



EU Network of Independent Experts
on Social Inclusion

Investing in Children:

Breaking the cycle of disadvantage

A Study of National Policies

Hungary

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Investing in Children:

Breaking the cycle of disadvantage

A Study of National Policies

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COUNTRY REPORT - HUNGARY

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1. Executive Summary¹

On 20th February 2013 the European Commission adopted a Recommendation on “Investing in children: breaking the cycle of disadvantage”² as a key element of the Social Investment Package³. The present report focuses primarily on policy analysis and policy development within Hungary in this regard.

All available figures in Hungary indicate a significant increase in poverty, most prominently child poverty in spite of the fact that the issue of child poverty has had high priority during recent years, including during the Hungarian presidency. The NRP 2012 acknowledges the deterioration of the situation regarding social exclusion and poverty and highlights children among the most affected groups, beside the Roma, and those living in disadvantaged regions, but the adequacy of employment-related and child-care benefits is not perceived to be problematic. The government aims to contribute to achieving the 2020 poverty targets predominantly by increasing employment levels/work intensity (mainly by public work projects) and thus achieve improvement in the other indicators. However, as the most recent income data (see TÁRKI Monitor) indicate, income gained in such ways cannot at all have a significant positive impact on the poverty situation of the participants.

Funding projects to handle social inclusion including child poverty is predominantly based on EU sources. Problems arise from different time frames in case of funding: EU development funds were designed for seven year operative programmes, while the EU 2020 strategy and Social Inclusion Strategy (NSIS) covers a ten-year time frame and government measures and action plans are set for two or three years. The national budget is designed for a single year.

The combination of previously existing programmes, including the former National Strategy “Making Things Better for our Children” adopted by Parliament in 2007, into a single complex programme (National Social Inclusion Strategy, comprising also the Roma Strategy) is welcome. The proposed and elaborated monitoring system as well as planned future steps are in the right direction. A number of governmental programmes have been launched, especially in the most disadvantaged micro-regions to decrease child poverty. These programmes are very important, but they primarily finance services and to a lesser extent, infrastructural development. These are crucial in decreasing poverty; however, (1) they do not, cannot deal with the issue of the income of the affected families, as a minimum subsistence level should be provided by the state, and (2) are short-term, maximum 2-3 year-long, which is too limited a time frame to break the intergenerational transmission of poverty. After the project financing ends, they cannot be sustained, so most of their results also vanish in time. The proposed actual measures do not always give adequate and effective, comprehensive responses to the challenges.

No matter how local projects or initiatives improve the situation of poor children and families, they cannot compensate for the lack of sufficient income which

¹ Readers should note that the drafting of this report was completed in September 2013 thus it does not include an analysis of data or policy developments that became available after this date.

² Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:059:0005:0016:EN:PDF>

³ Commission Communication on *Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020*. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0083:FIN:EN:PDF>.

would be necessary to satisfy basic needs. Provisions in place are good however, their value should be differentiated so as to concentrate redistributive efforts toward the bottom of society. The current system of provisions, although they play a very significant role in sustaining families affected by social exclusion, cannot provide sufficient resources to lift them out of poverty. Newly introduced universal measures (changes in the tax system, the system of unemployment benefits) affect those at the bottom of the income hierarchy the most negatively. Other important universal provisions (e.g. provisions related to child care) are continuously and significantly losing their value, as they have not been increased since 2008.

In the same manner, Hungary has a number of institutions which could be made relatively easily suitable for providing the necessary adequate services (e.g. the system of kindergartens, public education system, the network of district nurses, child and family welfare services, Sure Start children's houses). However, so as to achieve this goal, these should be sufficiently financed and improved both in numbers and quality. Their accessibility and availability should be made more balanced especially in certain regions.

Recommendations:

- All policy measures should be harmonised with the aims of the National Social Inclusion Strategy and the limited resources should be reallocated so as to ease the situation of the most deprived population groups.
- The government should increase the amount of social provisions at least to compensate for inflation and prevent these transfers from further losing their value. Their value should be maintained at least at their 2008 level.
- More emphasis should be given to securing wide and more balanced access to transport, health care, education and decent housing facilities, as well. Ex ante and ex post impact assessments should be widely applied to facilitate better policy making at the highest level.
- In case of child poverty (and more widely, social exclusion) projects, it would be most important to have longer project periods, even overarching EU programming periods, as current short-term projects can only start a process and if (as often happens) the project cannot go on, it does more harm than good. The EU could also put some pressure on member states to continue such projects so that they continue to be financed in the new programming period (and other interests could not prevent them from doing so).

2. Assessment of overall approach and governance⁴

2.1. An integrated multi-dimensional strategy, synergies between relevant policy areas and players

A declared fundamental value of the Government that took office in 2010 has been the family and one of its most important priorities is the strengthening of families. This value and the high importance of families is expressed also in the new Fundamental Law of Hungary.

The National Strategy “Making Things Better for our Children” is a multi-generational programme (2007-2032) adopted by Parliament in 2007. It was designed in 2006 by the Programme Office to Combat Child Poverty, a research team operating within the Hungarian Academy of Sciences (MTA GYEP) established at the end of 2005, which came together for this specific purpose.⁵ The programme was based on the concept that reducing child poverty is a top priority within the Government efforts to lessen poverty and social exclusion. One basic priority of the programme has been the gradual but radical improvement in the situation of the Roma and of chances for Roma children.

A short initial three-year programme was fundamentally designed to reduce the number and proportion of children living in poverty, and significantly improve the living conditions for children who live in deep poverty and who live in an extreme level of exclusion, in preparation for the changes that require a longer time to implement.⁶ The Programme Office began implementing its strategy in 2006 in the Szécsény micro-region. In 2008 it began to prepare the groundwork to cover five more of the most disadvantaged micro-regions. As the 2007 report of the Network highlighted⁷, complex interventions and developments, operating through multiple ministries and management levels, and including many institutions and professionals were planned. However, the amount of budget and development funding available for these programmes were limited, less than required, and problems related to cooperation among the various ministries made it very difficult to maintain the complex nature of these programmes.

In 2008 the National Strategy Evaluation Committee was established by a Parliamentary Resolution.⁴ The Committee’s role included helping to implement, monitor and evaluate the strategy. Most of the operative issues connected to the Evaluation Committee were handled by the Children’s Chance Office operating within the Prime Minister’s Office (MEH), while the MTA GYEP Office provided the research and scientific background for Evaluation Committee operations. Starting with the first year after it began, 2008, the government’s commitment to the programme gradually waned, with the exception of a few areas including school integration. The goals remained valid on the level of rhetoric but not in practice.

⁴ Readers should note that the drafting of this report was completed in September 2013 thus it does not include an analysis of data or policy developments that became available after this date.

⁵ The public responsibility of the MTA GYEP Office was to promote the implementation of the National Strategy through three main tools: basic research, applied research (monitoring and action-research), and experimental (pilot) implementation.

⁶ Source: Brief Programme of the National Programme to Combat Child Poverty, MTA GYEP, February 2006, p. 5 (www.gyerekesely.hu)

⁷ Darvas Á. – Tausz K. (2007): Tackling child poverty and promoting the social inclusion of children. <http://ec.europa.eu/social/BlobServlet?docId=5156&langId=en> .

In 2011, the Chances for Children Strategy as a separate entity was terminated.⁸ The government adopted the National Social Inclusion Strategy- Deep poverty, child poverty and Roma 2011-2020 (referred to further in this report as NSIS). It states that "the Hungarian inclusion policy attempts to promote the integration, extension and management in a standard target system of the strategies of specific problem areas relevant to poverty (strategies concerning child poverty, the Roma and disadvantaged regions) in the interest of the more effective enforcement of inter-sectoral approaches. Accordingly, the Strategy integrates the approaches and objectives of the „Making Things Better for our Children“ National Strategy and the Decade of Roma Integration Programme (DRIP) Strategic Plan.”⁹ The tools assigned to the objectives are grouped into six areas of intervention. The areas of intervention are defined along the 4 pillars, but are somewhat extended: 1. Child welfare, 2. Education-training, 3. Employment, 4. Health, 5. Housing, 6. Inclusion, attitude formation, fight against discrimination. The integration of the previously existing strategies is further justified by the significant overlap of their target groups: among the apr. 750 000 Roma 5-600,000 are very poor, at least half of the 400,000 children living below the poverty line are Roma, plus the Roma population concentrates in the most disadvantaged regions of the country.¹⁰ The overall strategy is comprehensive, multi-dimensional and integrated. Targets are specific, numeric, in line with the Europe 2020 objectives. The Strategy fits the EU expectations.

According to the Strategy, the State Secretary for Social Inclusion reviews the implementation of the three-year action plan of the strategy annually and prepares reports for the Government. The Inter-Ministerial Committee for Social Inclusion and Roma Matters is responsible for coordination to realise strategy targets. The Committee monitors the implementation of the integration strategy and action plan. A monitoring sub-committee of the Inter-Ministerial Committee for Social Inclusion and Roma Matters was set up in 2012¹¹, which meets regularly every 2-3 months to monitor not only the programmes but their synergies as well in various fields. The first report on the actual status of programme implementation was to be delivered in May 2013, but it is still not accepted by the government thus has not yet been made public¹².

2.2. Evidence-based approaches and an evaluation of the impact of policies introduced in response to the crisis on children

On May 20 2011 the government and the National Roma Self-government (ORÖ) signed a framework agreement (appended to the Strategy) creating a common decision making mechanism, highlighting that the ORÖ would participate in all decisions regarding improving the employment and education of the Roma. On September 26 2012 the government set up the Roma Coordination Council for

⁸ Government resolution 1430/2011. (XII. 13.) overruled its former resolution 1092/2007. (XI.29.) as the Action Plan of the „Making Things Better for our Children“ National Strategy will be included in the Action Plan of the National Social Inclusion Strategy in the future.

⁹ NSIS pp:7-8.

¹⁰ Jelentés a „Legyen jobb a gyermekeknek!“ Nemzeti Stratégia Értékelő Bizottság 2011. évi feladatainak végrehajtásáról Eds.: Drosztmerné Kánnai M. et al. 2012 Budapest, <http://romagov.kormany.hu/jelentes-a-legyen-jobb-a-gyermekekneknemzeti-strategia-ertekelo-bizottsag-2011-evi-feladatainak-vegrehajtasarol>. p. 7.

¹¹ <http://romagov.kormany.hu/reagalas-szabo-timea-nyilatkozatara-megkezdodott-a-monitoring-rendszer-felepítése-a-társadalmi-felzárkózás-területen>

¹² <http://romagov.kormany.hu/reagalas-szabo-timea-nyilatkozatara-megkezdodott-a-monitoring-rendszer-felepítése-a-társadalmi-felzárkózás-területen>

ensuring consultation related to the development, implementation and results of measures on the integration of Roma¹³. The Council also takes part in the evaluation of the social situation of Roma and the promotion of their social integration, including the follow-up of the implementation of the Strategy, the annual evaluation of the action plan and the regular review of the Strategy. A third body participating in the evaluation, monitoring and revision of the Strategy is the Evaluation Committee of the "Making Things Better for Our Children" National Strategy. The Committee is responsible for the methodical and systematic monitoring of the implementation of the Strategy regarding child poverty, the further development of the tools and procedures of follow-up, the development of a system of indicators measuring child poverty (esp. regarding Roma children, children with disabilities, and regional inequalities) and the gathering, analysis and publication of data. The formerly existing Evaluation Committee lost its purely civic character in 2011 when 12 representatives of the government were appointed to the committee alongside the 12 civil members; its chair is the state secretary for social inclusion and a co-chair is elected from civil members. The Evaluation Committee's report for 2011 is criticised for dealing primarily with performance of Committee tasks¹⁴, not with processes involving children. This was why a Civil Report on the situation of children was written for 2011¹⁵ by the onetime staff of the MTA GYEP, now as members of the Chances for Children Association.¹⁶ Unfortunately, no such comprehensive reports are available yet regarding the previous year. There are also important tasks allocated to the newly established Türr István Training and Research Institute ("TKKI") such as the planning, implementation and coordination of programmes initiated for the target groups in the whole territory of the country, acting as regional integration coordination centres and fulfilling adult education duties and a number of other key duties.

