particular field of specialisation. The range of higher education institutions includes non-university institutions, university-level institutions and institutions providing accredited higher vocational training courses.

Current instruments and problems:

The drop-out rate in public education of disadvantaged and Roma students of compulsory schooling age is high. One of the ways of returning them into education is realigning education. The key objective of this education is to provide **realigning education and training for disadvantaged and increasingly disadvantaged students** who did not successfully complete primary school while they were of compulsory schooling age in order to support their return to the education system, and thus promote their participation in life-long learning.

Since September 2003, the catering for disadvantaged children has been free of charge in nursery schools. This could help increase the attendance rate of disadvantaged, especially Roma children in nursery schools.

A statutory **integration grant** financed by the State is being introduced (2003/2004 academic year) to promote the integration of disadvantaged children, especially Roma. In the case of settlements where the majority of the students in a school are socially disadvantaged, as a result of poverty, ethnic background, disability or any other cause, the integration grant encourages social integration by attracting better-off children who currently attend schools in other settlements. As Community legislation prohibits racial discrimination in the field of education, among others, The Commission encourages Hungary to make greater efforts to integrate disadvantaged children, especially Roma, in mainstream education. In the case of **Roma students**, special programmes have been launched for promoting their equal opportunities in education. A very important result in the field of education in recent years is the system of scholarships available from public foundations established mainly with State support to assist the education and further education of Roma children, which includes the financing of dormitory accommodation as well. The Government supports the further education of Roma students by meeting educational expenses. The ratio of Roma students in higher education is still very low, although in recent years their number has gradually increased.

The provisions of the **Act on Equal Opportunities for Disabled People** and of the **Convention on the Rights of the Child** have defined as an objective the development of

integrated education and training for children with special education needs. The legislative background of the above mentioned act has been put in place with the current Act on Public Education. In the case of students with special education needs positive discrimination elements, included in legal regulations, help them to successfully conclude their studies in higher education. These regulations contain elements which help them already in public education, e.g. using a sign language interpreter, reporting verbally instead of writing, etc. In addition, higher education institutions have also modified their requirements for qualifications in accordance with types of disability. An amendment to the Public Education Act (June 2003) will result in a significant change of attitude, for it has changed the term “disabled” to children with “special educational needs,” which increases expectations towards inclusive schools where the child is a student. The law has introduced numerous changes to increase equal opportunities. It defines and regulates the prevention of discrimination.

Assessment and key priorities for future policy review:

Early school-leaving should be reduced. It is important to acquire those qualifications which can be obtained in formal (school-based) education and training and are requested by the labour market. Further, the quality of public education, higher education and vocational training systems should be improved through the introduction of comprehensive and standard measurement and evaluation systems.

The accessibility of kindergartens and school attendance for children of disadvantaged (mainly Roma) families need to be improved and promoted. Scholarship opportunities need to be further increased and better targeted in the future. In order to enhance the standards of education, Romology as a subject should be introduced in teacher training and humanities curricula. Also, teachers’ methodological skills and pedagogic culture should be improved. Opportunities for social integration and joining employment should be provided for children with special needs and Roma children through integrated education and participation in vocational training.

4.2.4.2. Justice, equal opportunities, non-discrimination and crime prevention

Current instruments and problems:

According to the Constitution of the Republic of Hungary, the State guarantees human and citizen’s rights to all individuals in its territory without any discrimination based on race, colour, sex, language, religion, political or other beliefs, ethnic or national origin, wealth, birth or other positions. In addition, the State intends to guarantee equal rights with measures aimed at the elimination of discrimination. Thus the requirement of non-discrimination in law enforcement is reflected in the fundamental law, and many other parts of the legislation supplement it with detailed, so-called sectoral regulations. Anti-discriminatory provisions are therefore included in the current Civil Code, Labour Code, legislation governing education and disabled people, as well as other statutory regulations covering special areas. An Anti-discriminatory Roma Client Service Network was created under the auspices of the Ministry of Justice, which extends solicitors’ services to individuals free of charge. The development of this network was necessary in the light of experiences in the first few years.

The National Strategy for Crime Prevention was prepared in March 2003 and was accepted by the Government in September 2003. The strategy applies new approaches in the following fields: reduction of child and juvenile crime, strengthening the security of cities, preventing violence within the family, crime repetition and becoming a victim as well as developing

tools helping victims. The fundamental trend is redirection, compensation and treatment instead of punishment.

The Act on legal aid was adopted by the Parliament in October 2003, which aims at the establishment of a system of institutions for persons whose social circumstances warrant it, in which support recipients receive professional legal advice and legal representation in procedures to assert their rights when resolving their legal disputes.

Assessment and key priorities for future policy review:

The anti-discriminatory provisions of the Hungarian legislation need to be developed. The legislation aimed at the implementation of substantial law is insufficient, there are no standard definitions, and Hungary must also comply with the law harmonisation obligations arising from accession to the European Union. The transposition and effective implementation of the anti-discrimination Directives¹⁴ should form part of Hungary's strategy for promoting the integration of ethnic minorities and other disadvantaged groups and the Commission encourages Hungary to make greater efforts in this respect.

Regulations which are in line with the Directives of the European Union are under preparation. The concept of a general anti-discriminatory law (the Act on equal treatment and equal opportunities) has been completed, for which the wide public administration and social discussion was closed recently. In line with the EU Directives and other influential international regulations, the concept defines inter alia direct and indirect discrimination, establishes sanctions in accordance with EC Directive 43/2000, and orders for the establishment of an anti-discriminatory body. The bill will probably be passed on to the Parliament in the second half of 2003. The general law will contain special regulations for the following areas: employment, social security and health, education and training, use of goods and services.

The National Programme for Equal Opportunities financed from the central budget contains projects that promote the change of everyday practices according to the rules laid down in the Act. The Government supports media campaigns against prejudice and xenophobia in order to make tolerance and acceptance of the most excluded groups a generally accepted attitude in Hungary. There are no data on discrimination against sexual minorities, however, the Government acknowledges that the members of these groups suffer exclusion of all kinds, especially in the labour market.

4.2.4.3. Culture, public education, leisure, sport

Current instruments and problems:

In order to better understand social exclusion, the main services of public education for the last ten years have included the following: preventive information supply, training and retraining programmes, support and self-support communities; adult education and training outside the school system; community development; building a network of Roma community centres. The libraries had a very important role also in disseminating electronic reading and access to the Internet. In Hungary, blind people have had access to audio-recorded books in

14 Directives 2000/43/EC and 2000/78/EC.

libraries for many years. The number of those who are deprived of the opportunity to do any sporting activity on account of their social situation is increasing. The Government intends to focus on extending sports opportunities for women and families, people in a socially disadvantaged situation and sports for the disabled.

Key priorities for future policy review:

Equal access to culture and cultural services needs to be ensured by reinforcing institutional services, modernising and reconstructing the institution network and reinforcing the inclusion of the civil society. It is an important task to support social sport (especially sport for women, families and the elderly), as well as programmes of crime prevention and those encouraging a healthy lifestyle, in order to facilitate the social integration of the marginalised groups. A further important objective is to promote the sport facilities for the disabled. The minimum objective is that all large cities should have an accessible sports centre and swimming pool by 2005.

4.3. Preventing the risks of exclusion

4.3.1. Increasing chances of integration into a knowledge-based society

Current instruments and problems:

Spreading of the modern information and communication instruments may weaken certain social groups through the so-called 'digital divide'. The Hungarian Strategy for the Informational Society, focuses on the provision of e-Inclusion for disadvantaged groups (the elderly, Roma people and disabled). It aims at the reduction of digital divide: by (i) the establishment of "e-chance points" and an IT mentor system; (ii) normative support system for people with disabilities; as well as (iii) special education, training and employment of disadvantaged people.

Several programmes have been launched to provide access to IT tools and information available on the Internet for disadvantaged groups and settlements at risk of exclusion. The most important fields of these programmes are the following: (i) supporting community access by providing computers in disadvantaged, isolated, rural settlements on the one hand and to ensure access to relevant data content, as well as opportunities to learn computer literacy for the local population, on the other hand; (ii) educational IT programmes are the "Sulinet" and the "Sulinet Express", targeting children of compulsory school age and students participating in secondary and higher education. Beyond that there is a kindergarten computer programme called "Brunszvik Teréz programme" which promotes early socialisation related to the knowledge-based society in disadvantaged settlements.

Assessment and key priorities for future policy review:

The Government has decided to significantly extend the existing IT programmes by developing the following actions: (i) quantitative and qualitative development of IT infrastructure, provision of full access and acceleration of the speed of data transmission. Furthermore, supporting and encouraging the supply of IT equipment for individuals, families and workplaces, extension of Internet access for the community, through involvement of the widest possible range of public and non-public institutions as part of the public net programme; (ii) Development of data content relevant for the disadvantaged population, easing and accelerating of official administration and wider involvement in decision-making through the instruments of e-government; (iii) to foster equal opportunities, the computer

programme for kindergartens will continue and a new digital secondary education will be launched for disadvantaged groups (those imprisoned or living in disadvantaged settlements); and (iv) the IT and communication needs of the Roma self-governments and civil organisations has to be met through providing them with IT equipment.

4.3.2. *Indebtedness*

Current instruments and problems:

The abolition of centralised pricing and subsidised utility charges, price liberalisation and the increase of housing expenses led to debt accumulation among households. The need arose to declare debt management a social responsibility. The Act on Social Services introduced the management of household debts and arrears and placed it under the responsibility of local governments from 2003. The service operates as a two-pillar system: on the one hand, financial support to reduce debts is available from mainly central budgetary sources (90%) and, on the other, advice is provided for maintaining the solvency of the households.

Assessment and key priorities for future policy review:

Several action programmes tried to find solutions to the problem of indebtedness, but they brought about only temporary results. A considerable proportion of indebted households have no paying capacities, so the labour market prospects of household members of working age must also be improved at the same time: (i) over-indebtedness affects mainly those living in big cities and disadvantaged territories of the country. It therefore makes the increase of the accessibility of housing subsidies necessary; (ii) experts offering advisory services in debt management need to be trained and (iii) the accumulation of debt related to housing has to be mitigated by introducing preventive instruments such as the widening of the flat maintenance support scheme.

4.4. Helping the most vulnerable

4.4.1. *Programmes and measures for the integration of the Roma*

Current instruments and problems:

The Roma population represents around 5% of the total population. All the indicators concerning their social situation are much more unfavourable than those of the non-Roma population. The incidence of poverty is 5-10 times higher and the unemployment rate is 3-5 times higher than among the non-Roma. According to the 2001 national census among the Roma population 60% of the 15+ age group has finished primary school education whereas among the non-Roma population this is 90%. Only 2.2% of the Roma population has higher education degree (school leaving examination or college/university degree). ; 20% of them still live in segregated settlements with insufficient utility supply and 60% of them live in disadvantaged areas. The rights of national and ethnic minorities, including the Roma population, are guaranteed in a separate Act. The enforcement of the rights is monitored by the **Parliamentary Commissioner for National and Ethnic Minority Rights**. Modifications of sectoral legislation have been prepared, taking into account the provisions of legislation relating to the rights of minorities. In 1997, a new regulation was introduced to prevent discrimination in employment, which imposes **more severe sanctions on the employer in cases of discrimination between employees**.

The Roma have cultural autonomy, a **minority self-government system** and a nation-wide network of NGOs and foundations protecting their rights. The right protection of the Roma is promoted by a nation-wide network of Roma right protection offices. In 1996, the Government created the **Public Foundation for Roma People in Hungary**, with the aim of supporting the Roma integration programmes. First in 1997 and then in 1999 and 2001, a **medium-term package of actions** was adopted aimed at easing disparities in society, preventing and reducing prejudice and discrimination. After the current Government came into office (May 2002), it was decided to modify and extend the medium-term package. In order to implement the aims of the package, the Government set up new institutions.

In 2002, a Political State Secretary was appointed and the Office for Roma Issues attached to the Prime Minister's Office was created. Since August 2003 these institutions have been working under the direction of the Minister without Portfolio for Equal Opportunities. The Roma Council has been set up, chaired by the Prime Minister and acting as the civil advisory board of the Government. In Ministries, ministerial commissioners or desk officers for Roma matters assist the process of monitoring the objectives of social integration and equal opportunities. An Inter-ministerial Committee for Roma Issues, an organisation promoting cooperation within government, was established, in which Ministries are represented by their deputy State Secretaries. Public representatives of the Roma community and their organisations obtain the necessary information about public and political events, the work of the Government and possibilities for civil organisations and EU accession through the new Roma Information Network.

The medium-term package of actions **promoting equal opportunities for Roma people** has the following objectives for the period 2003-2006: promoting equal rights, improvement of the quality of life, development of physical and mental health, capabilities and communication skills, promotion of lifelong learning and knowledge enhancement, better living conditions, elimination of environmental damage, long-term and marketable job opportunities in addition to temporary employment options, dissemination and preservation of cultural values, encouragement for cultural activities, development of identity and promoting social dialogue alongside accepting values which are free of prejudice or violence. The modified version of the medium-term package is to be adopted by the Government in the second half of 2003.

Assessment and key priorities for future policy review:

In 1993, the minority self-governments were created with the aim of guaranteeing **cultural autonomy**. According to the law, these bodies are not authorised to tackle Roma social inclusion issues but only to promote individual and collective minority rights. The Act on Rights of National and Ethnic Minorities is currently being reviewed and a new draft is being prepared to modify the law. The changes will affect the minority self-government election system, mandates and monitoring: (i) one of the most important tasks ahead consists in strengthening the coordination between the Roma programmes of the Government; and (ii) the national strategic documents, which are being drafted at the moment, must include with due emphasis the complex issues related to the Roma population.

4.4.2. *Steps assisting disabled people to lead an independent life*

Current instruments and problems:

In order to promote the social integration of the disabled and to improve their social situation, a differentiated social support system is operating in Hungary. The in-cash support system is made up of two types of benefits. One type consists of income-supplementary benefits for severely disabled persons (e.g. disability allowance, allowances for physically disabled persons), while the other comprises benefits for the relatives caring for the disabled people (extended child care allowance, nursing allowance). Two new forms of the special personal care services for the disabled are the support service and the nursing homes.

According to the Act on Rights and Equal Opportunities of Disabled People, they are entitled to integrated or, if it does not exist, to supported employment. In accordance with this, employers are obliged to provide an appropriate working environment, with the requisite conversion and equipment, by means of budgetary support if necessary. If the integrated employment of a disabled person is not possible owing to his condition, then his right to work has to be fulfilled by a special workplace.

The Act on Rights and Equal Opportunities of Disabled People adopted in 1998 identified the rights and defined the instruments to enforce them. It regulates the rehabilitation of disabled persons (environment, communication, transport, support service and instrumental aid) and gives equal opportunities to them. The National Programme for the Disabled, related to the Act, projects the strategic objectives required for equal opportunities and fully equal social rights, and the related measures and tasks for a long time. With regard to the execution of the National Programme for the Disabled, the following actions have been undertaken: (i) **investment programme** entitled “Development of accessible transport”; (ii) **in communication**, training and provision of interpreters in sign language; (iii) revision of the procedure of the **health assessment** system has started to develop a standard and up-to-date procedure, in compliance with international classifications; (iv) in **education**, the integration approach has moved into focus. With the introduction of the normative grant in adult education the possibilities of general, language and professional training for people with disabilities has widened; (v) an important requirement for **employment rehabilitation**, the basic rules of the Labour Code state that no distinction connected to disability can be made between employees; and (vi) disability allowance was introduced among social benefits as financial support to severely disabled people. Detailed rules were adopted for **residential homes**, a **medical check** was started to assess the condition of disabled people living in residential nursing and care homes and individual development plans were prepared for them. A programme was developed to restructure the institutional system caring for disabled people.

The problems of durably, chronic ill people should also be mentioned here as they partially overlap the circle of disabled persons. Chronic illness in itself does not necessarily mean serious disadvantages, but their harder life situation can easily lead these people to social exclusion.

Assessment and key priorities for future policy review:

In 2001 and 2002, budgetary support of 200-200 million HUF was made available in order to provide equal opportunities for disabled people in the field of transport and to support programmes of public transport companies. The Ministry of Economy and Transport

suggested further developing the programme and providing support for local authorities as well.

Hungary started programmes for the standardisation of definitions and concepts relating to disability and occupational rehabilitation, as well as for the better knowledge of the number, social structure and living conditions of the disabled population. With regard to social services for the disabled, in relation to the modernisation of services, the main objectives include the development and introduction of new professional methods, organisational solutions and new types of services, which aim mainly to give assistance in the individual's own environment. Finally, it is necessary to revise and modify the school achievement and disability assessment system, which affects to a great extent Roma children.

4.4.3. Elimination of social exclusion among children

Current instruments and problems:

The Child Protection Act, complying with European legislation, was passed in 1997. Its main aim is to promote the raising of children in families. It established a national network of child protection services, which defines the primary and special forms of services for child care in case of a family crisis or when the child has to be taken out of the family. It revised and separated administrative and service-type tasks in the child protection system, as well as it regulated and expanded the entitlement to in-cash child-raising benefits in case of need (ordinary and extraordinary child protection benefit). In order to increase the capacities of kindergartens and childcare centres and make the service flexible, alternative daily childcare services have been launched.

Assessment and key priorities for future policy review:

Child welfare services are available in almost all towns and villages, but only half of them function in an institutional framework; 47% of local governments that run these services employ people with no social qualifications (they are either local teachers or health visitors). The accessibility of institutions providing day care – especially for children aged 0-3 years – and respite care needs to be improved.

It is necessary to establish specific children's homes for children with serious psychological problems, antisocial behaviour or drug problems, living as part of the child protection system. There is a need to develop the primary and special care services that are lacking, as well as those services and institutions which promote the integration of socially disadvantaged children and young people with special needs, and the improvement of the integration opportunities of those leaving child protection institutions through innovative services and programmes is also necessary. Finally, it is necessary to increase the level of family benefits and the support for those most in need in order to promote the raising of children in families.

4.4.4. *Assisting addicts, supporting psychiatric patients, mental health programmes*

Current instruments and problems:

Per capita alcohol and nicotine consumption has been consistently high in Hungary, and it is still on the increase. 40.7% of men and 26.3% of women over 18 are regular or occasional smokers¹⁵. 65% of the population is exposed to passive smoking. Mortality related to alcohol is high. Mortality rates per 100 000 population due to diseases of the liver are 94.2 for males and 35.4 for females. Further, the mental condition of the Hungarian society is poor (although we have few reliable data on this issue). More than 15% of the population suffer from severe depression at least once in their lifetime and only few of them receive treatment. After a considerable improvement, the suicide rate was still very high, 31.6 per 100 000, in 1997.

The number of people trying drugs more than doubled in the second half of the 1990s. Over the last 15 years, a wide range of measures against drug consumption has been put in place. A National Drug Strategy¹⁶ was adopted in 2000, setting objectives in the fields of prevention, treatment, rehabilitation and reduction of supply. The “Johan Béla Public Health Programme” was adopted in 2003. Its main aim is to extend life expectancy by 3 years in a decade. One of its main priorities is to improve mental health and develop health services and public health institutions in the field of addictions.

Assessment and key priorities for future policy review:

Services for alcohol addicts are suffering from lack of capacity. Society reacted to the drug-related problems with a considerable delay. Although almost all types of services are available to manage drug problems, there are significant shortfalls in capacity, quality assurance and geographical coverage: (i) society should become sensitive to efficient management of addiction, and local communities and civil organisations should increase their problem-solving capacity in combating drug and alcohol issues and mental health problems; (ii) in the field of addiction, priority must be given to the implementation of the National Drug Strategy and the accompanying action programme; (iii) the objectives of the “Johan Béla Public Health Programme” include reducing the number of alcohol addicts below 500 000 by 2012 (they currently number between 800 000 and 900 000) and to keep the number of drug addicts at the level of 2002 by 2008; (iv) to reduce smoking, a body called “Office for the Coordination of Anti-Smoking” will be set up in the near future to launch programmes that help people to fight against and to stop smoking. The aim is to reduce smoking by 8% a year by 2005; (v) community care, daytime, rehabilitation and respite institutions should be extended and established because the number of alcohol and drug patients is increasing. It is important to ensure better geographical coverage and better adjustment of services to the condition of the patients; (vi) significant development of damage-reducing and low-threshold services for drug addicts are needed by extending the tasks of day-care institutions; (vii) preventive programmes should be designed and operated in order to improve the mental health of the general public, in which the family, local communities and NGOs will play a major role; and (viii) there is a need to improve the cooperation between the healthcare and welfare domains in caring for patients with psychiatric problems.

15 National Population Health Survey, 2000.

16 National strategy to combat the drug problem

4.4.5. *Homeless people*

Current instruments and problems:

Hungary has had to look for answers to the problem of homelessness again since 1989-1990. Services to homeless people have been regulated by law since 1993. There are various types of assistance to homeless people: providing accommodation, daytime care and street social work. The involvement of non-governmental organisations is extremely high in providing services for the homeless. As from 2002, a ministerial commissioner was appointed for the management of the existing problems and coordination of the work of those who provide services. Steps were taken to coordinate the provision of social and health care for homeless people, to establish a subsidised housing system outside the institutions, and to strengthen the work carried out on the streets. In 2003, the Parliament passed a resolution on the prevention of homelessness of families.

Assessment and key priorities for future policy review:

During the last five or six years, the number of accommodation facilities taking homeless people has nearly doubled, offering approximately 6 200 beds at the end of 2002, yet the estimated number of homeless people is between 35 000 and 40 000. Despite the efforts made in recent years, the weakest area in homeless services is assisting those living outside institutions (in the street, public areas and other premises not used for housing). The accommodation facilities admit mostly men, and there are very few facilities for homeless women. There are very few programmes designed to prevent homelessness or to assist reintegration, although in recent years grants have been offered to employ homeless people and model programmes have been introduced to support independent living.

Effective management of homelessness among young people and families has not yet been resolved: (i) the review of the system of services to the homeless and the minimum guarantee of housing are the most important tasks; (ii) a key task is to establish guarantees for the provision of services to those who are outside institutions; (iii) there is a need to strengthen inter-ministerial cooperation for the coordination of adjacent areas (health care, employment, housing); (iv) apart from caring for those who are already homeless, it is important to launch a model programme aimed at reviewing the conditions for prevention of homelessness and supporting reintegration; (v) it is important to prepare an action programme for the prevention of families from becoming homeless; and (vi) flexible and predictable financing instruments must be introduced in order to be able to predict services and temporary care provided to the homeless in winter.

4.4.6. *Disadvantaged areas, regional differences*

Current instruments and problems:

Preventing the emergence of crisis-zones is an important part of a complex system of regional policy targets and tasks. The goal is to ensure social equality and to reduce regional inequalities between advanced and backward regions and settlements, which includes differences in living conditions and in economic, educational, cultural, healthcare, welfare and infrastructural conditions. The Government would like to do this primarily by offering additional support to the regions Parliament has defined as disadvantaged areas, and to manage the support systems operated by the various Ministries in a more regionally coordinated and careful manner.

The direct means for regional development are resources allocated targeted and exclusively for regional development (including the tasks related to reducing differences already mentioned), which only can be used in disadvantaged areas that are earmarked for regional development priorities. These funds currently consist of Targeted Regional Development, Targeted Support for Regional Equalisation, earmarked funds for Reducing Regional and Settlement Differences, the Subregional Development Fund, Support to Enterprise Zones and Targeted Decentralised Support.

In addition to the direct regional development tools to increase opportunities for residents of backward regions, other government support systems have also been involved in this area, although priority management of disadvantaged regions is not their primary or exclusive task. There are nearly 20 such funds which are indirect tools of regional development, of which the most important are the targeted and earmarked local government funds, Earmarked Economic Development Funds, Earmarked Tourist Development Funds, etc. Further, there are separate funds focused on accelerating the development of backward subregions in seven disadvantaged counties, coming from targeted funds managed by the various Ministries, the EBRD and EIB loans for regional development, and local tax concessions, all of which play an important supplementary role.

Small district social programmes aim to ease the social problems of the population living in disadvantaged areas by strengthening and developing social services and running local programmes. The rural **social economic programme** targets groups living in disadvantaged areas and in socially disadvantaged positions. The beneficiary families are typically long-term unemployed, elderly people, large families and Roma families. Starting in 2004, a **settlement elimination model programme** will begin in four regions. The funding will come from an earmarked fund within the housing programme. This programme uses a comprehensive approach, which includes improving housing quality, expanding employment opportunities, increasing education, improving health, offering environmental education and expanding community development.

Assessment and key priorities for future policy review:

The operation of a system of regional development support can alter regional development in a favourable direction, but it cannot fundamentally change economies that are determined by market flows. In some cases, regional differences have increased, while the objective of regional policy to prevent the emergence of crisis zones has been met.

In order to improve the success of regional development and the prospects for people residing in disadvantaged areas, institutional conditions required for a more assertive regional distribution of development resources and for a re-stratification of decision-making authorities will be stepped up, starting in 2003. The building of a system of subregional institutions (Subregional Development Councils and Professional Offices) has begun. Their job is to increase the role of regions and subregions in regional development, to promote the wide-ranging inclusion of partners and to offer incentives for designing and implementing regional development programmes. Regional development councils and their agencies are also being reinforced to promote the establishment of regional local governments. In the future, a considerable proportion of support indirectly aimed at regional development and resources made available from the EU Structural and Cohesion Funds will have to be used for these realignment tasks, with better coordination and more concentration, in line with the cohesion policy of the EU.