2.3. Involvement of relevant stakeholders

The involvement of stakeholders could be significantly improved, even at a formal, but especially at a substantial level.

2.4. Balance between universal and targeted policies and sufficient focus on children

The combination of previously existing programmes in a single complex one is welcome. The proposed and elaborated monitoring system as well as planned future steps are in the right direction. However, action plans in fact contain a list of existing programmes. A number of governmental programmes have been launched, especially in the most disadvantaged micro-regions to decrease child

¹³ In addition to the representatives of Roma minority self-governments (2 persons on behalf of the National Roma Self-Government, one of them as the co-chair of the Council, and representatives of the Regional Minority Self-Governments of the Roma Minority), the representatives of civil organisations, municipalities, churches, the ombudsman for minority rights and the Government are present in the organisation comprised of 27 members. The Council is chaired by the Minister of Public Administration and Justice. The Council is an advisory and consultative body for social inclusion.

¹⁴ Jelentés a „Legyen jobb a gyermekeknek!” Nemzeti Stratégia Értékelő Bizottság 2011. évi feladatainak végrehajtásáról Eds.: Drosztmerné Kánnai M. et al. 2012 Budapest.

¹⁵ Civil jelentés a gyermekesélyekről, 2011. Eds: Ferge Zs. – Darvas Á., Budapest 2012. http://gyere.net/downloads/Civil_jelentes_2011.pdf

¹⁶ Darvas Á.- Ferge Zs.: Programmes to improve chances for children and how they look when applied to micro-regions. Dilemmas and lessons. Budapest, 2013. www.gyere.net/downloads/gyerekese%20angol.pdf . P. 12.

poverty. These programmes are very important but they primarily finance services and to a lesser extent, infrastructural development. These are crucial in decreasing poverty, however (1) they do not, cannot deal with the issue of the income of the affected families, as a minimum subsistence level should be provided by the state and (2) are short-term, maximum 2-3 year-long, which is too limited a time frame to break the intergenerational transmission of poverty. After the project financing ends, they cannot be sustained, so most of their results also vanish in time. The proposed actual measures do not always give adequate and effective, comprehensive responses to the challenges. The areas and tools for intervention and programmes/measures in the indicative to-do list do not overlap, the latter often lacking measures which have previously been identified in the Strategy, while other proposed measures contain some irrelevant tools, as well. The Strategy sometimes appears to be independent of today's Hungarian reality: normative financing decreased (minimally at real value) regarding a number of services playing a key role in providing for the poor and vulnerable including the Roma (e.g. street support services, family support centres, the budget of the Equal Treatment Authority). The basis for social provisions has not been increased since 2008, a number of other provisions have been seriously curbed, the number of state financed places in tertiary education has been significantly decreased together with the age limit for compulsory schooling etc. Therefore, one could quote a significant number of governmental steps which beyond doubt deteriorate the situation of the target of group of the Strategy, including children. Available data indicate¹⁷ that the situation esp. regarding child poverty in fact significantly worsened. It seems that government policy measures and the crisis had the most negative impact on those in a most meagre situation.

The civil "shadow" report on child poverty¹⁸ includes an evaluation of government measures affecting child poverty in 2011- mid-2012. This summary table supports the statement that there is a contradiction between government targets described in several documents, e.g. the National Social Inclusion Strategy and smaller scale measures planned and realised according to them, and other, often large-scale policy measures which have a negative effect on social inclusion.¹⁹

¹⁷ Szívós, P. – Tóth I.Gy. (eds): Egyenlőtlenség és polarizálódás a magyar társadalomban. TÁRKI Monitor Jelentések 2012, 2013 April.
http://www.tarki.hu/hu/research/hm/monitor2012_teljes.pdf

¹⁸ Civil jelentés a gyermekesélyekről, 2011. Eds: Ferge Zs. – Darvas Á., Budapest 2012.
http://gyere.net/downloads/Civil_jelentes_2011.pdf.

¹⁹ Darvas Á.-Farkas Zs. (2012) A gyermekek helyzetének változása Magyarországon a válság éveiben: kormányzati szándékok a jogszabályok tükrében. in: Esély 2012/6. PP 31-50.

Table 1. Summary of the supposed or estimated impact of regulations in 2011-mid-2012 on poor families with children – from the aspects of income and children's rights²⁰

Evaluation	Number of analysed effects *	Out of the analysed effects how many had an impact on	
		Big groups, maybe all poor people of all poor families with children (e.g. tax regulations)	Small groups, some families (e.g. involving Labour Inspectorates in the child protection signalling system)
++ very positive	2	1	1
+ positive	9	1	8
Total	11	2	9
- negative	11	6	5
-- very negative	9	7	2
Total	20	13	7
Altogether	31	15	16

*A measure might have had both positive and negative impacts (e.g. the family tax allowance). 4 measures whose impact is fully uncertain are not included in the table.

Thus, although there is an integrated multi-dimensional strategy and there are synergies between relevant policy areas and players, some important measures contradict the strategy.

2.5. A children's rights approach

A children's rights approach is often mentioned in rhetoric but may be overruled by other interests. No publicly visible effort has been made to support the involvement of children in policy making affecting them. The issue of child poverty often emerges in public debates and will probably be a dominant issue before the new elections (the present government being blamed for worsening indices by opposition parties).²¹²²²³

Although there is an integrated multi-dimensional strategy, and initially the fight against child poverty was evidence-based and an evaluation of the impact of

²⁰ From a conference presentation by Zsuzsa Ferge, based on the evaluation published in the "Civil jelentés a gyerekesélyekről 2011". Source: Civil jelentés a gyermekesélyekről 2011. (Gyerekesély Egyesület). <http://www.3sz.hu/tartalom/konferenciak>

²¹ <http://magyarorszagon.hu/hirek/2013-06/belfold/gyermekszegenysegg-elleni-intezmenyrendszer-akar-felallitani-az-egyttpm/>, 2013.06.18.

²² "Az Orbán-kormány három éve alatt félmillió éhező gyermek országává váltunk" 2013. 07. 22., http://hvg.hu/itthon/20130722_Az_Orbankormany_harom_eve_alatt_felmilli

²³ MSZP: megdöbbentő adatok a magyar középosztálybeli gyerekekről. 2013. 02. 20. http://hvg.hu/itthon/20130220_MSZP_megdobbento_adatok_a_magyar_kozeposz

policies introduced was substantial and regularly performed, recently they are more of only a taxative list of measures already launched or accomplished. The response to the crisis with regard to its impact on children is weak and not universal, which is reflected in the worsening child poverty indices.

Recommendations

- All government measures and national legislation should be in line with the NSIS.
- The substantial representation and real participation of all relevant target groups should be secured, not only a formal participation, but substantial feedback.

3. Access to adequate resources

The Household Monitor Survey by TÁRKI²⁴ claims that tendencies of social segmentation, impoverishment, and the reproduction of poverty from generation to generation have further deteriorated significantly between October 1 and 2012 September 30. "Changes in the social protection system since 2009 further strengthened these processes as they had a negative impact on social groups already in a vulnerable situation".²⁵ The poverty gap increased from 22% in 2009 to 26% in 2012. The poverty gap is above average in case of children (28%), among those living in households with very low work intensity (40%), with an unemployed or inactive head of household (34%), a pensioner head of household (35%), with Roma head of household (39%) single person households under 65 (50%), in single parent families (44%) and families with 3+ children (34%). Not only income but also labour market polarisation increased: the proportion of households with an employed head of households and other employed member(s) increased but the number of those living in households without active earners did as well.

The spread of poverty is indicated by the fact that the proportion of those in low work intensity households decreased among the income poor, that is, *the proportion of poor households with more intense labour market participation are also increasingly poor*. Poverty rate for households with very low work intensity was 36% in 2009 and 47% in 2012, while in households with low work intensity 25% in 2009, 33% in 2012. In households with higher work intensity, poverty rates are below average, between 3-12%. One has to highlight at this point that vocational education, which the government tries to strengthen so much at the cost of reducing the number of those in secondary education, seems insufficient for labour market success or for lifting people out of poverty.

"Between 2010 and 2012 a number of austerity measures affecting the provisions of the social protection system was introduced especially regarding tightening the conditions of provisions for the unemployed, social provisions and family cash transfers. Thus for example a growing proportion of unemployment benefits and social assistance, in 2012 more than 60% was received by the lowest income quintile just as well the 42-43% of all family allowances."²⁶ Provisions for the poor are at best decreasing in real terms, in addition to which recent changes of the law (2012 CXVIII.²⁷) permit that a portion of social assistance, formerly provided in cash, can only be provided in vouchers to buy food products ready for consumption.

²⁴ Ordered by the State Secretariat on Social Inclusion of the Ministry of Human Resources: Egyenlőtlenség és polarizálódás a magyar társadalomban. TÁRKI Monitor Jelentések 2012, Szívós, P. – Tóth I.Gy. (eds), 2013 April. p. 41.

http://www.tarki.hu/hu/research/hm/monitor2012_teljes.pdf

²⁴ Fazekas, K et al. (Eds.): The Hungarian Labour Market 2013, Centre for Economic and Regional Studies, Hungarian Academy of Sciences & National Employment Non-profit Public Company Ltd. Budapest, 2013, p. 282.

²⁵ Egyenlőtlenség és polarizálódás a magyar társadalomban. TÁRKI Monitor Jelentések 2012, Szívós, P. – Tóth I.Gy. (eds), 2013 April. p. 41.
http://www.tarki.hu/hu/research/hm/monitor2012_teljes.pdf

²⁶ Egyenlőtlenség és polarizálódás a magyar társadalomban. TÁRKI Monitor Jelentések 2012, Szívós, P. – Tóth I.Gy. (eds), 2013 April. p. 7-46.

http://www.tarki.hu/hu/research/hm/monitor2012_teljes.pdf

²⁷ <http://www.magyarokzlony.hu/pdf/13606>

3.1. Policies to support parents' participation in the labour market, especially those at a distance from the labour market and in households at particular risk

Employment levels are still quite low in Hungary. To make up for the changes of the tax system negatively affecting low wage earners, the government significantly increased minimum wage. This most probably further hinders the employment of people with low educational levels in the open labour market. More than half of registered jobseekers are without provisions. The rate of out-of-work assistance and regular social assistance (RSA) was reduced and eligibility criteria for job seekers' allowance were tightened. Eligibility criteria for pre-retirement job seeker's allowance were somewhat relaxed. Unemployment benefit is provided for 3 months and is 60% of the average income of the previous year. After the 3rd month, the unemployed person receives a minimum income allowance which is a fix amount of 22,800 HUF / (approximately € 80) month and is conditioned to participation in public work programmes. The wage of public workers is significantly lower than the minimum wage, but a significant percentage of employees work only 6 hours per day.