4.4.7. *Promoting the social integration of migrants and refugees*

Current instruments and problems:

There has been a change in recent years regarding refugees and other persons receiving asylum, as well as among a limited number of immigrants, as far as their ethnic and nationality composition is concerned. It involves a high level of religious and cultural diversification among the group in question. Current experience shows that persons whose refugee status is recognised remain in the refugee reception stations for the maximum time allowed by law, taking full advantage of the benefits and support available. In July 2002, a government decree resolved to design and implement an integration policy. Within the framework of it, a pilot programme was begun in early 2003 offering language lessons and training to facilitate entering the labour market.

Assessment and key priorities for future policy review:

The integration pilot programme will be concluded at the end of 2003, and in 2004 a comprehensive integration programme will be designed on the basis of the lessons learned. However, the social adjustment of foreigners is a multi-phase process and is time-consuming. The initial features of integration are learning Hungarian, gaining the legal and practical knowledge for independent living, ensuring competitiveness on the labour market, and adjustment to the education and social insurance system.

The integration policy being drawn up considers the following principles and practical considerations to be of fundamental importance: (i) a rational and effective division of tasks and authority between the various Ministries, local governments and social organisations to assist refugees and immigrants in social adjustment; (ii) providing the financial resources needed to meet the tasks related to the integration programmes as normative support; (iii) shaping public opinion through active means of communication (providing information, media campaigns).

4.5. Mobilising all relevant bodies

4.5.1. Public administration reform, mobilisation of public authorities, strengthening coordination between levels of administration

Current instruments and problems:

The change of regime created the system of local self-governments and strengthened local autonomy. The new system was over-decentralised in many respects but fulfilled the political mission that people were able to test their local autonomy and local political power. The responsibility for handling social problems was delegated by the Social Act (1993) to the local authorities by means of financing shared with the central budget. In the fight against unemployment, local government was offered relatively few instruments and funds.

The principles for an efficient public administration need to be reconsidered. This includes the need to identify what is the most appropriate level of administration – and nearest to the people – that has the required administrative capacities for the public services to intervene in a professional, efficient, and coordinated way. The emerging reform of public administration aims to strengthen primarily the role of regions and micro-regions in the light of the above

principles. The general reforms also require the re-regulation of the tasks of public authorities and public services in the struggle against poverty and social expulsion.

In order to provide equal opportunities for groups in a disadvantageous position and to promote efficient governmental coordination, in 2003 the Government established the post of minister without portfolio responsible for equal opportunities. The tasks of this minister include coordination of the various sectoral policies at governmental level and implementation of the principle of equal opportunities.

Assessment and key priorities for future policy review:

The **local government system** will be developed on the basis of the principles of decentralisation and regionalisation. In the first phase of the programme for local government reform, the autonomy of villages and towns will be strengthened. In the second phase, the so-called small districts will be created and in the third phase the regional governments. The general reforms will also call for re-regulation of public administration and public service measures against social exclusion.

4.5.2. *Delivering social services*

Current instruments and problems:

In the restructuring of public social services – in the broad sense of the term – not only decentralisation and delegation of a considerable portion of tasks to local governments has brought a significant change. The non-government sector was also able to enter the market of personal care services, and if the required conditions prevail, they also have a right to use normative support from the State to perform public tasks. After the change of regime, almost 60 000 new non-governmental organisations were created, one-tenth of which perform important public tasks in health care, social services, education and child protection.

From 2003, a new law obliges towns and villages with over 2 000 inhabitants as well as the county governments and the capital's local government to establish local social roundtables whose members will be the representatives of social institutions run within the territory of the local governments. Another 2003 amendment to the Act on social administration and provision of social benefits stipulates that social policy councils are to be established at regional-level to offer opinions on social policy and child protection plans, decisions and draft legislation, and to evaluate forms of services.

Assessment and key priorities for future policy review:

Indirect (regulatory, supervisory and financing) government techniques replacing direct bureaucratic control should be developed. The distribution of tasks and responsibilities between various levels of administration should be made clearer and more definite. Settlements have a legal obligation to create the concept of social policy with the involvement of all local participants concerned. It is necessary to strengthen the principles of sector neutrality and normativity. Flexibility and innovation are required in services. Finally, community initiatives mobilising resources and reacting to changing needs should be encouraged and supported.

4.5.3. *Development of institutions of social and civil dialogue, involvement of all relevant bodies and representatives of excluded groups in decision-making*

Current instruments and problems:

There have been significant shifts of emphasis in the legal responsibilities of tripartite institutions during the last ten years, but the consensus has been maintained that representatives of employers, employees and the Government jointly decide on employment and labour regulations and the use of funds serving employment policy objectives (National Interest Reconciliation Council, Steering Committee of the Labour Market Fund—“MAT”). After the current Government came into office (June 2002), it renewed the mechanisms of interest representation with various social partners, strengthening and extending their rights. The efforts aimed at strengthening and extending the fora of sectoral interest representation point in the same direction too.

There are about **60 000 traditional non-profit organisations** registered in Hungary today under current legislation and about 47 000 of them are in operation. The Hungarian NGO sector which developed over the course of a decade is struggling with a number of problems. While there is a limited organisational sphere that had become professional, most are economically weak and fragile organisations. No uniform model for representation has evolved. A government **NGO strategy** was designed in the spring of 2003 to reinforce the NGO sector and to promote an improvement in quality. A basic element of this is the National Civil Basic Programme. Through the Civil Basic Programme civil organisations are provided with significant extra financial support that is to result in more efficient, successful functioning of civil organisations in the fields of social services, rehabilitation, disability care, child protection and rights protection.

Regarding social matters, the most comprehensive umbrella organisation for cooperation between social organisations and the Government is the Social Council. The Council and its sub-councils are composed of representatives of the government agencies concerned and of various civil and religious organisations. In the dialogue with the organisations of disabled people the supreme organ is the Council of the Disabled. The Council of the Elderly is one of the key fora for discussing issues affecting elderly citizens. In the area of healthcare the National Health Council plays a similar role. The National Roma Local Government and the Council for Roma Issues were given the opportunity to get involved in planning processes and evaluation work at governmental level and express their views. There are other consultative organisations outside this framework, such as the Drugs Reconciliation Forum, which, beyond its consultative role, takes part in planning local drug strategies. Units maintaining relationships with social organisations and NGOs have been established in the various sectoral ministries. They are charged with evolving social partnerships in their own areas, with establishing conformity and developing the forms and practices of cooperation aimed at coordinating and promoting social interests.

Assessment and key priorities for future policy review:

One part of the government strategy with regard to NGOs is to make their operation more transparent, consistent and simple by reviewing and amending laws, and tangibly increasing the funding for NGOs. It considers the NGOs to be an integral part of social dialogue and interest coordination. It is taking measures to implement “open legislating,” in other words, when drafting legislation it plans to make the drafts accessible over the Internet and assure all bodies offering opinions the opportunity to make worthwhile contributions.

In the area of development of the institutions of social dialogue, the most important strategic objectives are the following: (i) cooperation in areas not covered earlier, opportunities for involvement, and creation of new institutions for civil dialogue at national and local levels (e.g. creation of Social Policy Councils); (ii) establishment of institutions for civil dialogue at local, regional and settlement levels; (iii) development of regional and local development plans in accordance with statutory regulations; and (iv) using the opportunities provided by the Internet to make dialogue faster, more effective, wider and more transparent.

5. PROMOTING GENDER EQUALITY IN ALL ACTIONS TAKEN AGAINST POVERTY AND SOCIAL EXCLUSION

Before 1989 both the overall and female activity rates were close to those of the most developed European countries. In 2002, in the 15-64-year age cohort employment rate for men was 72.8% in the EU-15 and 63.5% in Hungary, while the employment rate for women was 55.6% and 50.0% respectively. Income differences between the two genders have remained virtually unchanged. In comparable occupations the income of women was about 13-14% less than that of men in 2002.

Depending on the indicator chosen, about 10 to 15% of both men and women are in poverty. However, the reasons for poverty are somewhat different in the case of the two genders. In case of women poverty is mainly due to their low participation in the labour market, and the low level of their replacement incomes (childcare allowance, low pension of single and elderly women, etc.). Men are vulnerable particularly if they are long-term unemployed and have lost all entitlements, or if they are low-paid or single.

The Government pays special attention to ensuring alignment with the achievements of the European Union and to implementing gender mainstreaming. In this field the Hungarian legislation is practically in line with the European standards. There have been some structural changes recently concerning gender equality. The task of the minister without portfolio responsible for equal opportunities appointed in May 2003 is to coordinate the governmental initiatives concerning equal opportunities in a wider sense, incorporating gender equality, the Roma and the disabled. Bodies dealing with gender equality are also being set up. The re-designing of the operating conditions and area of competence of the "Council for Women's Issues" is under way. Once the work of bringing the laws in line with the EU regulations has been completed, the task of the coming years will be the implementation of rights. For equal opportunities to be achieved on the labour market we need to revise and, if necessary, modify the legal regulations of the various sectors. Special attention needs to be paid to the position of women of child-bearing age, those bringing up children and those above the age of 40, and to that of female Roma citizens.

The reconciliation of work and family life should be supported by the development of flexible workplaces. In order to provide care in crèches to the necessary extent, it will become mandatory for local governments as from 1 January 2004 to run *crèches* in all settlements with a population of more than 10 000. Gender mainstreaming is a comprehensive horizontal objective across and between sectors. Its implementation requires an appropriate statistical and monitoring system. The Government has created an expert committee as a first step. Finally, domestic violence and sexual harassment in the workplace has become a topic on the agenda of civil organisations and for the Government as well. It is imperative to make women's civil organisations participate in the work for equal opportunities.

6. STATISTICS OF SOCIAL EXCLUSION

The Central Statistical Office carries out various regular and ad hoc household surveys and institutional surveys that are used as data sources for the description, analysis and monitoring of social exclusion and poverty. The most important ones are the Labour Force Survey (LFS) and the Household Budget Survey (HBS). For the time being, the latter serves as a source of most of the Laeken indicators, except for indicators of persistent poverty, for which longitudinal surveys would be needed but are currently not available.

While some research institutes also carry out social surveys, the only official source of data on household income is the HBS. The representativeness, the sample size and the method of data collection of the HBS, a survey that has undergone considerable harmonisation over the last few years, are close to the Eurostat requirements. For the time being, Eurostat data requests are fulfilled using the HBS data and the Eurostat definitions. The recent adoption of the SILC regulation is a new development in income and exclusion statistics. Hungary will adapt the SILC regulation fully by 2005, and this will be the key data source of the Laeken indicators subsequently. The two pilot surveys, in 2003 and 2004, will be carried out according to the recommendations of Eurostat. The integration of the new data source into the Hungarian statistical system was started early this year. This process involves the review and possible revision of other existing data sources. In the meantime, until the EU-SILC is fully implemented, the HBS will continue to be the official data source for the Laeken indicators.

Following the full implementation of EU-SILC, other data sources will still be needed for better understanding, analysis and monitoring of poverty and social exclusion. For this reason, besides the further integration of existing data sources, the Hungarian Central Statistical Office proposes a national social exclusion survey programme to supplement the statistics of poverty and social exclusion and, in particular, to fill the pressing information gaps of the future National Action Plan.

7. SUPPORT TO SOCIAL INCLUSION POLICIES THROUGH THE STRUCTURAL FUNDS

At the end of March 2003, Hungary submitted its National Development Plan (NDP) to the Commission. The NDP determines the development policy objectives and priorities, for the achievement of which it expects support from the Structural Funds in the 2004-2006 period. Its long-term objective is the need to improve the quality of life of its citizens.

During the first three years following accession, Hungary will concentrate primarily on the reduction of the 'gap' in incomes. In this context, the general objective of the NDP is to reduce the 'income gap' compared to the EU average. To this end, there is a need to improve the competitiveness of the economy, develop more effective utilisation of human resources, improve the environment and promote balanced regional development.

To achieve these objectives, five Operational Programmes have been submitted by the Hungarian authorities in respect of assistance from the Structural Funds. These include the Operational Programmes for Economic Competitiveness, Agricultural and Rural Development, Human Resources (HRDOP), Environmental Protection and Infrastructure (EIOP) and Regional Development (OPRD).

The development concept of social integration under the Hungarian NDP reflects the key priorities of the EU strategy in tackling social exclusion. In particular, the social inclusion

aspect is emphasised under the Human Resources Development OP. Under the proposals submitted, the HRD OP represents the biggest share of the resources from the Structural Funds (ESF and ERDF) with over 28% (around 562 million Euros) of the total assistance available for the programming period 2004-2006. The HRD OP is financed primarily by the ESF: in the 2004-2006 period it will provide 385 million Euros; for the same period the ERDF provides 177 million Euros for the development of educational, social integration and health infrastructure. The ESF will also provide 30 million Euros for the implementation of the EQUAL program. The strategy of HRD OP is built on a number of key objectives including: *increasing the employment rate, strengthening the competitiveness of the workforce, promoting a more inclusive approach in access to education, training and labour market integration and strengthening equal opportunities*. Instruments will include measures designed to prevent the emergence and promote the elimination of poverty and social exclusion, particularly as they relate to participation on the labour market and employment. In this context, efforts are also to be made to increase labour market participation, as well as to strengthen access to education, training and social services for the most disadvantaged. There is also a need to reduce regional differences in access to educational/training facilities as well as in social and health care services to improve the position of the disadvantaged, including the Roma, people living in backward regions, disabled persons and addicts.

The strategy of the HRD OP is to be realised along *four priorities*, including:

1. *Support for active labour market policies*: The objective of this priority is to help the reintegration of unemployed persons in the labour market, the prevention of long-term unemployment, support to young people to become integrated into the labour market. On the other hand, it supports initiatives helping women to participate in the labour market, including support to entrepreneurship and the development of services which would provide care for family members during working hours.
2. *Struggle against social exclusion by assisting entry into the labour market*. This priority supports initiatives which have the objective of offering opportunities to people in the most disadvantageous position - the Roma, long-term unemployed persons, disabled persons, addicts, people living in backward areas – to enter into the labour market and become integrated into society. In this context, there is a need to build on the instruments of education and training, employment and social services. The objectives of the priority are: (i) to improve the educational and training background of young people in a disadvantageous position, including young Roma; (ii) to improve the opportunities for people in a disadvantageous position to participate in training and thus to increase employability, and to help them to become integrated into the labour market; (iii) to improve the quality of, and access to, employment opportunities and social services.
3. *Implementation of the concept of life-long learning, including the development of systems of education and training as well as entrepreneurial skills*: The objective of the developments realised within the framework of this priority is to make the systems of education and training more effective in providing basic skills, as well as vocational training and knowledge which would meet the requirements of the economy, thus improving the competitiveness of the labour force. Equally, by supporting the training of employees and entrepreneurs, this priority helps people to obtain up-to-date knowledge and the skills required by the information society.

4. *The development of the educational, social and health care infrastructure:* This priority supports – with assistance from the European Regional Development Fund – the development of infrastructure in education, health and supporting social integration (including equal access to services and the development of the quality of supplies in order to make the human resources development incentives supported by the European Social Fund more efficient and effective).

In addition to the HRD OP, *the Regional Operational Programme* (OPRD) also contributes to the achievement of the Joint Objectives of the Fight against Poverty and Social Exclusion and to the implementation of the European Employment Strategy in Hungary. While the HRD OP will seek to achieve the above objectives by employing a wide range of instruments at national level, the OPRD emphasises the local dimension of employment and contributes to the extension of employment of people in a disadvantageous position through the development of the social economy.

The general objective of OPRD will seek to contribute to the reduction of inequalities by promoting a more balanced regional development, thereby moderating the differences in living conditions vis-à-vis the national level. The OP will also seek to achieve its objectives by strengthening the potential of tourism, developing regional infrastructures, improving the environment of the 'settlements' as well as through the development of human resources in the regions. In addition to supporting local employment initiatives, support for region-specific vocational training as well as local and regional administrative capacity building will also be promoted.

8. CONCLUSIONS

The Hungarian Government is fully committed to reducing the risk of poverty and social exclusion by improving the level of the several dimensions which constitute a threat to a quality social life in Hungary. Furthermore, a full participation in the **open method of coordination on social inclusion is a high priority** for the Government which has announced a number of measures aiming at ensuring a secure family, protecting children, youth and minorities, and providing quality social services, fair social insurance system and an efficient, well coordinated and targeted support system. All the above efforts and commitments have greatly benefited to the elaboration of the JIM for Hungary. By the signature of the Joint Assessment of Employment Policy (JAP), Hungary has committed itself to the support of groups facing disadvantages on the labour market. The objectives set in the JAP are closely connected with that of the JIM.

The Government recognises that fighting against poverty and social exclusion is a multifaceted issue calling for a comprehensive approach that requires implementing the mainstreaming principle to reduce gender inequalities, improve the social inclusion of the Roma, and provide equal opportunities for the disabled. Following the common strategic goals and objectives of the European Union, set out in Lisbon, Nice and Stockholm, and regarding the most relevant aspects of the current situation in Hungary, this multi-dimensional and strategic approach is based on the need to achieve greater consistency between economic, employment, and social policies. Furthermore, the JIM helped in **identifying the major sources of social exclusion**, focused on the **most vulnerable groups** and contributed to highlight the relevant **political challenges** and the **main policies and measures** needed to enhance social inclusion in Hungary.

The analysis undertaken in the JIM made clear that the **key issue concerning social exclusion refers to the high levels of inactivity** prevailing in Hungary. Employment levels for both women and men are below the EU average, and far below the targets set at Lisbon for 2005 and 2010. Further, inactivity (and unemployment) have a strong ethnic and regional dimension, namely the Roma population and in the Northern Hungary and the Northern Great Plain regions. Therefore, addressing the inactive and helping them to move into employment by spending in education, training and re-training and developing policies to 'make work pay' should become a high political priority for poverty eradication. Apart from the inactive, unemployed and the disabled it is important to address the situation of other groups threatened by social exclusion such as disadvantaged children, low skill adults, older people (namely women over 60), single parents, people in bad health conditions, addicts, psychiatric patients, homeless, immigrants, and persons engaged in the informal sector. Finally, the poverty situation of the Roma minority must be addressed as the incidence of poverty is highest among them than any other group and all poverty factors coincide most strongly for them. **The Hungarian Government and the European Commission have identified the following most urgent challenges in relation to tackling poverty and social exclusion:**

- addressing the educational and labour market weaknesses by raising the provision of education, vocational education, training, re-training and lifelong learning and increasing the number of participants;
- increasing the current overall employment rate – namely for females – and developing policies to make work pay giving the appropriate incentives to take up work to target groups such as disabled; and
- ensuring access to quality healthcare, social services and to good accommodation for all, especially for the groups most vulnerable.

In the light of the analysis undertaken in this report, the Hungarian Government and the European Commission have agreed that the most immediate policy priorities in relation to tackling poverty and social exclusion are:

- to set up paths to employment and adjust the education and training systems to the labour market requirements by implementing the following: (i) strengthen the cooperation in R&D between firms and educational institutions (namely universities); (ii) transform the structure of vocational schools; (iii) develop core competencies; (iv) introduce quality standards and normative support for adult education; and (v) implement regional employment measures by involving all stakeholders including civil partners, and strengthening the third sector;
- to make society aware of the concept of life-long learning and implement it as widely as possible. There is a need to develop, already in primary education, certain skills and abilities that are requested by the labour market, as well as to improve the educational system by spreading widely the use of ITC technologies at all levels and types of education. When following integrated approaches and providing tailor-made services it is important to ensure that the disadvantaged groups identified in the JIM can easily participate in education and training;
- to intensify ALMP measures in order to reintegrate in the labour market the groups most threatened by social exclusion such as the unemployed (namely long-term), the Roma, people with disabilities, women (notably young women after child-birth and women over 45), and unskilled persons. Appropriate measures imply: (i) financial and institutional efforts; (ii) to enlarge vocational training programmes in order to increase the number of participants; (iii) to prevent youth unemployment by strengthening programs that ensure the matching between the qualifications of school leavers – in their transition to work – and the labour market needs;

- to ensure that flexible and non-standard jobs provide high standard and commensurate entitlements and social protection. It is necessary to introduce incentives, such as favourable social insurance regulations, in order to make part-time and flexible jobs more attractive for both employers and employees. Further, it is important to mainstream 'make work pay' in all labour market, employment and social policy areas to face unemployment, inactivity and poverty traps;
- to develop care provision to help reconciling work and family life. The welfare system and the healthcare sector have to be reformed to face problems of ageing population and changing family patterns. It is necessary to set up a modern nursing care system to ensure that the various forms of caring for children, frail elderly, and other sickly family member become accessible to the broadest possible number of people providing, therefore, the needed flexibility and accessibility of services to persons with disabilities and residents of small settlements; and
- to reform the housing policy by focussing on two main areas: (a) to increase publicly owned rented housing; and (b) to reconstruct and modernise the blocks of flats built with industrial technology making them energy-efficient. The main measures to be implemented in these two domains are: (i) to increase competition in the housing market; (ii) to renew the regulations governing real estate, namely in construction; (iii) to offer incentives for construction and for investment in construction; (iv) to extend the support for home purchases and other social support; and (v) to design person-tailored programs for people in special life situations, namely young family starters and the elderly; and (vi) to improve access to housing maintenance by means of welfare-type support and co-ordinate this support to help those groups in risk of over-indebtedness.

Some of the priorities identified in the JIM for Hungary and the corresponding policy actions will benefit from the financial support provided by the EU structural funds – namely by the **European Social Fund** – and the Cohesion Fund. Further, in implementing the above measures it is important to establish appropriate institutional mechanisms ensuring a closer co-operation between the Government, social partners, local authorities and NGOs, and to decrease regional differences. In this respect, the Government's commitment to strengthen the **partnership with the social partners and civil society** in the fight against poverty and social exclusion provides a good basis for a better functioning of the welfare system.

The Hungarian Government is aware that **promoting social inclusion** in an adequate way **is a continuous process**, which can only provide effective and long lasting results on the basis of a series of consistent measures and of a continuous checking and updating of those which have already been adopted. To monitor the implementation of policies and measures, assess its effectiveness and allow for comparisons between EU Member States it is extremely important that clearly defined indicators and up to date data exist.

The Government considers that its participation in the **open method of coordination**, which Hungary will follow after the EU accession, **will contribute to the continued updating and improving of measures**. In particular, the Hungarian Government is committed to following up on the work begun in the JIM with the preparation of its first National Action Plan on Poverty and Social Exclusion to be presented to the Commission in 2004.

STATISTICAL ANNEX

Table 1 - Economic development in Hungary, 1992-2001

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Indices of GDP (1989=100)	82.4	81.9	84.3	85.5	86.6	90.6	95.1	99.1	104.3	108,3
GDP growth (%) ⁽¹⁾	-2.1	-0.6	2.9	1.5	1.3	4.6	4.9	4.2	5.2	3,8
Growth of industrial production (%) ⁽¹⁾	-9.7	4.0	9.6	4.6	3.4	11.1	12.5	10.7	18.3	4,0
Consumer price growth index (%) ⁽¹⁾	23.0	22.5	18.8	28.2	23.5	18.5	14.2	10.0	10.0	9,2
Unemployment rate (ILO)	9.8	11.9	10.7	10.2	9.9	8.7	7.8	7.0	6.4	5,7
Number of employed (%) ⁽¹⁾	-	-6.3	-2.0	-1.9	-0.8	-0.1	1.4	3.1	1.0	0,3
Labour productivity (%) ^{(1) (2)}	-	-6.0	5.0	5.1	1.8	4.4	3.0	1.0	4.2	3,4
Growth of gross real earnings (%) ⁽¹⁾	1.7	-0.5	5.1	-8.9	-2.6	3.4	3.5	5.5	3.4	8,1
Net increase in real wages ⁽¹⁾	-1.4	-3.9	7.2	-12.2	-5.0	4.9	3.6	2.5	1.5	6,4

Source: Hungarian Central Statistical Office (CSO), Eurostat

Notes: (1) Previous year = 100% (2) GDP/employed.

Table 2 - Some indicators of the Hungarian economy

Regions	Per capita GDP		Per capita gross income		Per capita FDI		Number of operating companies per 1000 inhabitants	
	1994	2000	1994	2001	1994	2001	1994	2001
	In % of the national average							
	1994	2000	1994	2001	1994	2001	1994	2001
Central Hungary	145.6	152.3	120.7	116.3	241.2	243.3	136.5	166.3
Central Transdanubia	86.4	100.5	97.7	104.7	73.5	85.0	96.9	94.0
West Transdanubia	100.7	113.9	92.1	99.6	83.8	76.2	93.8	100.0
South Transdanubia	84.0	74.8	89.6	90.8	35.3	17.9	112.5	91.6
North Hungary	69.6	64.6	89.7	86.7	32.4	48.2	63.5	69.9
North Great Plain	73.9	63.4	87.4	88.1	20.6	22.8	68.8	72.3
South Great Plain	83.3	71.9	87.9	95.4	33.8	29.3	90.6	85.5

Source: Hungarian Central Statistical Office (CSO)

Table 3 - Labour market indicators in Hungary, 1992-2002

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 ¹	2002 ¹
Total population											
Activity rate (15-64)	64,7	62,3	60,4	58,9	58,5	57,5	58,7	59,7	60,1	59,9	60,1
Employment rate (15-64)	58,3	54,8	53,9	52,9	52,7	52,3	53,7	55,5	56,3	56,5	56,6
Unemployment rate	9,8	11,9	10,7	10,2	9,6	9,0	8,4	6,9	6,3	5,6	5,6
Youth unemployment rate	17,5	21,3	19,4	18,6	18,5	17,0	15,0	12,7	12,1	10,9	11,9
Men											
Activity rate (15-64)	72,4	69,9	68,4	67,9	67,4	66,2	66,6	67,5	67,9	67,7	67,7
Employment rate (15-64)	64,6	60,6	60,3	60,2	60,2	59,7	60,5	62,4	63,1	63,4	63,5
Unemployment rate	10,7	13,2	11,8	11,3	10,2	9,7	9,0	7,4	6,8	6,1	6,0
Youth unemployment rate	19,3	23,6	21,5	20,7	19,9	18,6	16,6	13,7	11,1	11,6	12,6
Women											
Activity rate (15-64)	57,3	54,9	52,7	50,3	49,9	49,2	51,2	52,3	52,7	52,4	52,9
Employment rate (15-64)	52,3	49,3	47,8	45,9	45,5	45,3	47,2	49,0	49,7	49,8	50,0
Unemployment rate	8,7	10,4	9,4	8,7	8,8	8,1	7,8	6,3	5,6	4,9	5,1
Youth unemployment rate	15,1	18,2	16,7	15,6	16,6	14,8	13,0	11,3	10,6	10,0	11,0

Source: The time series of the Labour Force Survey 1992-2002, CSO, 2002 Population-CENSUS, Eurostat

Note: (1) Recalculated data based on the census - 2001.