The largest active measure of current Hungarian labour market policy, similarly to the previous years, is employment in public work projects. There are seven different types of public works programmes that local councils can take part in: 1) Agricultural projects – animal husbandry, crop cultivation or both (provision of machinery, seedlings, polytunnels etc. for participants), 2) Maintenance of dirt roads used for agricultural purposes, 3) Drainage, 4) Clearing up illegal landfill sites, 5) Organic and renewable energy production (for example, switch over to bio boilers, the production of grass, shrub and log briquettes etc.), 6) Maintenance of public roads, 7) Winter and other “meaningful” employment (for example preservation, drying and pickling of vegetables and fruits, making pasta, maintenance of local council buildings etc.). Agricultural programmes run throughout the year, while other programmes typically last for five months. One person can participate in only one programme at a time. The deadline for local councils to set up new Start-work demonstration projects was extended until 1 July, 2014.²⁸ Public work has a punitive component in that, for instance, a person can lose the opportunity to get a community service job, which equates to loss of unemployment assistance, if he/she violates certain rules. In addition, public work as all forms of assistance is becoming dependent on increasingly invasive conditions (clean home, clean yard, etc.) Even the official report on child poverty stated: “The government raised the level of employment of those excluded from the labour market by involving growing numbers in public work projects, however, in 2011 taking all factors (increased ratio in part time employment, tax regulations etc.) they received at least 40 % less net income than in 2010. Thus the financial situation of families with children, involved in public work, having no other work-related income deteriorated between 2010 and 2011. The sum of the employment substitute benefit, which people receive when not in public employment has not been increased since 2008, furthermore, it was decreased to 22,800 HUF from 2012, a further significant worsening in the income level of this group can be expected”.²⁹

²⁸ Fazekas, K et al. (eds): The Hungarian Labour Market 2013, Centre for Economic and Regional Studies, Hungarian Academy of Sciences & National Employment Non-profit Public Company Ltd. Budapest, 2013, p. 281-282.

²⁹ Jelentés a „Legyen jobb a gyermekeknek!” Nemzeti Stratégia Értékelő Bizottság 2011. évi feladatainak végrehajtásáról Eds.: Droszterné Kánnai M. et al. 2012 Budapest.

In terms of wage subsidies, both the scope of eligible employers and employees was extended, which promotes the labour market participation of those furthest away from the labour market. Social cooperatives are newly eligible employers that can receive assistance of up to 70% of the pre-tax wage. Some of the previous restrictions on the eligibility of employees were lifted: people under 25 years do not need to be new entrants to qualify for wage subsidy, people registered as job seekers for six months or longer do not have to undergo a work readiness test, and the category of long term jobseekers has been abolished. However, jobseekers that live with their family are only eligible if the other family members are not in employment. There were no changes in the area of job protection and job creation subsidies. However, a number of new tax credit schemes were created to counter the effects of new income tax regulations that can be regarded as a form of job protection subsidy.

As of January 2012, another significant and potentially dangerous modification was made: employers' contributions became a social contribution tax – the rates remained the same. The significance of this change is that whereas contributions confer an entitlement to receive a social benefit or service, taxes are unrequited payments. Tax revenues are general revenues and go to the central government budget, while revenues from contributions go to earmarked funds.³⁰

People with partial work capacity who have been found suitable for vocational rehabilitation by the comprehensive assessment can qualify for rehabilitation assistance. This new form of assistance replaced a range of previous benefits including the rehabilitation allowance, disability and accident-related pensions, regular social assistance, temporary assistance and the health impairment allowance of miners. The 19 rehabilitation management authorities operate in approximately 100 local offices (customer services) with 620 staff. Their main objective is to help people receiving rehabilitation assistance to return to the labour market. They provide the same range of services that the employment service provides on the basis of the Ministry of Economy decree 30/2000 (15 September). For job brokerage services they use the database of job centres. People claiming rehabilitation assistance must take part in public works if their health status allows. A new form of subsidy for workers with partial work capacity introduced in 2012 was the rehabilitation card that exempts employers from the social contribution tax on wages of up to twice the minimum wage. People who were receiving group 3 disability pension or regular social assistance on 31 December 2012, or were assessed as suitable for vocational rehabilitation or employment with long-term subsidy after 1 January 2012 are eligible for the card. As of 1 July 2012, people with partial work capacity who are self-employed or individual members of a business are also exempt from the payment of social contribution on their income. Its rate is equal to the discount provided by the rehabilitation card. It should be noted that as of 2012 the assistance is paid on the basis of potential employability for employees; however, for employers in the latter group it is paid according to the degree of impairment.³¹

Taking the at risk of poverty and social inclusion index, in 2012 47% of Hungarians are affected, almost the same number as in 2009, but the inner composition has changed: significantly more people are income poor or suffer

³⁰ Fazekas, K et al. (eds): *The Hungarian Labour Market 2013*, Centre for Economic and Regional Studies, Hungarian Academy of Sciences & National Employment Non-profit Public Company Ltd. Budapest, 2013, p. 286.

³¹ Fazekas, K et al. (eds): *The Hungarian Labour Market 2013*, Centre for Economic and Regional Studies, Hungarian Academy of Sciences & National Employment Non-profit Public Company Ltd. Budapest, 2013, p. 279-281.

from severe material deprivation while those living in low work intensity households has somewhat decreased: from 22.8% to 19.9%.³² On the other hand, in a sense it indicates the failure of the Hungarian government policy to raise employment levels by all means (employing 300 000 in public work projects with salaries even full time significantly less than minimum wage) as a way of alleviating poverty, as in this present form they cannot meet this objective.

Some experts point out that the new regulations regarding unemployment benefits are incomparably strict in the developed world. The maximum 3 months entitlement period is half of that in the USA or in the second strictest EU member state, the Czech Republic. Based on the extensive literature on the optimal length of unemployment provisions, they claim that both the entitlement period and the replacement rate should be significantly increased. To counterbalance the negative effects of unemployment provisions on employment, several countries applied different methods, which do not result in an increase in poverty. Such tools could be the tightening of criteria of cooperation, or in case of finding a job, the gradual decrease of the benefit to increase expected income, the introduction of negative taxation, or disregarding a portion of the income of the newly employed when calculating the income entitlement. It could also be a solution that the provision can be suspended and reclaimed right away after a brief period of employment so that the beneficiary should not be left without any income for weeks. In case of disability provisions it is good to set their amount to be closer to unemployment benefits than to pensions; however, it is key to provide a number of high quality services at unemployment centres for the disabled.³³

To promote female employment, the availability of day care services are being extended, plus employers of mothers in part time have to pay reduced contributions. Single parents, although a significant at-risk group regarding child poverty, are not targeted with special measures.

Although the capacity building of the National Employment Service has been mentioned several times in strategic documents, and programmes targeted this, no significant comprehensive improvement has been experienced so far.

As the Civil Report on the NSIS, based on views of a wide range of experts put it „The negative impacts of the crisis have undoubtedly grown recently as a result of frequent changes (in some cases with retroactive effect) in economic, administrative and taxation regulations and reductions in public expenditure assigned for active labour market measures. Most of the funds allocated to the improvement of the employment situation in Hungary have been spent on public work. EU funds invested in employability and employment programmes reach the most disadvantaged and especially Roma only to a very limited extent. Despite significant amount of funding dedicated to training programmes, there is still uncertainty in the availability of the organisational and professional capacities required for the implementation of projects designed to educate masses of Romani adults; training programmes have been delayed and there is no efficient mechanism for monitoring and measuring the impact. It is also clear that the existing measures taken in the framework of ongoing labour market programmes

³² Egyenlőtlenség és polarizálódás a magyar társadalomban. TÁRKI Monitor Jelentések 2012, Szívós, P. – Tóth I.Gy. (eds), 2013 April. p. 48. http://www.tarki.hu/hu/research/hm/monitor2012_teljes.pdf.

³³ Scharle Ágota: Jóléti és munkanélküli ellátások. In: Nyugdíj, segély, közmunka. A magyar foglalkoztatáspolitikai két évtizede, 1990-2010. Eds: Fazekas Károly, Scharle Ágota. Budapest Szakpolitikai Elemző Intézet - MTA KRTK Közgazdaság-tudományi Intézet, Budapest, 2012. PP: 134-142. p. 140.

will be ineffective in helping large numbers of uneducated Roma find employment until 2015, especially in regions with low labour market intensity. Therefore, it can be foreseen that the ambitious target (100,000 more employed Roma) defined in the formal agreement concluded between the current government and the National Roma Self-Government in 2011 will not be fulfilled, and there will be no large number of Roma successfully and sustainably reintegrated into the active labour market. As the only solution, people are forced into public work which involves severe conditions and sanctions violating basic rights and dignity and which, in their current form, involve vulnerability, inequitable working conditions and often pointless work, representing a dead-end for most of the people participating in public work. Roma are reportedly discriminated when applying for public work and thus are highly affected by the risk of being excluded from social services. As a consequence of restrictions introduced by the government, the number of adults not receiving social benefits and being excluded from welfare services has increased in Hungary since 2011, a tendency particularly affecting Romani communities living in deep poverty.”³⁴

Recommendations:

- Reducing administrative burdens and labour cost of low educated workers are necessary for increasing their employment. The recently introduced wage subsidy system is a good step but could be supplemented with tailor-made assistance; moreover, training may also effectively increase the chances of finding employment for unskilled workers.
- More funds should be made available for providing labour market services that directly promote labour market participation.
- The structure and content of public work should be transformed by taking into account the recommendations contained in various evaluations³⁵. (E.g. sanctions should not violate basic rights, there should be no discrimination, as public work does not fall within the scope of the Labour Code there should be legal arrangements which protect public workers, many public work agencies fail to comply with work safety regulations, and public work in its current form is not suitable as a reintegration tool to the labour market etc.)
- Mobility of workers should be promoted and supported by further developing the existing accommodation subsidy scheme and enlarging the group eligible for the support (partially being carried out). Travel costs should also be subsidised to promote employment where commuting is involved, as studies indicate that it is a major factor in labour market failure of disadvantaged groups esp. those living in small settlements.³⁶
- The 3-month time frame of the unemployment benefit is too short, and afterwards people receive only minimal support which, among others taking into consideration the level of indebtedness of the Hungarian society - may lead to tragic changes in their conditions in a very short period. This is to be changed.

³⁴ Civil Society Monitoring DECADE OF ROMA INCLUSION 2005-2015 pp. 7-8.

³⁵ The Ombudsman Report, those of the Trade Union of Public Workers, professional and non-government organisations and the National Federation of Local Governments of Settlements (TÖÖSZ)

³⁶ Husz I. (2013): “It is so little money you could make as much at home” Options for work in an impoverished rural region of high unemployment. IN: CORVINUS JOURNAL OF SOCIOLOGY AND SOCIAL POLICY 1 (2013) CORVINUS JOURNAL OF SOCIOLOGY AND SOCIAL POLICY Vol.4 (2013) 1, 33-54.
http://gyerekesely.tk.mta.hu/uploads/documents/Husz-Ildiko_cjssp.pdf

3.2. Policies to provide adequate living standards through an optimal combination of cash and in kind benefits

As it has been emphasised in all reports since 2008, the limit (tied to the minimum old age pension) for receiving social provisions has been drifting further and further away from the poverty lines (both the absolute and relative) as it has not been increased since 2008. Also, the amount of social provisions, tied to this level, has either been decreasing nominally as well, or “only” in real terms (see for example the employment substitute benefit, the amount of social assistance, family allowance, and child care benefits) which resulted in a significant loss of their value. Family allowance and child care benefits are estimated to have lost 20% of their value between 2008 and 2012.³⁷ From 2012 January the employment substitute benefit (for those in active age, capable of work, unemployed) was decreased by 20% from 28 500 HUF to 22,800 HUF, the upper limit for families receiving social assistance decreased from 60,600 to 42,326 HUF. Although from 2013 gross public work wages have also been increased to 75,000 HUF/month and in case of skilled work to 96 800 HUF, this year the government announced to prefer 6-hours-a day employment in public work for maximum 5 months with the exception of agricultural and some special projects. This taxable income in 6 hours-a-day employment will amount to only net 37 089 HUF in the first and 47,553 HUF in the second case.³⁸

Hungary is known to have a quite efficient social protection system in the sense that without social transfers the poverty indices would all be significantly higher, among the highest in the EU, so it seems to be a mistake to let these provisions lose their value.³⁹ The most recent Household Monitor Survey by TÁRKI claims that the effectiveness of social redistribution has decreased significantly by 2012. The ratio of the relative poverty rate of households with and without cash transfers has decreased since 2005 from 3.9 to 3.6 in 2007, 3.4 in 2009 and 2.7 in 2012.⁴⁰ In 2012 there was a significant rise of pre-tax minimum wages (19.2% and 14.9%) aimed to offset the effect of changes in labour taxation; nevertheless, the net value of the minimum wage for skilled workers still declined slightly. (Tax credits were abolished on 1 January 2012, and the contributions paid by employees went up by one percentage point.)⁴¹ In 2013 minimum wage was increased by 5.4%. Despite the government’s efforts to compensate for the negative effects of the tax system, figures clearly indicate the limited success of these steps even regarding families with children.