Table 4 - Economically active population by region (age 15-64), 1995-2002

Reference Period	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great Plain	Southern Great Plain	Total
	(persons in '000)							
Total								
1995	765,2	303,1	246,7	297,9	381,2	461,2	375,7	2 831,0
1996	744,3	312,1	241,3	296,9	395,9	482,7	383,7	2 856,9
1997	762,2	317,2	243,6	297,6	403,9	496,4	382,5	2 903,4
1998	758,2	305,9	230,8	285,3	403,7	485,5	373,8	2 843,2
1999	721,7	287,6	226,9	279,3	384,5	461,5	368,1	2 729,6
2000	701,9	287,9	225,4	274,7	378,2	464,7	364,0	2 696,8
2001	707,7	286,8	227,6	282,6	384,4	467,7	361,1	2 717,9
2001¹	708,7	288,7	232,2	290,3	392,4	480,9	374,4	2 767,6
2002¹	708,1	279,2	229,2	295,4	383,2	481,3	384,5	2 760,9

Source: Hungarian Central Statistical Office (CSO).

Note: (1) Calculated figures based on the census - 2001.

Table 5 - Economically active population by region and sex (age 15-64), 1995-2002

Reference period	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great-Plain	Southern Great-Plain	Total
	(persons in '000)							
Male								
1995	291,8	115,8	89,3	118,0	148,6	177,6	142,1	1 083,20
1996	279,6	121,2	89,4	119,4	154,5	190,3	141,3	1 095,70
1997	286,9	122,7	90,9	121,5	159,3	199,1	143,3	1 123,70
1998	296,0	119,9	86,2	115,9	164,8	202,3	144,4	1 129,50
1999	274,2	113,0	84,9	115,1	156,2	190,9	140,9	1 075,20
2000	264,7	114,6	85,8	109,5	154,8	192,7	142,8	1 064,90
2001	263,0	113,0	87,2	112,8	159,2	195,6	142,9	1 073,70
2001 ¹	267,8	113,6	88,9	116,4	161,4	199,5	147,4	1 095,10
2002 ¹	267,2	111,3	87,9	122,0	158,1	199,6	153,4	1 099,40
Female								
1995	473,4	187,3	157,4	179,9	232,6	283,6	233,6	1 747,80
1996	464,7	190,9	151,9	177,5	241,4	292,4	242,4	1 761,20
1997	475,3	194,5	152,7	176,1	244,6	297,3	239,2	1 779,70
1998	462,2	186,0	144,6	169,4	238,9	283,2	229,4	1 713,70
1999	447,5	174,6	142,0	164,2	228,3	270,6	227,2	1 654,40
2000	437,2	173,3	139,6	165,2	223,4	272,0	221,2	1 631,90
2001	444,7	173,8	140,4	169,8	225,2	272,1	218,2	1 644,20
2001 ¹	440,9	175,1	143,3	173,9	230,9	281,4	227,0	1 672,50
2002 ¹	440,9	168,0	141,3	173,4	225,1	281,7	231,2	1 661,50

Source: Hungarian Central Statistical Office (CSO)

Note: (1) Calculated figures based on the census - 2001.

Table 6 - Employment by region (aged 15-64), 1995-2002

Reference period	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great Plain	Southern Great Plain	Total
	(persons in '000)							
Total								
1995	1 140,0	398,2	389,4	326,8	393,6	463,0	479,2	3 590,2
1996	1 112,2	399,8	396,6	336,4	393,5	463,0	478,0	3 579,5
1997	1 108,8	407,4	400,2	334,1	392,9	461,4	486,5	3 591,3
1998	1 125,6	427,9	412,3	340,2	393,2	471,4	485,4	3 656,0
1999	1 162,5	446,7	420,7	347,2	405,8	493,6	492,7	3 769,2
2000	1 172,8	451,4	422,8	351,0	415,2	495,8	496,8	3 805,8
2001	1 182,8	457,2	422,1	345,2	416,2	502,7	500,5	3 826,7
2001¹	1 170,1	449,6	428,2	351,3	427,4	514,1	509,0	3 849,8
2002¹	1 180,3	454,9	434,4	346,7	429,4	509,9	494,8	3 850,4

Source: Hungarian Central Statistical Office (CSO)

Note: (1) Calculated figures based on the census - 2001.

Table 7 - Employment by region and sex (aged 15-64), 1995-2002

Reference period	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great Plain	Southern Great Plain	Total
	(persons in '000)							
Male								
1995	610,5	225,0	219,3	179,8	215,3	259,1	265,7	1 974,7
1996	590,5	225,8	221,0	185,0	221,6	262,4	272,1	1 978,4
1997	594,4	233,0	223,9	183,4	221,4	264,3	276,7	1 997,1
1998	590,2	241,7	229,8	186,1	219,6	266,3	273,0	2 006,7
1999	615,0	248,2	234,7	188,7	228,4	277,0	277,3	2 069,3
2000	620,7	251,3	235,5	193,8	230,1	279,9	277,5	2 088,8
2001	628,5	256,2	235,7	191,3	231,8	282,9	278,4	2 104,8
2001 ¹	623,7	249,7	237,3	193,6	234,2	284,3	279,5	2 102,4
2002 ¹	630,9	249,4	240,6	189,2	234,1	283,5	272,6	2 100,4
Female								
1995	529,5	173,2	170,1	147,0	178,3	203,9	213,5	1 615,5
1996	521,7	174,0	175,6	151,4	171,9	200,6	205,9	1 601,1
1997	514,4	174,4	176,3	150,7	171,5	197,1	209,8	1 594,2
1998	535,4	186,2	182,5	154,1	173,6	205,1	212,4	1 649,3
1999	547,5	198,5	186,0	158,5	177,4	216,6	215,4	1 699,9
2000	552,1	200,1	187,3	157,2	185,1	215,9	219,3	1 717,0
2001	554,3	201,0	186,4	153,9	184,4	219,8	222,1	1 721,9
2001 ¹	546,4	199,9	190,9	157,8	193,2	229,8	229,5	1 747,4
2002 ¹	549,4	205,5	193,8	157,4	195,3	226,4	222,2	1 750,0

Source: Hungarian Central Statistical Office (CSO), EUROSTAT.

Note: (1) Calculated figures based on the census – 2001.

Table 8 - Employed persons (age: 15-64) by sector and by region 2001

Sector	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great Plain	Southern Great Plain	Total
	persons in '000							
A	22,2	27,3	23,4	33,8	20,1	40,8	71,1	238,8
B	0,1	0,2	0,0	0,7	0,2	0,7	0,5	2,3
C	0,5	4,4	1,5	0,8	2,9	2,1	1,1	13,3
D	208,5	152,0	140,8	81,6	113,0	133,9	129,4	959,1
E	15,3	11,1	8,4	11,1	14,6	10,1	9,4	80,0
F	87,4	31,9	29,0	25,8	35,2	29,3	32,2	270,8
G	210,8	49,2	53,9	43,6	51,7	70,3	68,9	548,3
H	48,6	15,4	22,6	11,6	13,1	14,2	16,9	142,3
I	116,3	31,2	30,0	26,7	32,9	40,7	34,2	312,0
J	35,1	7,5	7,1	5,8	6,7	7,3	9,2	78,7
K	114,0	19,1	16,5	15,0	14,7	19,7	16,8	215,8
L	79,0	29,6	22,0	27,0	35,9	44,7	37,0	275,2
M	93,0	28,8	33,4	33,3	38,4	48,2	37,8	312,8
N	70,8	26,9	22,4	23,2	30,3	35,2	28,0	236,9
O	67,4	14,6	16,6	11,0	17,2	16,8	16,4	159,9
P	1,0	0,5	0,4	0,3	0,2	0,1	0,1	2,5
Q	0,4	0,0	0,0	0,2	0,4	0,1	0,2	1,2
Total	1 170,1	449,6	428,2	351,3	427,4	514,1	509,0	3 849,8

Source: Hungarian Central Statistical Office (CSO)

Note: Industries: A,B - Agriculture, hunting, forestry and fishing; C - Mining and quarrying, D - Manufacturing, E - Electricity, gas and water supply, F - Construction, G - Wholesale and retail trade; H - Hotels and restaurants, I - Transport, storage and communication, J - Financial intermediation, K - Real estate, renting and business activities, L - Public administration and defence, compulsory social security, M - Education, N - Health and social work, O-Q - Other community, social, personal and other service activities.

Table 9 - Employment rate by region and by sex (age 15-64), 1995-2002

Reference period Year	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great-Plain	Southern Great-Plain	Total
Employment rate by persons age 15-64 years (%)								
Total								
1995	57,1	53,1	58,5	48,8	46,3	46,4	53,0	52,5
1996	56,8	52,7	59,3	50,3	45,7	45,6	52,8	52,4
1997	56,8	53,6	59,8	50,0	45,7	45,2	53,6	52,5
1998	57,7	56,0	61,6	51,5	46,2	46,4	54,2	53,7
1999	59,7	58,5	63,1	52,8	48,1	48,8	55,3	55,6
2000	60,5	59,2	63,4	53,5	49,4	49,0	56,0	56,3
2001	60,8	59,8	63,2	52,5	49,6	49,6	56,2	56,5
2001 ¹	60,6	59,3	63,1	52,3	49,7	49,5	55,8	56,2
2002 ¹	60,9	60,0	63,7	51,6	50,3	49,3	54,2	56,2
Male								
1995	63,9	60,6	67,0	55,2	52,1	53,2	60,5	59,5
1996	63,9	60,3	67,2	56,8	52,6	52,4	61,6	59,6
1997	64,3	61,9	67,6	56,2	52,3	52,2	62,3	59,9
1998	63,9	63,7	69,3	57,5	52,4	52,6	62,0	60,4
1999	66,4	65,6	71,0	58,5	54,9	54,9	63,5	62,4
2000	67,3	66,3	71,1	60,1	55,4	55,5	63,5	63,1
2001	68,1	67,4	70,7	59,2	55,7	55,9	63,5	63,4
2001 ¹	67,5	66,8	70,4	58,8	55,6	55,6	62,9	62,9
2002 ¹	68,2	66,6	71,1	57,5	56,1	55,7	61,5	62,9
Female								
1995	50,8	45,6	50,4	42,7	40,8	39,8	46,0	45,9
1996	50,5	45,3	51,8	44,2	39,1	38,9	44,4	45,5
1997	50,0	45,4	52,1	44,1	39,2	38,3	45,3	45,5
1998	52,1	48,3	54,0	45,7	40,1	40,3	46,6	47,3
1999	53,5	51,6	55,2	47,2	41,5	42,8	47,4	49,0
2000	54,3	52,2	55,8	47,2	43,6	42,6	48,6	49,7
2001	54,3	52,2	55,7	46,1	43,6	43,4	49,2	49,8
2001 ¹	54,2	51,9	55,8	46,1	44,1	43,6	49,0	49,8
2002 ¹	54,3	53,6	56,4	45,9	44,7	43,1	47,4	49,8

Source: Hungarian Central Statistical Office (CSO)

Note: (1) Calculated figures based on 2001. Census

Table 10 - Employment and unemployment, regional (age 15 - 64), 1993, 2001-2002

Region	Employment rate (%)			Unemployment rate (%)		
	1993	2001 ¹	2002 ¹	1993	2001 ¹	2002 ¹
Central Hungary	58,8	60,7	61,0	9,8	4,3	3,9
Central Transdanubia	55,6	59,3	60,1	12,4	4,3	5,0
Western Transdanubia	60,9	63,2	63,8	8,7	4,1	4,0
Southern Transdanubia	53,3	52,4	51,7	12,7	7,7	7,9
Northern Hungary	49,6	49,8	50,4	15,9	8,4	8,8
Northern Great Plain	48,7	49,6	49,4	14,6	7,8	7,8
Southern Great Plain	53,8	55,9	54,3	12,2	5,4	6,2
National average	54,8	56,3	56,3	11,9	5,7	5,8
EU average	60,4	64,0	-	10,7	8,2	-

Source: Hungarian Central Statistical Office (CSO), EUROSTAT

Note: (1) Recalculated data based on the census - 2001.