³⁷ Civil jelentés a gyermekesélyekről, 2011. Eds: Ferge Zs. – Darvas Á., Budapest 2012 http://gyere.net/downloads/Civil_jelentes_2011.pdf, p. 23.

³⁸ A közmunka korlátozásával trükközik a kormány <http://www.vg.hu/kozelet/tarsadalom/a-kozmunka-korlatozasaval-trukkozik-a-kormany-397680>

³⁹ Jelentés a „Legyen jobb a gyermekeknek!” Nemzeti Stratégia Értékelő Bizottság 2011. évi feladatainak végrehajtásáról Eds.: Drosztmerné Kánnai M. et al. 2012 Budapest.

⁴⁰ Egyenlőtlenség és polarizálódás a magyar társadalomban. TÁRKI Monitor Jelentések 2012, Szívós, P. – Tóth I.Gy. (eds), 2013 Ápril. p. 41. http://www.tarki.hu/hu/research/hm/monitor2012_teljes.pdf

⁴¹ Fazekas, K et al. (Eds.): The Hungarian Labour Market 2013, Centre for Economic and Regional Studies, Hungarian Academy of Sciences & National Employment Non-profit Public Company Ltd. Budapest, 2013, p. 301.

Table 2. Changes in real incomes including family tax benefit split by the number of children, in change of %⁴²

Number of dependent children	2011 compared to 2010 (full years)	2012. I. quarter compared to 2011. I. quarter	2012. I. quarter compared to 2010. I.	Distribution of employees, %
	Change in real value, %			
0 child	1,3	-4,0	-5,2	49,9
1 child	6,4	-3,4	-2,6	24,6
2 children	12,0	-2,8	2,4	19,2
3 or more children	19,0	-2,2	9,8	6,3
Total	5,8	-3,5	-2,1	100,0

In 2012 the government tried to compensate for the loss resulting from the decrease of net incomes of those in lower income brackets in 2 ways: by raising minimum wages (see above) and wage compensation. This latter was regulated by a decree regarding those in public employment and the other employees. In case of those employed in the public sector, wage compensation has to be claimed, which involves applying quite complicated rules. In other cases employers had to compensate for the losses, but the conditions of the "expected pay-rise" are so tough that a portion of them had not even tried to claim the compensation (e.g. a company applying for wage compensation cannot decrease the number of its employees in 2012), while others applied for it without success.

The most dramatic deterioration regarding poverty affects children, despite the fact that together with the flat rate new tax system, a new family tax allowance was also introduced in January 2011. In Hungary the amount of the income tax is lowered by an annually set amount for every child, depending on the number of children. In the case of 1-2 child families, the income tax may be reduced by 62,500 HUF/child/year (app. 221 EUR), while in the case of families with 3 or more children the income tax may be reduced by 206,250 HUF/child/year (app. 731 EUR) – a very significant amount regarding average Hungarian income conditions.

The majority of children however, even nationally, live in families with very limited income, so they cannot enjoy the positive effects of the alteration of the tax system (they have no or limited or very low work-related income). Moreover, as mentioned before, the real value of the provisions they receive has decreased since 2008. Those in low income brackets earn so little that they lose money in the present tax system due to the abolishment of tax credits for those with low income, and also, they cannot utilise the family allowance, or to a much lesser extent than those families in the highest income brackets, who bring up only a minority of Hungarian children, and comprise a fraction of the employed

⁴² Civil jelentés a gyermekesélyekről, 2011. Eds: Ferge Zs. – Darvas Á., Budapest 2012 http://gyere.net/downloads/Civil_jelentes_2011.pdf, p. 21., calculations based on KSH Statisztikai Tükör 2012/51, <http://www.ksh.hu/docs/hun/xftp/stattukor/keralakul12.pdf>

population as only 6% of the employed has 3 or more children.⁴³ Even in case of families with three children (where the average salary was higher than in case of those without or with fewer children), the salaries in real terms were lower as compared to the previous year.⁴⁴ Although due to the family tax benefit in 2011 families with children had on average 6.7% real income increase compared to 2010, still their per capita income was 4/5th of the average income. In 2011 the income situation of those with 3 or more children or single parents was the worst.⁴⁵ As the National Tax Authorities indicated, those with lower incomes left 112 billion (386 million EUR) in the budget. In case of average income (gross 159,000 HUF/month) one could use the tax benefit for 2 children totally. The biggest difference is in case of those with 3 or more children, they could use the child tax benefit to the lowest extent. Those living together but not in a marital relationship, and bringing up their children together were in an especially disadvantageous situation, and despite government promises, the rules have not been modified either last or this year in this regard. In 2012 the gap between high and low earners in utilising child tax benefit was expected to grow as the 1.27 multiplier was only to be applied for incomes higher than 2,424,000 HUF/ year, which significantly decreased tax base.⁴⁶

To put the above figures in context, the minimum subsistence level per capita was 83,941 HUF (71 736 HUF previous year, its 106.6%) for an adult living alone, and 243,429 HUF for a typical family with 2 children.

Supports universally available are cash benefits: the family allowance (családi pótlék), childcare allowance (GYES), child raising support (GYET), and maternity support (anyasági támogatás). Other forms of support linked to payment of social insurance contributions are delivery/confinement assistance (terhességi gyermekágyi segély, TGYÁS), childcare fee (GYED), and sick pay for a parent who stays at home with a sick child (gyermekápolási táppénz). The system of parental leaves and childcare benefits was modified by the former government on May 1st, 2010. In case of the insurance-based benefits (pregnancy confinement benefit and child care fee) the necessary insurance period was extended (from 180 days to 365 days). The length of the eligibility period of child care fee was equal to the period of the recipient's insurance (maximum up to the second birthday of the child). Due to the tax reform in 2012, the amount of TGYÁS and GYED calculated based on the minimum income decreased by 8,900 HUF/months.⁴⁷

The eligibility period of the child home care allowance was decreased from three years to two years in case of children born after April 30, 2010. It is a change in the system that pursuant to the amendment of the Act on Family Support, effective as from 1 January 2011, the childcare allowance (GYES) is payable again until the child reaches three years of age instead of two. This latter measure has positive impact on poor families, where it is difficult for parents to re-enter the labour market. In line with the amendment of GYES, the rules of child raising support (GYET) have also changed. GYET is again available as soon as the youngest child reaches three years of age, since the GYES expires then. The rules

⁴³ Civil jelentés a gyermekesélyekről, 2011. Eds: Ferge Zs. – Darvas Á., Budapest 2012 http://gyere.net/downloads/Civil_jelentes_2011.pdf, p. 22.

⁴⁴ http://www.ksh.hu/docs/eng/xstadat/xstadat_infra/e_qli031.html

⁴⁵ Statisztikai Tükör VII/15. <http://www.ksh.hu/docs/hun/xftp/stattukor/jovhelyzet/jovhelyzet11.pdf>

⁴⁶ http://www.penzcentrum.hu/adozas/megdobbento_tenyek_oriasi_adomany_a_gazdag_csaladoknak.1033939.html, 2012. 09 17 .

⁴⁷ Darvas Á.-Farkas Zs. (2012) A gyermekek helyzetének változása Magyarországon a válság éveiben: kormányzati szándékok a jogszabályok tükrében. in: Esély 2012/6. p. 35.

of employment during receiving GYES have also been amended. From 1 January 2011, part-time employment may be taken for 30 hours a week parallel with GYES once the child has reached one year of age. The Act provided for a transition period of adjustment to the changed rules by 31 March 2011 for those parents who were in full-time employment on 1 January 2011 according to the old rules, after their child reached one year of age. After this deadline, employment can only be taken for no more than 30 hours a week and the eligibility to GYES of those who are employed over this limit was terminated on 31 March. This restriction on employment has a negative effect on families.

The child protection benefit (*rendszeres gyermekvédelmi kedvezmény*) is a form of aid, 5,800 HUF paid twice a year, its most specific feature being that it is a passport-type benefit. When granted, it does not only slightly increase the family income, but also establishes entitlement to free or low-cost preschool and school meals and free textbooks for some groups of recipients. However, the fact that neither the amount of the benefit nor the eligibility ceiling has changed in recent years, it practically means a decrease in the value and the increasing limitation of the circle entitled to provision. Furthermore, from October 2012 the benefit must be provided in kind, in the form of the so-called *Erzsébet*-vouchers.

Family benefits play a very significant role in alleviating the financial situation of the poorest families with children, since these benefits amount to an average of 18 % of overall household incomes for families in the lowest income deciles. The most recent Household Monitor Survey by TÁRKI claims that the effectiveness of social redistribution has decreased significantly by 2012. The ratio of the relative poverty rate of households with and without cash transfers has decreased since 2005 from 3.9 to 3.6 in 2007, 3.4 in 2009 and 2.7 in 2012.⁴⁸

One definite advantage of the family allowance system is its very high (97%) access rate, but unfortunately increases in its amount are still not linked to any form of automatic indexing. Furthermore, the amount of the allowance is not sufficiently differentiated by the number of children in the family (ranging from 12,200 HUF to 17,000 HUF/month in case of healthy children). There is also a quite minimal difference between the allowance regarding family types. The allowance payable for single parents should also be increased. With regard to child poverty, it would be crucial that this allowance could retain its real value and that families at risk of poverty could receive additional support. Especially the birth of the third (and every additional) child poses a high poverty risk.

In order to ensure the children's regular school attendance, from August 30 2010 the family allowance is paid as schooling benefit to families whose children are in the age of compulsory schooling. In case of a certain extent of unjustified absence (50 lessons) of the child from school, the benefit is suspended. If the child is attending school again, the suspended amount of the schooling benefit has to be paid to the family in kind. This measure affects socially excluded families in an increased extent and sanctioning has further tightened: two years ago truancy was sanctioned by the suspension of the family allowance that was paid however after truancy ended. Currently it is repealed entirely. In the school year 2010/2011 the proportion of students with more than 50 hours of absence was 2% in primary schools, 10.6% in vocational schools, 0.5% in secondary grammar

⁴⁸ Egyenlőtlenség és polarizálódás a magyar társadalomban. TÁRKI Monitor Jelentések 2012, Szívós, P. – Tóth I.Gy. (eds), 2013 April. p. 41.
http://www.tarki.hu/hu/research/hm/monitor2012_teljes.pdf

schools. Until April 30 2011, schooling support was suspended in case of 5,361 students, 70% of them receiving child protection benefits.⁴⁹

As part of efforts to alleviate child poverty, free or discounted meals in crèches, nursery schools and in the first seven grades of primary schools are still provided to children from families with low levels of income. In certain cases, children can also get their school textbooks free of charge. A positive measure was to extend free meals for grade 8 at primary schools.

There has been free food for children during summertime: there have been programmes to support the nutrition of poor children during the summer time for years. In 2008 1.2 billion was spent for summer food for 131 000 children for a month, while from 2009 on 2.4 billion HUF to provide food for similar numbers, but for longer duration. One has to mention, however, that the number of children receiving regular child protection benefit (that is, the per capita income in the family does not reach 39,900,000 HUF/month) is more than half a million.⁵⁰ Since 2011 the number of participating settlements almost halved, so most probably a number of smaller settlement dropped out of the programme. The reason for this is that the precondition for participation in the programme is a 30% own contribution of the local government, which a number of settlements cannot pay. Although 33 of the 47 multiply disadvantaged settlements were exempted from this rule, the other 14 was not. Also, the otherwise positive intention that at least 30% of ingredients must be purchased from producers within a 40km distance posed significant problems for some settlements, although the daily cost for lunch was increased from 370 to 440 HUF. Still it seems that those in the worst situation were left out of the programme.⁵¹

Recommendations:

- Redistributive efforts, especially recent changes in the tax system with special highlight on child tax allowances, should not favour those in the best, but those in the worst income position, which is not the case right now.
- Special targeting should be applied in case of families with single parents or those with at least three children. The family allowance level is not differentiated enough to meet the needs of families that are running very different risks of poverty.
- The introduction of in kind benefits should be additional to the present cash benefits with decreasing value, and should not replace them as a form of punishment.

⁴⁹ Darvas Á.-Farkas Zs. (2012) A gyermekek helyzetének változása Magyarországon a válság éveiben: kormányzati szándékok a jogszabályok tükrében. in: Esély 2012/6. p. 37.

⁵⁰ LMP: csak a rászoruló gyermekek ötödének jut nyáron egy tál meleg étel, 2013. június 24, http://hvg.hu/itthon/20130624_LMP_csak_a_raszorulo_gyermekek_otodenek_j

⁵¹ A legszegényebb gyerekek maradnak ki az étkeztetésből 2012. június 22., http://hvg.hu/itthon/20120621_gyermekek-etkeztetes-szegenyseg-kormany

4. Access to affordable quality services

4.1. Early childhood education

The main relevant targets of government measures in this field are aiming at the expansion and reinforcement of quality education in early childhood, integrated pedagogical programmes in kindergartens, and providing more flexible day-care services regarding women. An extensive expansion of availability is financed in the framework of EU funded programmes, but we have no up-to-date information regarding the flexibility of the services they are to offer. Also, especially in the youngest age groups a lot more places would be needed. The most significant recent change was that nurseries are allowed to collect fees from 15 January, 2012. This fee is intended to cover the difference between the income from normative state subsidy and the actual operating cost of the nursery; however, it is capped at the per capita income for each family. Families must declare their income and local councils can award exemptions. Families with three children or more are exempted from nursery fees by law. In 2012 40% of the operating nurseries introduced this fee, and every 3rd child was to pay this fee.⁵² There were no government-funded capital investment programmes to create new infrastructure for nurseries; however, SROP Project 2.4.5 provided funding for the development of day care for children below three years of age, and regional operational programmes also supported the development of nurseries.⁵³ Thus available spaces in child care are being extended, however, only quite moderately.

A successful model in the field of early childhood education is the Sure Start Children's Houses: at present 43 of them operate, and by the end of the present programming period, an expected 100-110 will provide its integrated services for children and parents in a disadvantaged situation. In the framework of the measure Integrated Regional Programmes to fight child poverty (Social Renewal OP 5.2.3.), at least two Sure Start Children's Houses must be established in every region. After the end of EU financing, they automatically receive further state financing for 3 years, which is a significant achievement and good practice. Sure Start Children's Houses are listed now even in the child protection law among basic services for child welfare. The Integrated Regional Programmes to fight child poverty are complex programmes launched in 2009 in the intervention areas of the "Let it be better for Children" national strategy and started in 5 most disadvantaged micro-regions. The programme was slightly modified in 2011 and included another 6 micro-regions. In 2012 another 15 most disadvantaged micro-regions joined in with the worst indices related to child poverty. The above programmes receive methodological support from measure 5.2.1. of the Social Renewal OP.

In kindergartens special services suitable to make up for disadvantages of children (e.g. speech therapist, development specialist) are increasingly available but still reach only a fraction of children.⁵⁴ Professionals and teachers find it quite negative that extra-curricular, developmental programmes are financed from project funds

⁵² <http://www.ksh.hu/docs/hun/xftp/stattukor/kisgyermnapkozbeni/kisgyermnapkozbeni12.pdf>

⁵³ Fazekas, K et al. (eds): The Hungarian Labour Market 2013, Centre for Economic and Regional Studies, Hungarian Academy of Sciences & National Employment Non-profit Public Company Ltd. Budapest, 2013, p. 288.

⁵⁴ Civil jelentés a gyermekesélyekről, 2011. Eds: Ferge Zs. – Darvas Á., Budapest 2012 http://gyere.net/downloads/Civil_jelentes_2011.pdf p. 122.

(e.g. Social Renewal OP); thus, they cannot be counted on permanently, systematically, therefore cannot operate efficiently.

The kindergarten attendance support was introduced in 2009, which is a conditional cash transfer to enhance the participation of disadvantaged children in kindergarten care which prepares them for school. Poor and uneducated families (families qualified as multiply disadvantaged) receive a specified amount of money (20,000 HUF for the first time after formerly 3, now 2 months of regular kindergarten attendance and 10,000 HUF later) every six months if they send their 3 or 4 year-old child to kindergarten regularly. Multiple studies have been written about the details of the pre-schooling support, the conditions under which it was introduced and its effectiveness.⁵⁵ Kertesi and Kézdi estimated the effect of the programme on the kindergarten attendance of children of age 3 and 4 in years 2009 and 2010. Their findings also support that the school success of disadvantaged children can be increased by increasing their early participation in kindergartens, from ages 3-4. Their results indicate that the programme had some modest positive effects which could be increased if some elements of programme implementation were changed. They found that the estimated effects are largest in areas where kindergarten capacities are abundant relative to potential demand and smaller where capacity constraints may be binding, which is not a surprising finding but important, as kindergarten capacities are often the most limited in areas with high proportion of disadvantaged children. They still found that even in areas with limited supply side the programme could increase participation, but they suspect that this happened at the expense of having more children in one group, thus decreasing quality of care. They suggest that some elements may be modified: the period after which the cash transfer can be expected should be shortened (now it was reduced from 3 to 2 months), the proven effective cash benefit should not be changed to an in-kind one on occasions, the half-year feedback maybe too long, monthly rewarding could be more effective and provide a more direct link between kindergarten attendance and its reward. However, the programme should have concentrated on the active involvement of parents which it had not done. The programme should be supplemented with capacity building elements for parents – and professionals who are capable of providing them. For this a methodologically supporting background institution may be necessary. The introduction of this conditional cash transfer should have been preceded by an extended development of kindergarten services regarding both physical availability and professional content.⁵⁶ Based on the new public education law, to enhance the participation of disadvantaged children in kindergartens, from 2014 kindergarten attendance is to be compulsory from the age of 3.⁵⁷ So as to facilitate this, kindergarten services are to be made available in all settlements where the number of disadvantaged children justifies it (e.g. regional OPs support such developments.) This should by all means be supported by elements trying to involve and educate parents so that they should understand the significance of learning by playing, listening to stories etc, that is, kindergartens should be provided with sufficient expertise to support uneducated

⁵⁵ E.g. Autonómia Alapítvány (2010): A 2009. január 1-től bevezetett óvodáztatási támogatás hatásvizsgálata. In: Ferge, Zs. – Darvas, A. (Eds.): Gyerekesélyek Magyarországon 2009.) MTA GYEP, Budapest, 2010.

⁵⁶ Kertesi G.- Kézdi G. (2012) Az óvodáztatási támogatásról. Egy feltételekhez kötött készpénz-támogatási programme értékelése (Kindergarten Attendance Allowance in Hungary Evaluation of a conditional cash transfer programme) Budapest Working Papers On The Labour Market . Budapesti Munkagazdaságtani Füzetek BWP – 2012/6

⁵⁷ 2011. CX. law 8.§ (1)

and poor parents in their parental roles. On the other hand, kindergarten support will thus cease to exist.

Recommendations:

- Continue to involve increasing numbers of disadvantaged children in early childhood education and provide integrated services for them and their families
- Decrease the very significant territorial inequalities in the availability and accessibility of services.

4.2. The school system

The main problems with the current school system from the perspective of child poverty are that it is segregated; furthermore, its quality is quite uneven and disadvantaged students usually have access to worse quality education. That may contribute to the fact that according to survey results (e.g. PISA), the socio-economic background of students has paramount impact on school achievement (thus later labour market success) of children, playing a major role in the intergenerational transmittance of poverty. Some recent policy changes contradict the goals of the NSIS. Until recently, those children were considered by law to be disadvantaged whose parents were entitled to receive child protection benefits on a regular basis and multiply disadvantaged are the ones whose parents, in addition, had low education. This categorisation has been changed so that those children are considered to be multiply disadvantaged whose parents are entitled to receive child protection benefit on a regular basis and out of the following three conditions at least two exist simultaneously: low education of the parents, low employment of the parents and poor housing conditions endangering health. This group shall also include those provided with follow-up care. Those children are considered to be disadvantaged whose parents are entitled to receive child protection benefits on a regular basis and at least another one of the circumstances listed above exists. Experts fear that the part related to housing is not sufficiently defined so a number of poor children may be excluded from a number of targeted allowances and from a number of services.⁵⁸

Table 3. Summary of the supposed or estimated impact of regulations in 2011-mid-2012 on poor families with children – from the aspects of income and children's rights⁵⁹

Academic year	Total number of students	Total number of disadvantaged students	Total number of multiply disadvantaged children (within the group of disadvantaged children)
2006-2007	831 262	217 328	61 494
2007-2008	811 405	228 349	85 798
2008-2009	790 722	241 739	100 119
2009-2010	775 741	257 335	106 539
2010-2011	758 560	271 403	105 734
2011-2012	749 865	266 407	103 951

⁵⁸ Civil Society Monitoring DECADE OF ROMA INCLUSION 2005-2015 p. 46.

⁵⁹ Source: Statistical data provided by the Educational Authority in February 2013

The above table indicates that even though the number of students significantly decreased in the country, the ratio of (multiply) disadvantaged students significantly increased. The problem is so wide scale that only universal measures could have substantial impact, as sporadic programmes, no matter how good they are (after school enrichment programmes (Tanoda), a number of special schools etc.), can only have temporary, local, small-scale impact.

There may be extensive grants for disadvantaged children, but the current uncertainty e.g. regarding higher education, available financed places etc. will most probably prevent young people from a disadvantaged background from entering university to an increased extent, despite the fact that they would receive 40 extra points to compensate for their disadvantaged background, or could apply for grants that may cover 90% of their tuition fee or provide a monthly stipend. The scholarship amounts are quite low.