Table 11 - Unemployment by region (age 15-64), 1995-2002

Reference period	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great Plain	Southern Great Plain	Total
	(persons in '000)							
Total								
1995	92,0	49,3	29,1	45,3	75,5	74,3	48,7	414,2
1996	99,9	46,5	30,4	35,2	71,8	70,5	43,6	397,9
1997	82,4	36,0	25,6	36,8	63,8	62,8	38,3	345,7
1998	67,0	30,8	26,4	35,4	54,6	58,2	37,1	309,5
1999	64,5	28,9	19,6	31,5	53,5	56,2	30,3	284,5
2000	65,3	23,1	18,8	29,8	47,1	50,8	27,0	261,9
2001	53,6	20,7	18,5	29,4	38,9	42,9	28,7	232,7
2001 ¹	52,9	20,5	18,6	29,6	39,6	43,5	29,1	233,8
2002 ¹	48,6	24,1	18,3	29,8	41,6	43,3	32,8	238,5

Source: Hungarian Central Statistical Office (CSO)

Note: (1) Calculated figures based on the census - 2001.

Table 12 - Unemployment by region and sex (age 15-64), 1995-2002

Reference period	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great-Plain	Southern Great-Plain	Total
	(persons in '000)							
Male								
1995	52,8	30,3	18,8	28,0	49,1	50,1	31,3	260,4
1996	54,1	27,2	18,6	21,2	45,1	48,4	28,1	242,7
1997	43,7	20,7	16,4	21,7	42,8	42,8	24,4	212,5
1998	37,4	17,6	15,8	21,7	34,6	37,7	22,7	187,5
1999	36,9	17,1	10,8	18,7	31,6	37,0	18,5	170,6
2000	37,2	13,3	10,0	19,2	30,7	32,1	16,7	159,2
2001	32,0	10,8	10,7	19,0	25,2	27,8	17,2	142,7
2001 ¹	31,8	10,6	10,7	19,1	25,3	27,6	17,3	142,4
2002 ¹	27,0	14,1	10,0	17,8	25,3	26,1	17,6	138,0
Female								
1995	39,2	19,0	10,3	17,3	26,4	24,2	17,4	153,8
1996	45,8	19,3	11,8	14,0	26,7	22,1	15,5	155,2
1997	38,7	15,3	9,2	15,1	21,0	20,0	13,9	133,2
1998	29,6	13,2	10,6	13,7	20,0	20,5	14,4	122
1999	27,6	11,8	8,8	12,8	21,9	19,2	11,8	113,9
2000	28,1	9,8	8,8	10,6	16,4	18,7	10,3	102,7
2001	21,6	9,9	7,8	10,4	13,7	15,1	11,5	90,0
2001 ¹	21,1	9,9	7,9	10,6	14,2	15,9	11,9	91,5
2002 ¹	21,5	10,0	8,4	12,0	16,3	17,2	15,2	100,5

Source: Hungarian Central Statistical Office (CSO).

Note: (1) Calculated figures based on the census - 2001.

Table 13 - Unemployment rate by region (age 15-64), 1995-2002

Reference period Year	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great Plain	Southern Great Plain	Total
	(%)							
Total								
1995	7,5	11,0	7,0	12,2	16,1	13,8	9,2	10,3
1996	8,2	10,4	7,1	9,5	15,4	13,2	8,4	10,0
1997	6,9	8,1	6,0	9,9	14,0	12,0	7,3	8,8
1998	5,6	6,7	6,0	9,4	12,2	11,0	7,1	7,8
1999	5,3	6,1	4,5	8,3	11,6	10,2	5,8	7,0
2000	5,3	4,9	4,3	7,8	10,2	9,3	5,2	6,4
2001	4,3	4,3	4,2	7,8	8,5	7,9	5,4	5,7
2001 ¹	4,3	4,4	4,2	7,8	8,5	7,8	5,4	5,7
2002 ¹	4,0	5,0	4,1	7,9	8,8	7,8	6,2	5,8

Source: Hungarian Central Statistical Office (CSO).

Note: (1) Calculated figures based on the census - 2001.

Table 14 - Unemployment rate by region and sex (age 15-64), 1995-2002

Reference period	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great-Plain	Southern Great-Plain	Total
	(persons in '000)							
Male								
1995	8,0	11,9	7,9	13,5	18,6	16,2	10,5	11,7
1996	8,4	10,8	7,8	10,3	16,9	15,6	9,4	10,9
1997	6,8	8,2	6,8	10,6	16,2	13,9	8,1	9,6
1998	6,0	6,8	6,4	10,4	13,6	12,4	7,7	8,5
1999	5,7	6,4	4,4	9,0	12,2	11,8	6,3	7,6
2000	5,7	5,0	4,1	9,0	11,8	10,3	5,7	7,1
2001	4,8	4,0	4,3	9,0	9,8	8,9	5,8	6,3
2001 ¹	4,9	4,1	4,3	9,0	9,8	8,9	5,8	6,3
2002 ¹	4,1	5,3	4,0	8,6	9,8	8,4	6,1	6,2
Female								
1995	6,9	9,9	5,7	10,5	12,9	10,6	7,5	8,7
1996	8,1	10,0	6,3	8,5	13,4	9,9	7,0	8,8
1997	7,0	8,1	5,0	9,1	10,9	9,2	6,2	7,7
1998	5,2	6,6	5,5	8,2	10,3	9,1	6,3	6,9
1999	4,8	5,6	4,5	7,5	11,0	8,1	5,2	6,3
2000	4,8	4,7	4,5	6,3	8,1	8,0	4,5	5,6
2001	3,8	4,7	4,0	6,3	6,9	6,4	4,9	5,0
2001 ¹	3,7	4,7	4,0	6,3	6,9	6,5	4,9	5,0
2002 ¹	3,8	4,6	4,1	7,1	7,7	7,0	6,4	5,4

Source: Hungarian Central Statistical Office (CSO)

Note: (1) Calculated figures based on the census - 2001.

Table 15 - Distribution of the female population according to labour force participation - %

Year	Aged 0-14 years	Aged 15-54 years (women of working age)							55+ Years (women over working age)			Total
	(Below working age)	Employed	Of which: self-employed and assisting family members	unemployed	pensioner	student	On child care leave	Other inactive	employed	Pensioner and other inactive	unemployed	
1980	20,6	38,7	1,5	0,0	2,3	3,1	4,7	4,4	5,5	20,6	0,0	100,00
1990	19,0	37,3	1,7	0,5	1,8	4,9	4,6	4,0	4,1	23,8	0,0	100,00
1991	18,5	35,7	1,9	1,9	2,2	5,2	4,8	3,8	3,0	25,0	0,0	100,00
1992	18,0	32,5	2,0	3,2	2,6	5,9	4,8	4,9	2,2	25,7	0,1	100,00
1993	17,6	31,0	2,1	3,6	3,3	6,3	5,0	5,2	1,7	26,2	0,2	100,00
1994	17,3	30,3	2,2	3,1	3,7	6,6	5,2	5,6	1,4	26,6	0,2	100,00
1995	17,0	29,2	2,3	2,8	4,0	6,7	5,3	6,7	1,3	27,0	0,1	100,00
1996	16,7	28,9	2,3	2,8	4,1	6,9	5,4	6,6	1,4	27,0	0,1	100,00
1997	16,4	28,9	2,3	2,5	4,5	7,1	5,4	6,6	1,3	27,3	0,1	100,00
1998	16,2	30,1	2,2	2,3	4,6	6,6	5,6	5,7	1,2	27,6	0,1	100,00
1999	16,0	31,1	2,4	2,1	4,2	6,4	5,3	5,7	1,4	27,8	0,0	100,00
2000	15,6	30,6	2,3	1,9	3,7	6,4	5,5	6,5	1,7	28,2	0,0	100,00
2001	15,3	30,5	2,1	1,7	3,7	6,4	5,6	6,8	1,9	28,2	0,0	100,00

Source: Labour Market Mirror 2002.

Table 16 - Employed over working age

Year	In '000	1992=100	Annual change	Employment ratio¹
1980	570,3	309,4	...	25,9
1990	345,7	187,6	...	15,1
1991	249,5	135,4	-27,8	10,9
1992	184,3	100,0	-26,1	8,0
1993	137,5	74,6	-25,4	6,0
1994	118,4	64,2	-13,9	5,2
1995	107,5	58,3	-9,2	4,7
1996	102,1	55,4	-5,0	4,5
1997	96,9	52,6	-5,1	4,2
1998	89,3	48,5	-7,8	3,9
1999	110,4	59,9	23,6	4,8
2000	127,4	69,2	15,3	5,5
2001	140,3	76,1	10,2	...

Source: Labour Market Mirror, 2001

Note: (1) Percentage of the population over working age. Working age: female aged 15-54 years and male aged 15-59 years.

Table 17 - Minimum wage

Date (mm/dd)	Gross amount (HUF/month)	Minimum wage as percentage of average earnings	
		gross	net
1992 (01/01)	8 000	35,8	51,245
1993 (02/01)	9000	33,1	48,9
1994 (02/01)	10 500	30,9	45,5
1995 (03/01)	12 200	31,4	47,1
1996 (02/01)	14 500	31,0	44,7
1997 (01/01)	17 000	29,7	44,6
1998 (01/01)	19 500	28,8	43,9
1999 (01/01)	22 500	29,1	44,9
2000 (01/01)	25 500	29,1	45,7
2001 (01/01)	40 000	38,6	61,6
2002 (01/01)	50 000	40,8	64,4

Source: HCSO - yearbook 2002, MoEL.

Table 18 - Public welfare expenditure

	1997	1998	1999	2000	2001
Public welfare expenditure in % of GDP					
Social welfare functions, total	26,6	27,1	26,9	26,3	26,8
Educational activities and services	4,8	4,8	4,8	4,8	5,0
Public health	4,5	4,6	4,4	4,2	4,2
Social insurance and public benefit services	14,5	15,0	15,0	14,4	14,7
Housing, settlements and communal activities and services	1,7	1,6	1,4	1,6	1,5
Entertaining, cultural and religious activities and services	1,1	1,2	1,2	1,3	1,4

Source: Social Statistics Yearbook, 2001, Hungarian Central Statistical Office (CSO), Budapest, 2002.

Table 19 - Population by region (age 15-64), 1995-2002

Reference period Year	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great Plain	Southern Great Plain	Total
(persons in '000)								
Total								
1995	1 986,9	769,3	678,4	679,0	874,1	1 031,9	919,2	6 939,1
1996	1 983,8	769,5	678,7	676,4	869,0	1 030,9	917,3	6 925,9
1997	1 982,1	769,9	678,9	674,3	865,6	1 030,5	916,0	6 917,6
1998	1 978,1	770,2	678,7	671,3	860,4	1 028,1	913,2	6 901,1
1999	1 974,3	770,4	677,7	668,1	854,4	1 025,1	909,1	6 879,3
2000	1 970,4	768,9	677,7	665,3	849,9	1 020,4	905,2	6 858,1
2001	1 960,8	774,9	692,0	681,2	872,1	1 049,8	932,2	6 963,3
2001 ¹	1 960,8	774,9	692,0	681,2	872,1	1 049,8	932,2	6 963,3
2002 ¹	1 937,0	758,2	682,0	671,9	854,2	1 034,5	912,1	6 849,8

Source: Hungarian Central Statistical Office (CSO).

Note: (1) Calculated figures based on the census - 2001.

Table 20 - Population by region and sex (age 15-64), 1995-2002

Reference period	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great Plain	Southern Great Plain	Total
	(persons in '000)							
Male								
1995	955,1	371,1	327,4	325,8	413,0	486,8	439,1	3 318,3
1996	924,2	374,2	329,0	325,6	421,2	501,1	441,5	3 316,8
1997	925,0	376,4	331,2	326,6	423,5	506,2	444,4	3 333,3
1998	923,6	379,2	331,8	323,7	419,0	506,3	440,1	3 323,7
1999	926,1	378,3	330,4	322,5	416,2	504,9	436,7	3 315,1
2000	922,6	379,2	331,3	322,5	415,6	504,7	437,0	3 312,9
2001	923,5	380,0	333,6	323,1	416,2	506,3	438,5	3 321,2
2001 ¹	923,4	373,9	337,0	329,0	421,0	511,5	444,2	3 339,9
2002 ¹	925,2	374,8	338,5	329,0	417,5	509,2	443,6	3 337,8
Female								
1995	1 042,1	379,5	337,8	344,2	437,3	511,7	464,5	3 517,1
1996	1 032,2	384,2	339,3	342,9	440,0	515,1	463,8	3 517,5
1997	1 028,4	384,2	338,2	341,9	437,1	514,4	462,9	3 507,1
1998	1 027,2	385,4	337,7	337,2	432,5	508,8	456,2	3 485,0
1999	1 022,6	384,9	336,8	335,5	427,6	506,4	454,4	3 468,2
2000	1 017,4	383,2	335,7	333,0	424,9	506,6	450,8	3 451,6
2001	1 020,6	384,7	334,6	334,1	423,3	507,0	451,8	3 456,1
2001 ¹	1 008,3	384,9	342,1	342,2	438,4	527,1	468,3	3 511,4
2002 ¹	1 011,8	383,5	343,5	342,8	436,7	525,3	468,5	3 512,0

Source: Hungarian Central Statistical Office (CSO).