Decreasing the age of compulsory schooling from 18 to 16 may probably result in higher drop-out rates in secondary schools and affect the most at-risk students groups in vocational schools, most often from disadvantaged family backgrounds.⁶⁰

Recently there has been professional (Roma rights activists, teachers) and civil protest related to a legal modification that permits "catching up" in separate (segregated) schools or classes besides the so far legal integration. Many fear that based on this legal amendment not only Roma children, but children with special needs or any other can be segregated in the education system.⁶¹ Some fear that the nationalisation of schools with obligatory uniforming education programmes would provide less needs-based education for the neediest. Because of these changes, the process of exclusion through the education system could speed up.⁶²

The transfer of the majority of schools into state maintenance on the other hand creates an opportunity for streamlining processes which earlier were impossible due to the interest relationship system of the actors in the system of education. The fair transformation of the school districts, the elimination of segregation in schools, the elimination of differences between educational services and the elimination of the possibility of selection of children by schools have all become easily implementable in theory.⁶³

As to education, there are some quantified targets regarding young Roma people in the agreement between the government and the National Roma Self-Government: by 2015 via the implementation of educational programmes 20,000 Roma youths will be able to learn marketable professions in 50 vocational schools. They will also help 10,000 Roma youths in learning within the framework of trainings giving a secondary school leaving certificate and help the preparation of 5,000 to be able to participate in higher education.⁶⁴ As the Civil Report put it "Looking at the changes in mainstream education in the past two or two and a half years, we cannot see any initiative that could be considered as a step taken to reach the target figures. Moreover, just the opposite is taking place in the legislative processes regarding mainstream education: the number of secondary school places which provide graduation, the number of state-financed university

⁶⁰ Hermann Zoltán, Varga Júlia (2012): Országos előrejelzés a fiatal népesség várható iskolai végzettségére vonatkozóan 2020-ig. Vezetői összefoglaló. http://www.tarki-tudok.hu/files/a_nepesseg_varhato_iskolai_vegzettsege.pdf

⁶¹ <http://www.gyere.net/>

⁶² Civil Society Monitoring DECADE OF ROMA INCLUSION 2005-2015 p. 8.

⁶³ Civil Society Monitoring DECADE OF ROMA INCLUSION 2005-2015 p. 61.

⁶⁴ <http://romagov.kormany.hu/download/8/58/20000/Annex%202.PDF>

places and the number of classes taught in general literacy subjects in vocational schools and also the opportunities of mobility within the education system are significantly decreasing.”⁶⁵

Recommendations:

- Tools and techniques to increase equal opportunities for disadvantaged students should be not only elaborated but widely spread and utilised universally.
- It should be prevented that problematic, mostly disadvantaged children get out of the school system either by being identified as having special needs or pushed into private student status.
- After-school activities within the framework of a whole-day school system should aim to improve performance at school, and also a wide range of services, including social workers, psychologist, therapist should support students in need.
- Higher-education reforms that facilitate an increased participation of disadvantaged students in tertiary education by creating transparent, clear and reliable conditions should be implemented. Although the establishment of special student hostels for Roma university students (*Roma szakkollégiumok*) is a positive step, it affects only a small number of students.

4.3. The health system

The most relevant health aspect of social exclusion is the significant territorial inequalities. Disadvantaged regions are characterised by vacant positions for general practitioners and paediatricians and lower access to services and public health measures are not effective in reaching out to the most disadvantaged. The regional inequalities in the use of health care are not caused by the differences in needs.⁶⁶ „Considering health status and its decisive factors (i.e. social determinants of health), territorial and socio-economical inequalities are significant in Hungary. The health of multiple disadvantaged Roma population is exceptionally poor”.⁶⁷ Special attention needs to be paid to children whose health condition is heavily influenced by the socio-economic status of their parents. Children in disadvantaged communities are significantly affected by foetal health problems and by health consequences of premature birth, malnutrition and insufficient living conditions.

To improve access to health care, incentive and support programmes (among others, the “Praxis programme”) have been launched: doctors without a GP’s exam are eligible to apply as trainees, doctors specialised on clinical medicine are eligible to apply for covering general practitioners. In November 2012, the Ministry for Human Resources announced that scholarships (700 EUR monthly) would be granted for 20 prospective paediatricians who were ready to work in disadvantaged regions.

⁶⁵ Civil Society Monitoring DECADE OF ROMA INCLUSION 2005-2015 p. 48.

⁶⁶ Dr. Vitray, J et. al, Szükségletre korrigált egészségügyi ellátás igénybevételének egyenlőtlenségei Magyarországon (2010)

http://www.egeszsegmonitor.hu/dok/Igenybeveteli%20egyenlotlensegek_2010.pdf

⁶⁷ Ministry of Human Resources, State Secretariat for Health, Semmelweis Plan for the Rescue of Health Care: Resuscitated Health Care – Recovering Hungary (K. Public health, K.2. „Situation assessment, system diagnosis”, 27 June 2011) p. 106.

The health sector has recently suffered severe cut-backs and reorganisation, and although the NSIS formulated a number of fields for interventions, so far there have been little results.⁶⁸ Since the beginning of the implementation of the Strategy (January 2012), several relevant calls have been launched within the framework of TÁMOP (Social Renewal OP), in accordance with the measures identified by the Action Plan: "Health education and awareness raising life-style programmes – Local scenes" (TÁMOP 6.1.2; the selection process was openly criticised by a group of rejected applicants); "Health education and awareness raising life-style programmes in the most disadvantaged micro-regions" (TÁMOP-6.1.2/LHH; these projects may reach out to Romani communities because of the territorial target of the programme); "Development of public health communication" (TÁMOP 6.1.3 priority programme); and "Early childhood, 0-7 years" (TÁMOP 6.1.4 priority programme implemented by a consortium of the Organisational Development in Health Care and Medicines and of the National Medical Offer Office, targeting, among others, health visitors and disadvantaged families).

The priority programme 'Early childhood, 0-7 years' (TÁMOP 6.1.4) is targeting the actors of primary health care (health visitors, paediatricians, general practitioners) and parents. The direct aim of the project is to involve approximately 600 000 children under the age of 7 years into regular, quality health screening programmes in order to ensure the early and effective identification of developmental problems, in order to prepare children more effectively for school and in order to decrease the regional and social inequalities in this field.⁶⁹

The call entitled "Health education and awareness raising life-style programmes – Local scenes" (TÁMOP 6.1.2, offering funds ranging to NGOs, public educational institutions/municipalities etc., for implementing programmes aimed at workplace health campaign, information campaign, leisure-time activities for children etc.) and published in 2012 resulted in a scandal in February 2013 when the list of beneficiaries was published, as a group of rejected applicants challenged⁷⁰ the lawfulness of the selection process. It turned out that all the 83 successful proposals were submitted on the very first day (23 July, 2012) of the application period, by courier service⁷¹ which is prohibited by the Guidelines of the call. The National Development Agency announced that they were considering expanding the budget of the programme in order to support more proposals.⁷²

The programme "Growing Opportunity!" (TÁMOP 5.3.1 "Training and employment of Roma people in the fields of social services and child welfare services") would also promote not only the employment of Roma women but the service utilisation of most disadvantaged groups.

Participants of the consultation series of the preparation of the Civil Monitoring of NSIS reported decreasing quality and accessibility regarding primary health care

⁶⁸ Civil Society Monitoring DECADE OF ROMA INCLUSION 2005-2015 p. 8.

⁶⁹ https://www.antsz.hu/projectek/tamop_614_koragyermek

⁷⁰ Available at: <http://www.gwconsulting.hu/hu/cimlap/item/321-tiltakoz%C3%A1s-a-t%C3%A1mop-612/11-1-k%C3%B3djel%C5%B1-p%C3%A1ly%C3%A1zatok-%C3%B6nkorm%C3%A1nyzatokat-%C3%A9rint%C5%91-agg%C3%A1lyos-d-%C3%B6nt%C3%A9shozatali-elj%C3%A1r%C3%A1s%C3%A1val-szemben>

⁷¹ Szentkirályi B., „Egy percen múlt hárommilliárd sorsa, <http://index.hu/gazdasag/2013/02/05/tamop-ugy>

⁷² MTI, „Többet kaphat az egészségnevelő program” <http://tozsdeforum.hu/gazdasag/tobbet-kaphat-az-egeszsegnevelo-program>

services, specialised health services and emergency health services. Moreover, they noted that the marginalisation of disadvantaged patients is increasing because wealthier patients are able to buy certain priority services within the public health care system (for instance, receiving therapy/care on the “patient’s own initiative”, which is an official procedure, for partial or for full fee).⁷³

Recommendations:

- Programmes to increase accessibility and availability of primary care (decreasing the number of vacant GP positions) and improve the quality of health care in disadvantaged regions should be financed centrally.
- A unique Hungarian institution, the health visitor service network (védőnői hálózat) should be reinforced and built upon more extensively, e.g. for prevention programmes or parental skills development.

4.3. The housing and living environment

It is important to highlight the fact that, at present, the housing-related national public and policy discourse is dominated by the problem of those households that are unable to repay their foreign currency mortgage loans. It is mostly non-governmental organisations (NGOs) that have sought to put the problems of households with other types of debts, such as utility bill⁷⁴ and/or rent arrears on the political agenda.

Relevant policies in 2011 and in 2012 were dominated by measures targeted at households in arrears with their mortgage credit repayment. Most households living in housing poverty are out of the scope of such measure, because they did not take upon a mortgage credit as they had no relevant consumption, or they did not dare to apply for a credit due to their potential inability of repayment, and even if they applied for such a credit, proved to be ineligible. Therefore, government measures targeted at mortgage debtor households and related public expenditures are mostly irrelevant from the point of view of combating housing poverty. Considering the limited public resources available, expenditures related to mortgage debtors may distract public sources from other measures more relevant from the point of view of housing poverty.

The end payment option reached the upper status segment of debtors, the National Asset Management Company and social family-house construction programme (see “Ócsai lakópark”) had no measurable impact on affected households. From July 2012 debtors paying on their loans can opt for servicing their debt at preferential exchange rates (exchange rate fixing). By the end of January 2013 approx. 133,000 contracts were concluded with banks, which accounts for 29% of the eligible persons.

Foreign currency mortgage loan debtors in arrears by more than 90 days could convert their loan to HUF-denominated loan. In addition; the most vulnerable debtors were offered a loan at state-subsidized interest rates.⁷⁵

⁷³ Civil Society Monitoring DECADE OF ROMA INCLUSION 2005-2015 p.85.

⁷⁴ See e.g. Segélyek kusza kavalkádja In: Népszabadság 2012. 05.11.

⁷⁵ Annual report on housing poverty in Hungary – 2011. June 2012. Executive summary in English p.4.It can be downloaded from http://www.habitat.hu/files/HFHH_Annual_housing_poverty_report_2011_executive_summary_EN.pdf, and a detailed report in Hungarian from: http://www.habitat.hu/files/Eves_jelentes_a_lakatasi_szegenysegrolo_2011_Habitat_for_Humanity_Magyarorszag.pdf

Debt management service is a continued housing support provided to persons in need. A person is entitled to debt management service if his/her debt exceeds 50,000 HUF, and has at least six months arrears, or if his/her public utility service has been disconnected due to public utility debt, and lives in a flat which does not exceed the acknowledged size and quality of flats in the settlement. The precondition for eligibility is continuous participation in consultancy, furthermore, the punctual payment of the redemption instalments and the household expenses. The debt management service is a complex support, which consists of debt reducing support (certain proportion of the debt: maximum 75%, the amount cannot exceed 600,000 HUF), debt management consultancy, and home maintenance support (a cash or in kind benefit paid for the regular home maintenance costs). The period of the debt management service shall not exceed 18 months, which – if justified – can be extended by another 6 months. If the arrears deriving from a housing loan cannot be managed in this period, the service lasts at least 24 months, but shall not exceed 60 months. The provision of debt management service is only obligatory in the districts of the capital and in settlements with more than 40 000 inhabitants. In 2009 13,603 persons took part in debt management service. However, debt management services are available only in 4-5% of the settlements.⁷⁶

In June 2012, Habitat for Humanity Hungary published an annual report on housing poverty in Hungary, in which they identify the major problems and describe the situation very well.⁷⁷ The public housing stock is very limited, has a number of problems, and the number of public dwellings is decreasing. Social rental flats cannot even satisfy half of the needs for them. Ten thousands of people are affected by street homelessness, at least 15,000 people still live in large institutions, while 11.5% of the housing stock is not used for housing purposes. Roma people are overrepresented among the housing poor. A number of legal insecurities are present, such as unclear tenancy status, courtesy flat use as an alternative to homelessness/unacceptable housing conditions, lack of/empty/irregularly completed address card, lack of rental contract with reasonable conditions in case of private tenements. Certain components of relevant evictions rules further enhance the legal insecurity of housing.