Note: (1) Calculated figures based on the census - 2001.

Table 21 - Natural increase or decrease

Year	Live births	Deaths	Natural increase or decrease	Fertility rate	Reproduction rate net
1980	148 673	145 355	- 3 318	1,92	0,909
1990	125 679	145 660	- 19 981	1,84	0,889
1995	112 054	145 431	- 33 377	1,57	0,750
1996	105 705	143 130	- 37 428	1,46	0,693
1997	100 350	139 434	- 39 084	1,38	0,655
1998	97 301	140 870	- 43 569	1,33	0,638
1999	94 645	143 210	- 48 565	1,29	0,615
2000	97 597	135 601	- 38 004	1,33	0,635
2001	97 047	132 183	- 35 136	1,31	0,627

Source: Demographic Yearbook, 2001, Hungarian Central Statistical Office (CSO), Budapest 2002.

Table 22 - Dependency rate, ageing index

Year ⁽¹⁾	Age composition, %			Youth	Old-age	Total dependency rate	Ageing index
	0-14	15-64	65-x	Dependency rate			
	Years						
1990	20,5	66,2	13,2	31,0	20,0	51,0	64,5
2000	16,9	68,1	15,0	24,8	22,0	46,8	88,5
2001	16,3	68,2	15,2	24,4	22,2	46,4	91,2
2002	16,3	68,4	15,3	23,8	22,3	46,1	93,5

Source: Social Statistics Yearbook, 2000, Hungarian Central Statistical Office (CSO), Budapest, 2001

Note: (1) The data refers to 1 January of the given year.

Table 23 - Laeken indicators

				HU	HU	ACC10	can13	EU15	EU25
				2000	2001	2001	2001	2001	2001
1	S80/S20 quintile share ratio			3,2	3,4	4,1	6,9	4,4	4,4
2	Gini coefficient			23	23	26	34	29	29
3	Risk-of-poverty threshold (illustrative values)	1 person hh	NAT	360308	421114	:	:	:	:
			EUR	1386	1641	1804	1258	7805	6815
			PPS	3035	3369	3241	2337	7732	6991
		2 adults 2 dep. children	NAT	756648	884339	:	:	:	:
			EUR	2910	3446	3787	2641	16390	14311
			PPS	6374	7075	6807	4909	16237	14681
4	Risk-of-poverty rate	Total	Total	9	10	13	18	15	15
	by age		M	9	10	13	18	14	14
	by gender		F	10	10	13	18	16	15
		0-15	Total	13	14	17	24	19	19
			M	12	13	17	24	19	19
			F	13	15	17	24	20	19
		16-24	Total	11	12	15	21	20	19
			M	10	11	15	20	19	18
			F	12	13	15	21	21	20
		25-49	Total	9	9	13	17	13	13
			M	9	10	13	16	12	12
			F	9	9	12	16	14	14
		50-64	Total	7	7	9	13	12	11
			M	7	7	9	13	12	12
			F	7	7	8	13	13	12
		65+	Total	7	9	8	15	17	15
			M	3	6	4	12	15	13
			F	9	11	9	18	19	17
5	Risk-of-poverty rate	Employed	Total	4	5	6	12	6	6
	by most frequent activity		M	5	6	7	12	6	6
	by gender		F	4	5	5	10	6	6
		Self-employed	Total	2	3	14	19	16	16
			M	3	3	14	19	16	16
			F	2	3	14	21	14	14
		Unemployed	Total	30	31	33	32	38	37
			M	36	36	35	35	43	42
			F	22	24	31	27	33	33
		Retired	Total	8	9	8	9	16	15
			M	7	9	7	8	15	14
			F	8	9	9	7	16	15
		Inactive/other	Total	14	15	16	19	24	23
			M	12	13	16	19	24	23
			F	15	16	17	20	24	23
6	Risk-of-poverty rate	Total	Total	9	10	12	18	15	15
	by household type	1 person hh	Total	15	15	13	18	23	21
		1 person hh	M	17	16	16	14	18	18
		1 person hh	F	14	14	12	19	26	24
		1 person hh <30yrs		8	10	9	6	33	29
		1 person hh 30-64		19	16	15	16	15	15
		1 person hh 65+		13	15	11	20	26	24
		2 adults no children	(at least one 65+)	3	5	7	12	14	13
		2 adults no children	(both < 65)	5	6	7	9	10	10
		Other hh no children		5	4	8	9	8	8
		Single parent	(at least 1 child)	20	18	20	31	40	37
		2 adults 1 dep. child		9	8	8	10	10	10
		2 adults 2 dep. children		8	12	12	14	13	13
		2 adults 3+ dep. children		20	22	25	33	26	26
		Other hh with dep. children		7	8	14	22	17	17
7	Risk-of-poverty rate	Total		9	10	13	18	15	15
	By tenure status	Owner-occupier		8	9	12	18	12	12
		Tenant		19	16	15	21	24	23
		Other		:	:	:	:	:	:
8	Dispersion around	40% of median		1	2	4	7	5	5
	The risk-of-poverty	50% of median		4	5	7	12	9	9
	Threshold	60% of median		9	10	13	18	15	15

				HU	HU	ACC10	can13	EU15	EU25
				2000	2001	2001	2001	2001	2001
		70% of median		17	18	21	26	23	23
9	Risk-of-poverty rate	before all transfers	Total	45	44	42	38	40	40
			M	42	41	39	36	37	37
			F	48	47	43	38	42	42
		Including pensions	Total	19	20	24	26	23	23
			M	18	20	24	25	22	22
			F	19	21	24	26	24	24
		Including all transfers	Total	9	10	13	18	15	15
			M	9	10	13	18	14	14
			F	10	10	13	18	16	15
10	Persistent risk-of-poverty rate		Total	:	:	:	:	9	:
	By gender		M	:	:	:	:	8	:
			F	:	:	:	:	10	:
11	Risk of poverty rate anchored at a point in time		Total	:	:	:	:	12	:
12	Relative risk-of-poverty gap		Total	15	16	19	24	21	21
	By gender		M	15	16	19	:	21	21
			F	15	16	18	:	21	21
non representative				Not included in first round pending					
				outcome of bilateral validation procedure					

Source: Eurostat

Note: The methodology of calculation of the indicators for the Candidate Countries is the same as the one used for Member States. Every effort has been made to ensure that the definition of income used is as comparable as possible to the ECHP definition. Nevertheless, the indicators for the Candidate Countries cannot be considered to be fully comparable with the EU ones, or between candidate countries, due to the differences of underlying data sources. Indicators shown in blue are also Structural Indicators.

Table 24 - Roma in Hungary - key statistics

Indicator	Roma	Overall population
Population	550 000-600 000 ⁽¹⁾	10.2 million
Employment rate ⁽²⁾	10%	56.5%
Unemployment	18% ⁽³⁾ - 25% ⁽⁴⁾ - 60% ⁽⁵⁾	5.7%
Primary education ⁽⁶⁾	27.9%	83.6%
University education ⁽⁷⁾	<1%	13.5%
Life expectancy	55 - 60 years ⁽⁸⁾	71 years ⁽⁹⁾
Poverty rate ⁽¹⁰⁾ (World Bank)	40%	8%
Poverty rate ⁽¹¹⁾ (50% of median income)	67.1%	6.1%

Source: European Commission and the following other sources.

Notes: These figures are to be treated with caution. They come from a variety of official and unofficial sources and are therefore not 100% reliable and comparable. The absence of reliable data concerning Roma and other ethnic minorities in both the candidate countries and the EU Member States continues to be a major obstacle to policy-making in this area; (1) Migration Rights Group, London, 1995; (2) JAP (NB this very low figure reflects the fact that many Roma are in the informal economy, economically inactive or marginalised); (3) 2001 Census based on the population aged 15 and over of Roma ethnicity; (4) ILO/UNDP; (5) Council of Europe (ECRI); (6) Council of Europe (ECRI); (7) Council of Europe (ECRI); (8) Estimate from the Regular Report 2002; (9) 2002 Commission Regular Report (figures from 2000); (10) World Bank, 2000 - % of population with incomes under \$4.30 per day; (11) Study by Gábos and Szivós (2001) - 50% of median income.

Table 25 - The activity and inactivity rate of the Roma in 1993

	Non-Roma	Roma
Employed	54,8 %	28,7 %
Unemployed	9,0 %	28,8 %
Inactive	36,2 %	42,5 %
Total	100 %	100 %

Source: Sociological survey 1993-1994: Hungarian Academy of Science, Institute of Sociology and Institute of Economics, survey led by István Kemény, Gábor Havas and Gábor Kertesi.

Table 26 - Rate of employment among Roma men aged 15-59

Age	Total population ¹	Roma ²
15-19	12,9	17,7
20-29	68,0	35,0
30-54	76,9	33,8
55-59	43,1	15,4
Total	63,4	30,8

Source: (1) CSO Labour force survey, 1994;
(2) National Roma survey 1993-1994: Hungarian Academy of Science, Institute of Sociology and Institute of Economics, survey led by István Kemény, Gábor Havas and Gábor Kertesi.

Table 27 - Rate of employment among Roma women aged 15-59

Age	Total population ¹	Roma ²
15-19	12,3	12,8
20-29	70,1	15,6
30-54	73,1	20,2
Total	63,1	17,5

Source: (1) CSO Labour force survey, 1994;
(2) National Roma survey 1993-1994: Hungarian Academy of Science, Institute of Sociology and Institute of Economics, survey led by István Kemény, Gábor Havas and Gábor Kertesi.

Table 28 - Poverty rates by ethnicity (%)

	2000/01			1999/2000		
	50% of median	50% of mean	Upper limit of bottom quintile	50% of median	50% of mean	Upper limit of bottom quintile
Roma	61.3	68.0	75.3	53.9	64.5	85.2
Non-Roma	6.1	9.9	17.8	5.2	9.5	17.0

Source "Study on the Social Protection System in the 13 Applicant Countries - Hungary Country Report", European Commission, October 2002.

Table 29 - Stock of flats (1. January)

Year	Number of Flats	Population per hundred flats	1	2	3 and more
			Proportion of 1,2,3 and more bedroom flats, %		
1980	3542	302	27,5	48,6	24
1990	3853	269	16,7	43,6	39,6
2000	4061	247	15,7	42,7	41,6
2001	4064	251	11,5	40,8	47,7

Source: CSO Yearbook of Welfare Statistics, 2001.

Table 30 - Highest educational qualifications of the population aged 25-59, 1990-99 (%)

Highest educational qualifications	Hungary		EU-15
	1990	1999	2000
8 grades of primary (general) school or less	47,6	26,5	36
Apprentice and vocational school	18,0	30,2	43
Secondary school	22,3	29,4	
High school	12,1	13,9	21
Total	100,0	100,0	100,0

Source: Hungarian Central Statistical Office (HCSO).

Table 31 - Number of graduates in ordinary and adult education

School year	Graduated in officially recognised higher-grade vocational training	
2000	673 persons	
2001	1201 persons	
2001/2002 school year	Number of students in officially recognised, higher-grade vocational training, in ordinary and adult education, Total	Note: (ISCED 5B)
In high school	4475 persons	1 st class: 2546 persons 2 nd class: 1917 persons 3 rd class: 12 persons
In secondary school	5085 persons	

Source: Ministry of Education

Table 32 - Continuity of education of pupils completing 8 grades of primary (general) school

Year	Number of students completing 8 grades of primary (general) school		Number of students continuing education in apprentice school		Number of students continuing education in vocational (secondary) school		Number of students continuing education in secondary (grammar) school		Total number of students continuing education		Not continuing education	
	Number of students	%	Number of students	%	Number of students	%	Number of students	%	Number of students	%	Persons	%
1960	107349	40041	37,3	14599	13,6	31453	29,3	86094	80,2	21255	19,8	
1965	157797	52231	33,1	25248	16,0	38502	24,4	115981	73,5	41816	26,5	
1970	165611	68066	41,1	29313	17,7	30638	18,5	128017	77,3	37594	22,7	
1975	121000	50699	41,9	29282	24,2	24805	20,5	104786	86,6	16214	13,4	
1980	119809	56088	46,8	31181	26,0	24313	20,3	111582	93,1	8227	6,9	
1985	130992	61282	46,8	34084	26,0	27280	20,8	122646	93,6	8346	6,4	
1990	164616	73733	44,8	45263	27,5	34698	21,1	153694	93,4	10922	6,6	
1995	122339	47187	38,6	41265	33,8	33162	27,1	121614	99,5	725	0,5	

Source: Ministry of Education

Table 33 - Drop-outs during a three-year period in vocational (secondary) school

Starting school year	Number of students in first-year class	Finishing school year	Graduated from apprentice school	Drop-outs	Drop-outs during 3 years (%)
1960/61	33992	1963	44282	10290	0
1965/66	69788	1968	58508	11280	16,2
1970/71	81974	1973	65434	16540	20,2
1975/76	60281	1978	48063	12218	20,3
1980/81	59845	1983	45824	14021	23,4
1985/86	66968	1988	50974	15994	23,9
1990/91	81788	1993	60040	21748	26,6
1993/94	63335	1996	47795	15540	24,5
1994/95	61034	1997	41973	19061	31,2
1995/96	55532	1998	38871	16661	30,0
1996/97	51219	1999	36362	14857	29,0
1998/99	36658	2001	Only one-year year training existed		
1999/2000	34358	2002	Data not available		

Source: Ministry of Education.

Table 34 - Drop-outs at different levels of education compared to starting class number (in %)

School year	Primary (general) school			Secondary (grammar) school	Vocational (secondary) school	Apprentice school
	4th class	8th class	Total, 1 - 8 classes			
1990/91	2,8	1,1	3,4	11,9	16,7	23,0
1996/97	1,8	0,9	2,6	9,3	8,7	23,0
1999/00	1,7	0,9	2,4	8,5	3,0	31,6

Source: Ministry of Education.

Table 35 - Number of beneficiaries granted a Bursa Hungarica high school scholarship

	Number of applicants granted a scholarship	Percentage compared to the total number of applicants, %
2001	12 391	69,0
2002	22 334	71,0
2003	26 882	78,0

Source: Ministry of Education.

Table 36 – Childcare allowance and fee

Definition	1990	2000	2001	2002
Childcare allowance (gyes)				
Number of entitled, thousand people	94,7 ⁽¹⁾	192,8	182,9	171,8
Expenditures, million HUF	3 754	38 418	39 109	40 705
Average monthly amount per capita, HUF	3 303 ⁽²⁾	16 601	17 820	19 748
Childcare fee (gyed) ⁽³⁾				
Number of recipients, thousand people	155,0 ⁽¹⁾	54,0	62,9	70,2
Expenditures, million HUF	9 669	20 381	29 646	37 807
Average monthly amount per capita, HUF	5 198 ⁽²⁾	31 448	39 274	44 901
Payments for childcare allowance and fee as a percentage of GDP	0,64	0,53	0,46	0,47

Source: CSO.

Note: (1) Average number of those entitled. – (2) Calculating on the average number. – (3) Between 15th April 1998 and January 2000 the payment of childcare fee was suspended. It was made payable again on 1st January 2000.

Table 37 - Family allowance

Name	1990	2000	2001	2002
Amount of child-raising benefit, billion HUF	64,3	132,5	134,0	153,9
In proportion to the GDP	3,1	1,0	0,9	0,9
The monthly average of recipient families, thousand	1 514,1	1 299,8	1 295,8	1 277,9
Monthly average of number of children, thousand	2 498,3	2 152,6	2 115,4	2 045,6
Children in proportion to the age group of 0-18	91,0	96,1	96,2	94,5
Average amount of family allowance per family, HUF/month	3 538	8 496	8 617	10 034

Source: CSO.

Note: Until 1998 family allowance, from October 1999 till 8 October 2002 child-raising benefit that includes the data of family allowance and school subsidy.

Table 38 - Domestic care

Name	1993	2000	2001	2002
Number of care recipients	49 206	40 292	41 275	43 083
Care recipients per ten thousand of over-60 population	246	194	197	204
Number of domestic nurses	12 203	8 664	8 532	7 894
of which: professional	4 591	4 706	4 818	4 897
Volunteer	7 612	3 958	3 714	2 997

Source: CSO.

Table 39 - Settlements not providing any basic social services, 1997-2001.

Region	1997	1998	1999	2000	2001
Number					
Central Hungary	40	40	30	25	24
Central Transdanubia	98	100	74	46	38
Western Transdanubia	171	182	101	84	59
Southern Transdanubia	247	240	165	131	91
Northern Hungary	107	101	70	55	44
Northern Great Plain	70	64	51	49	45
Southern Great Plain	22	20	16	12	12
Total	755	747	507	402	313
Per cent					
Central Hungary	21,7	21,7	16,3	13,6	13
Central Transdanubia	64,7	63,9	49,8	30,5	26,9
Western Transdanubia	79	84	49,8	42,9	30,7
Southern Transdanubia	109,5	107,7	77,8	59,5	41,5
Northern Hungary	47,8	45,5	29,6	23,3	20,3
Northern Great Plain	36,4	33,9	24,9	24	21,4
Southern Great Plain	23,5	20,6	15,8	11,6	12,6
Total	23,9	23,7	16,1	12,7	9,9

Source: Ministry of Health, Social and Family Affairs, CSO.

Table 40 - Social insurance pensioners ('000 persons)

	1995	1996	1997	1998	1999	2000	2001	2002
Old-age	1,600	1,621	1,647	1,652	1,665	1,671	1,668	1,664
Disability - above retirement age	386	393	402	397	334	344	325	336
Disability - below retirement age	332	352	365	380	424	419	447	453
Other ¹	692	693	690	710	761	711	676	650
Total	3,010	3,059	3,104	3,139	3,184	3,145	3,116	3,103

Source: Ministry of Health, Social and Family Affairs.

Note: Survivors and other pension-type benefits.

Table 41 - Minimum amount of the old-age pension in own right and the amount of the subsistence minimum (HUF/month) 1995-2000

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Minimum old-age pension (1 Jan.)	8,400	9,600	11,500	13,700	15,350	16,600	18,310	20,100	21,800
Subsistence minimum (single old age person)	14,792	17,483	21,338	23,943	26,424	29,566			

Source: HCSO, 2002.

Table 42 - General practitioners' service

At the end of year	Inhabitants per one GP				Inhabitants over 60 ys old per one GP			
	Budapest	Towns	Villages	Total	Budapest	towns	villages	Total
1990	2334	2673	1945	2327	504	440	401	435
1995	1964	2202	1907	2038	426	386	393	396
2000	1810	2074	1864	1943	393	382	381	384
2001 ¹	1768	2145	1897	1982	414	413	397	407

Source: Ministry of Health, Social and Family Affairs.

Note: Recalculated on the basis of the Census.

Table 43 - GP and family paediatrician service by regions, 2001

Region	GPs	Family paediatrician	Together	Per one GP	Per one GP and family paediatrician
	Number of			Number of population	
Central Hungary	1459	525	1984	1939	1426
Central Transdanubia	549	167	716	2041	1565
Western Transdanubia	513	139	652	1955	1538
Southern Transdanubia	544	147	691	1826	1438
Northern Hungary	640	162	802	2026	1617
Northern Great Plain	744	223	967	2096	1612
Southern Great Plain	684	217	901	2008	1524
Total	5133	1580	6713	1982	1516

Source: Ministry of Health, Social and Family Affairs.

Table 44 - Registered and new TB patients by region, 2001

Region	Registered TB patients		New TB patients	
	Number	Per 100 000 population	Number	Per 100 000 population
Central Hungary	1101	38,9	1215	42,9
Central Transdanubia	241	21,5	297	26,5
Western Transdanubia	145	14,5	186	18,5
Southern Transdanubia	214	21,5	283	28,4
Northern Hungary	266	20,5	324	24,9
Northern Great Plain	603	38,7	644	41,2
Southern Great Plain	314	22,9	371	26,9
Total	2884	28,3	3320	32,6

Source: Ministry of Health, Social and Family Affairs.

Table 45 - Number of deaths due to alcoholic liver cirrhosis and alcohol-addicted persons

Year	Number of deaths due to alcoholic liver cirrhosis			Estimated number of alcohol-addicted persons			Number of deaths		
	Male	Female	Together	Male	Female	Together	Male	Female	Together
1980	1 194	362	1 556	171 936	52 128	224 064	76 729	68 626	145 355
1990	2 951	1 129	4 080	424 944	162 576	587 520	76 936	68 724	145 660
1995	5 402	1 902	7 304	777 888	273 888	1 051 776	77 344	68 087	145 431
2000	4 332	1 425	5 757	623 808	205 200	829 008	70 475	65 126	135 601
2001	3 850	1 395	5 245	554 400	200 880	755 280	68 389	63 794	132 183

Source: CSO: Health Statistical Yearbook, 2001.

Table 46 - Asylum seekers in Hungary, 1988 - July 2003

Year	Registered	Of which: citizenship									
	Asylum	Romanian		Soviet (FAK)		Ex-Yugoslavian		Outside of Europe		Other	
	Seekers	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%
1988-2002	180039	55017	30,56	3961	2,20	85925	47,73	33095	18,38	2041	1,13
1988	13173	13173	100,00	-	-	-	-	-	-	-	-
1989	17448	17365	99,52	50	0,29	-	-	-	-	33	0,19
1990	18283	17416	95,26	488	2,67	-	-	-	-	379	2,07
1991	53359	3728	6,99	738	1,38	48485	90,87	-	-	408	0,76
1992	16204	844	5,21	241	1,49	15021	92,70	-	-	98	0,60
1993	5366	548	10,21	168	3,13	4593	85,59	-	-	57	1,06
1994	3375	661	19,59	304	9,01	2386	70,70	-	-	24	0,71
1995	5912	523	8,85	315	5,33	5046	85,35	-	-	28	0,47
1996	1259	350	27,80	268	21,29	559	44,40	-	-	82	6,51
1997	2109	131	6,21	90	4,27	329	15,60	1411	66,90	148	7,02
1998	7118	124	1,74	99	1,39	3333	46,82	3351	47,08	211	2,96
1999	11499	16	0,14	264	2,30	5111	44,45	6008	52,25	100	0,87
2000	7801	36	0,46	304	3,90	692	8,87	6592	84,50	177	2,27
2001	9554	76	0,80	171	1,79	214	2,24	8974	93,93	119	1,25
2002	6412	15	0,23	197	3,07	97	1,51	5971	93,12	132	2,06
2003⁽¹⁾	1167	11	0,94	264	22,62	59	5,06	788	67,52	45	3,86

Source: Ministry of Interior.

Note: (1) Up to July.

Table 47 - Asylum statistics, 1989 - July 2003

Year	Total number of	Illegally Entered	Refugee		Recognised	Rejected Application	Terminated Procedure	Refugee	In progress	
	New		Procedure	Status	Status			Status	Case	Person
	Entered		Started	Granted	Granted			Withdrawn		
1989	3641	0	36	35	0	1	0	0	-	-
1990	15309	316	3520	2561	0	318	548	0	41	61
1991	10267	240	921	434	0	150	223	168	106	162
1992	5547	117	458	472	0	71	58	277	17	37
1993	5366	93	468	361	0	45	21	278	42	93
1994	3375	121	207	239	0	29	13	534	19	38
1995	5912	351	130	116	0	32	5	220	13	27
1996	1259	48	152	66	0	42	31	101	18	21
1997	2109	1496	177	27	0	106	57	280	6	11
1998	7118	5045	7118	362	232	2790	1174	29	1727	2566
1999	11499	6589	11499	313	1776	3537	5786	10	2020	2653
2000	7801	6324	7801	197	680	2978	4916	11	1131	1435
2001	9554	8119	9554	174	297	2995	4565	23	2116	2391
2002	6412	5728	6412	104	0	2578	5073	30	884	1048
2003 ⁽¹⁾	1406	1092	1406	88	0	944	997	9	356	425
Total	96575	35679	49859	5549	2985	16616	23467	1970	8496	10968

Source: Ministry of Interior.

Note: (1) Up to July.

Table 48 - Mortality by main causes of death, 2001 (per '000 inhabitants)

Total	Malignant neoplasms	Diseases of the circulatory system	Heart diseases	Cerebrovascular diseases	Diseases of the respiratory system	Diseases of the digestive system	Of which: diseases of liver	Accidents	Suicides
Male									
1 1411,8	392,5	639,0	380,6	172,6	52,7	124,0	94,2	72,9	47,1
Female									
1 193,8	275,9	682,5	370,8	195,8	33,3	66,3	35,4	47,3	13,0
Total									
1 297,5	331,4	661,8	375,5	184,7	42,5	93,7	63,4	59,5	29,2

Source: HCSO, Yearbook of Welfare Statistics, 2002.