Affordability and indebtedness are the two major problems of households. The central normative housing maintenance subsidy is now available in an extended circle and integrated gas and district heating subsidies do not discriminate households using other means of heating. All of these are positive changes, but their amount is very low, covers only appr. 10% of subsistence costs. As an unfavourable development, the possibility for local governments to provide equity housing maintenance supports for needy households was taken out from the Social Act.

There is still no comprehensive strategic document regarding housing in Hungary, as the Home Creation Programme of the New Széchenyi Plan focuses mainly on economic development and fails to identify different forms of housing poverty and does not formulate policy measures to tackle them. This programme again promotes property acquisition. The offered interest rate subsidies will not solve

⁷⁶ Herpai Balázs: A lakossági díjhátralékok alakulása egy felmérés tükrében. (Utility debts as reflected by a survey) In: *Esély* 2010/6 pp:22-40

⁷⁷ Annual report on housing poverty in Hungary – 2011. June 2012. Executive summary in English
http://www.habitat.hu/files/HFHH_Annual_housing_poverty_report_2011_executive_summary_EN.pdf

the problem of the most affected households; regarding non-refundable subsidy, the regulation itself excludes lower status households.

Regarding the rental sector, strategic documents only aim to develop it by construction or purchase but do not deal with the regulatory framework and management problems. The National Asset Management Company, established in autumn 2011, has purchased homes so far in a small scale, for a limited scope of needy households, and haphazardly in terms of type, quality and location. The National Social Inclusion Strategy sets the reconsideration of the system of state subsidies related to affordability as a goal; however, the Strategy urges the increase of the proportion of in kind supports which can be considered as problematic from the point of view of the long-term financial sustainability of affected households. Strategic documents do refer to the problem of the spatial concentration of poverty, though with no clear definition of concepts, set of goals, and instruments.

In the media, the other housing related topic apart from mortgage indebtedness is street homelessness. „The programmes to tackle street homelessness combining social work, employment and housing, including own housing upon certain circumstances which were launched parallel to the sanctions introduced to stop street homelessness receiving criticism by experts, inland and international NGOs, citizens and the ombudsman reach only a fragment of the target group, no systematic information on their effects can be obtained so far”.⁷⁸ In Hungary, the Constitution guarantees the right to social security, but that does not include the right to remain in one's home. The result is that even families with children can be and are evicted. Transitional homes for children and families have been established to prevent children from becoming homeless and to keep families together.

As a brief summary from the Habitat for Humanity report „From the point of view of the present report it is especially of concern, that the approach of the New Széchenyi Plan's Home Creation Programme and the policy measures introduced in 2011 paradigmatically differ from the approach of the National Social Inclusion Policy (in terms of conceptual framework, problem definition, goals, measures suggested). The housing-related policies in Hungary in 2011 do not provide, or do not provide effective responses to various problems of housing poverty.”⁷⁹ That is, housing policy measures have produced no tangible improvements in the housing situation of those living in deep poverty. Although there are funds to fight housing segregation, „it has not resulted in housing mobilisation or desegregation, despite a significant methodological innovation in regional development policy, the Desegregation Plan (serving as the basis for the Equal Opportunity Development Policy). As part of the Integrated Urban Development Strategy, the Plan is aimed at identifying systematic and complex interventions to be made with respect to the local segregation processes. Enforcement of the goals, however, has remained very weak.”⁸⁰

⁷⁸ Annual report on housing poverty in Hungary – 2011. June 2012. Executive summary in English. p. 4. <http://www.habitat.hu/files/>

⁷⁹ Annual report on housing poverty in Hungary – 2011. June 2012. Executive summary in English. p. 5. <http://www.habitat.hu/files/>

⁸⁰ Civil Society Monitoring DECADE OF ROMA INCLUSION 2005-2015 p.8.

Recommendations:

- The amount of normative housing maintenance subsidy should be increased to cover a more substantial portion of housing costs.
- Debt management services should be available for all affected target group members, including those living in small settlements.
- The availability of social housing stock should be increased; the construction of subsidised rental housing should be supported.

4.4. Family support and alternative care

Although Hungary has an extensive institutional framework for family support and child protection, unfortunately, as government documents also admit, a number of families and children in the most disadvantaged situation either do not have access to these services, or can receive only less efficient ones. The accessibility, the material and human resources of such services are significantly worse in the most disadvantaged regions and small settlements. Where demands are the greatest, the capacities of such services regularly prove to be insufficient. E.g. in child welfare services 85.7% of employees meet the qualifications requirements. This ratio is increasing by settlement size, so the bigger the settlement is, the more qualified service providers are. There are regional differences as well: in the South Plain the same ratio is 77.6%. The quality of services is of course influenced by the number of clients per service provider, which in child welfare services is 66 in Northern Hungary while only half of it 33 in Western Transdanubia.⁸¹ The number of children receiving child welfare services is increasing, most dynamically in Northern Hungary, which may indicate both an improvement in service accessibility but also a worsening situation. Child welfare services provide support to 120-150 children a year while family support services to another 35-40,000. Clients most often turn to these latter with financial or employment problems. However, the normative budgetary financing for social child welfare and child protection services has practically remained unchanged in recent years⁸² which has an especially negative impact in disadvantaged regions and settlements, where services suffered thus far also most from lack of capacities.

The law XXXI/1997 of child protection and public guardian (as stated in Child protection law) grounds as a basic principle that official child protection must always be preceded by services available voluntarily. It recognizes that the child can only be taken out of the family if risky conditions remain in spite of multilateral support. As the operation of the child protection system is the duty of the state and local government, or can be provided through contract by a non-state organisation, child protection became multi-sectored by law. The institutional network of child protection is manifold; theoretically, there is a wide range of key possibilities. After enacting the Child Protection Law, the provision of primary child welfare and child protection became separate, child care services were born, institutional structure of professional care was adapted, reorganisation and restructuring of big institutions made institutions homely, more open for local communities, for residential areas.

The demolition of numerous orphanages and the establishment of the home system started in the early 1990s, mainly in the countryside. This did not prove to be a smooth process, and there are still a number of problems. Purchasing

⁸¹ Jelentés a „Legyen jobb a gyermekeknek!” Nemzeti Stratégia Értékelő Bizottság 2011. évi feladatainak végrehajtásáról. Drosztmerné, K. M. et al (eds) 2012. március.

⁸² Ferge Zs. (2012) A gyermekes családok helyzetének változása Magyarországon a válság éveiben. in: Esély 2012/6. pp. 4-30. p. 28.

buildings suitable for the purpose was restricted not only by financial matters but also by bureaucracy, neither children nor professionals were prepared properly for life in institutions with a small number of residents, and local communities also resisted (Vidra Szabó 2000). Parallel to this, the network of foster parents has started to be extensively developed.

The current institutional system unfortunately cannot cope with children showing neurotic, psychotic, dissocial symptoms or with children with deviant behaviour – these children are mainly moved from one institution to another until they reach adulthood. All services in the basic provision of child welfare are to be improved, especially child care ones and the provision of temporary care. In child protection care, it is necessary to modernize institutions or create facilities suitable for those in special needs and care.⁸³

Few research projects have been carried out in Hungary in connection with the school career and preparation for independent life of children raised in public child care, and the range of statistical data available is also limited. According to the 2006 child protection statistical data, there were 21,216 children and young adults living in public child care. The possibility of staying in the child protection system after coming of age has arisen since 1997. The number of those living in after-care provision is 4,064; 48% of these lived with foster parents and 52% availed of the benefits in the framework of institutional provision in 2006. According to the data, children being brought up by foster parents are higher achievers than children brought up in residential homes; however, it is important to note that the mental abilities of children are very likely to determine the care location to which they are sent. Children with adequate mental development, of a low age and free of problems have a higher chance of receiving foster parents.⁸⁴

We do not know much, for instance, about not only the school career, but also the job progress, or the starting of a family of those who were in care. It is also largely unknown how effective the system is in preparing these young adults for the challenges of everyday life, and how successfully they could be integrated into society. Professionals regard those in foster care as more independent, more motivated and emotionally more balanced. Child protection does not provide after-care provision typically for those who would really need complex professional support.⁸⁵ On the other hand, we know that those in state child care institutions are especially at risk regarding youth delinquency, both as victims and offenders. A number of the girls are involved in underage prostitution.

Recommendations:

- More emphasis should be put on basic provision development in the future, so as to bring the child up in his own family. Services are underfinanced, normative financing (with - if not at face value but only in real terms - decreasing financing) is barely enough to perform the compulsory services. Financing and human infrastructure should be developed, regular external funding should be made available to provide extra services (e.g. family conflict

⁸³ Rácz A. (2013) EMERGING ADULTHOOD AND THE QUASI-PROFESSIONAL SYSTEM OF CHILD PROTECTION. Institute for Sociology, Centre for Social Sciences, Hungarian Academy of Sciences Budapest

⁸⁴ Rácz A. (2013) Emerging adulthood and the quasi-professional system of child protection. Institute for Sociology, Centre for Social Sciences, Hungarian Academy of Sciences Budapest

⁸⁵ Rácz A. (2013) Emerging adulthood and the quasi-professional system of child protection. Institute for Sociology, Centre for Social Sciences, Hungarian Academy of Sciences Budapest p. 67.

management, summer camps etc., but with manageable administrative burdens).

- Human trafficking and prostitution affecting children is not in the focus of attention. Prevention methods should be applied and programmes implemented to prevent children from leaving the state care system, or in very poor families in order to ensure that they do not become victims of human trafficking and other criminal offences.
- Generally, significantly more institutional support and mentoring should be provided for young people leaving state child care to solve their employment and housing problems.

Most urgent areas of intervention:

- Services are underfinanced and significant territorial inequalities can be experienced in all analysed areas in availability and accessibility.
- The potential of the school system to effectively make up for disadvantaged social positions and provide equal opportunities should be significantly increased.

5. Addressing child poverty and social exclusion in the European Semester

The NRP acknowledges the deterioration of the situation regarding social exclusion and poverty and highlights children among the most affected groups, beside the Roma, and those living in disadvantaged regions. The adequacy of employment-related or child care benefits is not perceived to be problematic by the NRP. The NRP presents both in the body text and also in the Appendix (from pages 46-258) a number of measures focusing on children, including support for disadvantaged children in form of scholarship programmes, after school programmes, free school meals etc. The indicated measures cover several areas. These measures will definitely have an at least temporary positive effect on the target group reached by the programmes, including children, but cannot compensate for the negative impact resulting from other government policies, esp. regarding income or education. Several of the measures proposed in the NRP 2012 has been elaborated, announced or even launched, but their impact cannot yet be measured.

As one could see in previous documents, the government expects improvement regarding social exclusion, including child poverty, through increased employment levels and economic growth, but neither has been observable so far.

In general policy making, the present emphasis in case of active labour market tools is on public work and subsidized employment.⁸⁶ The system of contribution allowances (prominently the START scheme) has been modified in the framework of the Work Protection Plan but is still given a very prominent role. Some further steps that impact negatively those on the periphery of the labour market have been introduced, though not mentioned explicitly in the NRP documents. E.g.: the rate of the income replacement allowance payable to job seekers taking part in training has changed and it will be paid according to the public works wage rather than the minimum wage.⁸⁷

The reconciliation of work and family life, especially via more accessible child care services and the support for atypical working arrangements is still stressed in the NRP 2013.

In the NRP 2013, the significant regional inequalities are even less focused than in last year in specific, comprehensive measures. Regarding the public transport system, especially its accessibility, availability and affordability, which are major factors limiting the labour market opportunities and also the access to services of those living in villages and rural areas, there is no mention of them in the NRP. The accessibility of public transport for the socially excluded, which is also an important issue, is not tackled either.

The problem of the homeless, and that of those growing numbers of citizens, living in the immediate risk of becoming homeless, and also those living in substandard housing situations should be solved by social/supported housing projects: some elements are vaguely mentioned in the NRP, but as compared to the severity of the problem, neither the resources, nor the amount of detail and

⁸⁶ Fazekas, K et al. (eds): The Hungarian Labour Market 2013, Centre for Economic and Regional Studies, Hungarian Academy of Sciences & National Employment Non-profit Public Company Ltd. Budapest, 2013, p. 282.

⁸⁷ Fazekas, K et al. (eds): The Hungarian Labour Market 2013, Centre for Economic and Regional Studies, Hungarian Academy of Sciences & National Employment Non-profit Public Company Ltd. Budapest, 2013, p. 278.

the scale of these programmes seem sufficient. No special targets regarding child poverty are set; however, child poverty is a highlighted issue in policy documents and public discourse, as well.

As to the monitoring arrangements, see Section 2 of the present report.

Although CSR (3) 2013 included “alleviating the impact of the tax reform on low income earners”, its successful implementation is questionable (see in detail in Section 3). Although the government increased the minimum wage mainly to at least compensate for the effect of modified tax regulations, due to inflation, in real terms the value of the minimum wage decreased. Due to changes in tax regulations, wages up to a gross sum of 216,000 HUF decreased regarding their net amount.⁸⁸ Although a compensation system was introduced to secure that nobody should have decreased net income in 2012, real income among civil servants decreased by 4.4%. Private firms often reacted to the compulsory wage increase with decreasing the number of their employees.⁸⁹

The main groups at risk of poverty are accurately identified in strategic documents prepared in the framework of the European Semester. However, the proposed measures cannot deal with the issue of the income of the affected families, which is a major element in the worsening poverty indices (and for these the government proposes no/insufficient steps). They are either short-term, maximum 2-3 year-long, which is an insufficiently short time frame to break the intergenerational transmission of poverty e.g. in case of programmes in segregated slums, and also, as said before, their proper implementation and long-term sustainability would be crucial for success. Thus, without tackling the issue of the significant value loss of social provisions, and without a significant increase in employment (not resulting from public work, which has very low payment levels) the poverty situation will further worsen (which in Hungary affects children to the highest extent).

CSR (4) referred to the desired expansion of child-care facilities to encourage women's participation in the labour market. There have been some developments in this field as mentioned previously in the present report (see section 4.1.) but continued efforts are required, especially in certain regions (e.g. Nógrád county). The recommended mainstreaming of the National Social Inclusion Strategy in all policy fields has not yet been fully accomplished.

Regarding CSR (6) referring to various aspects of the education system, there are some problems and fears described more extensively in previous reports. There may be a couple of positive steps and measures enhancing the targets described in the CSR, others, however, seem to fundamentally contradict these goals. (see also 4.2.)

Recommendations:

- The current level of social provisions is insufficient and has even significantly decreased during the past years. This should be reconsidered and further austerity measures in this respect should not be introduced; on the contrary, provisions should at least move closer to the poverty line as a minimum expectation. Right now the basic provision – with a very strict work incentive

⁸⁸ http://www.portfolio.hu/gazdasag/variaciok_berkompenzaciara_megeri_eroltetni.162867.html

⁸⁹ <http://www.hrportal.hu/hr/a-berkompenzacio-ellenere-tovabb-csokkentek-a-realberek-20120730.html>

element and sanctioning- amounts to less than half of the amount of the 60% of the median household income and is almost a quarter of the minimum subsistence level. Indexing social provisions should be adopted as a law.

- Hundreds of thousands of people are without any social provisions. Also, regarding the last resort type of provisions like the employment substitute benefit (the amount of which is far from enough taking whatsoever poverty measure to secure a minimum subsistence level) sanctioning in case of, for instance, working in the black economy, or not taking any offered job is too harsh (people are excluded for years from the system).
- There are no substantial measures targeted at the reintegration of the homeless or those in vulnerable housing situation, including those in the social rental sector. Housing subsidies should reach the poorest and those most at risk. Although the new regulation of housing subsidy is a step in the right direction, the efficiency of the system could be further enhanced. When allocating social housing, there could be a special quota for the homeless.

6. Mobilising relevant EU financial instruments

It is extremely difficult to obtain a comprehensive picture regarding exact financial details, or impacts of interventions. One can state, however, that funding projects to handle social inclusion including child poverty is dominantly based on EU sources. There are not only EU funded but local programmes, as well. Not only development programmes are being implemented, but others also, e.g. in the field of education a number of scholarship programmes, or land programmes. The approach applied is gradual, targeting is regional, focusing first on the micro-regions in the worst situation (the government in 2007 defined the disadvantaged (HH) and most disadvantaged (LHH) micro-regions, where the Social Inclusion Programmes had to be initiated, which perfectly fits the idea of gradual universalism. As to targeting, several criteria e.g. disabilities, families with three or more children or regional inequalities are acceptable, but with the Gypsies, the jobless, the homeless and the "poor," social prejudices make this latter targeting less acceptable. Based on this it seems most proper to make most programmes within a given (LHH) settlement universal.⁹⁰

Based on a recent publication of the State Secretariat on Social Inclusion⁹¹ in the five intervention areas described in the NRIS, in the 3-year period 2012-2014, approximately 200 billion HUF (apr. 702 million EUR⁹²) EU and local funding will serve to realise objectives.⁹³ In 2011 26 200 million HUF (appr. 92 million EUR) was allocated for local and EU financed programmes of the Secretariat, while in 2012 38 705.4 million HUF (135.8 million EUR) and another 38,474 million HUF (135 million EUR) for programmes planned but to be announced later.⁹⁴ „In 2012 HUF 188 million domestic and HUF 9,979 billion ESF funds have been spent on Sure Start and Integrated Regional Programmes for the improvement of the opportunities of children and their families for social inclusion. HUF 2,170.1 million has been allocated from the domestic budget on scholarships for socially disadvantaged students. It is ensured by the regulation that up to 50 % of the recipients of these grants identify themselves as Roma. Besides, HUF 16 billion ESF funds and HUF 6.83 billion domestic funds have been allocated this year on programmes fostering social inclusion in public education and HUF 1.4 billion for improving the chances of Roma students in higher education.”⁹⁵

Others state: „Regarding child poverty, projects are mostly funded by the European Social Fund, with declining domestic funding.” Government Decree 1428/2012. (X. 8.) significantly reduces the domestic co-payment that should supplement the EU Funds.⁹⁶

The NSIS (Chapter 8) presumes that regarding the share of the European Social Fund the minimum threshold limit will be 20 to 25 per cent in the convergence

⁹⁰ Darvas Á.- Ferge Zs.: Programmes to improve chances for children and how they look when applied to micro-regions. Dilemmas and lessons. Budapest, 2013. www.gyere.net/downloads/gyerekesely%20angol.pdf . p. 25.

⁹¹ TÜKÖR a Társadalmi felzárkózásért felelős államtitkárság munkájáról 2012. december 1. This document also describes the status and actions of coordination and monitoring social inclusion interventions and describes the measures as well.

⁹² with an exchange rate of 285 HUF=1 EUR

⁹³ ibid p. 40.

⁹⁴ ibid pp. 51-55.

⁹⁵ Progress report 2012. Decade of Roma Inclusion. p. 8.

⁹⁶ Darvas Á.- Ferge Zs.: Programmes to improve chances for children and how they look when applied to micro-regions. Dilemmas and lessons. Budapest, 2013. www.gyere.net/downloads/gyerekesely%20angol.pdf . p. 13.

regions and around 50 per cent in the Central Hungary region. Also it states, that „in the programmes supported by the EU, foreseeable minimum one fifth of the allocations financed by the European Social Fund will have to be used for the purposes of social inclusion. This means that Hungary will be able to spend four times amount of money as much on programmes in this field as it does at present.” (p. 105) As it is described on p. 10, „short-term funding for the implementation of the Strategy up to 2014 will be supplied from the operational programmes concerned of the New Széchenyi Plan. As for the medium-term funding of the Strategy up to 2020, we may rely on the fact that the Strategy directly serves the fulfilment of the Hungarian targets made with respect to the Europe 2020 Strategy which are treated as priorities also under the general rules regarding the utilisation of the aid available during the EU planning period between 2014 and 2020.”

There are a number of measures in the Action Plan where one cannot tell the exact available funding resource, e.g. one may read regarding funding „In subsequent years, in a sustainable manner, subject to opportunities afforded by central budget” – which may be a realistic approach but cannot be considered as a guarantee of implementation.

Problems arise from different time frames in case of funding: EU development funds were designed for seven year operative programmes, while the EU 2020 strategy and Social Inclusion Strategy (NSIS) covers a ten-year time frame and government measures and action plans are set for two or three years. The national budget is designed for a single year.

The most recent alternative evaluation states in this regard: “The main source of the Strategy’s implementation, as indicated in the Action Plan of the Strategy, is development policy-related resources, that is, EU Funding. National resources play a role through funding mainstream service delivery, for example, public employment and integrated education schemes. The level of stability of the financial resources dedicated to the implementation of the Strategy cannot be foreseen, nevertheless, contradictions between the evolution of some sectoral policies and the development policy goals forecast challenges for future financial planning. A further crucial challenge in the implementation of the NRIS is caused by financial problems at the local level, especially in municipalities which should implement a large number of the Roma inclusion interventions.

To conclude, the coherence of various interventions financed, for example, from EU development funds and from national budget lines is often weak. Despite the comprehensive nature of the NRIS ... the actions taken so far have remained marginal. Moreover, the first year of the NRIS as well as the forthcoming two years will most probably be characterised by an increased spending of EU funding to accomplish successful absorption rates, a climate not favourable for complex, time and capacity consuming substantive measures. Still, the scope of measures implemented, even if they are promoted as important flagships and innovations by the government, and the scale of the problems of Roma exclusion are not matched, hence, very little impact has been achieved to date in all of the areas.”⁹⁷

Another evaluation from the former leaders of the Programme Office to Combat Child Poverty one can agree with is the following: „Without public funding child poverty will not be reduced on either short or longer term. In 2007 – and ever since – the government felt that it had very little if any domestic resources for this purpose... Therefore, the government planned to cover whichever targets could be

⁹⁷ Civil Society Monitoring DECADE OF ROMA INCLUSION 2005-2015 p. 8.

fitted into the European Social Fund framework with EU money (adding minimum domestic co-funding when forced to). The rather uniform reduction in the resources for public welfare and child welfare suggests that the government did not buy the concept argued for by a growing number of professional documents including analyses of international bodies that highest amount of expenditure for this purpose will result in a multiple payoff in the future, while cutting back on this type of funding will put balanced future development at risk....In the past ten or twenty years, grant monies attained through competitive projects have grown until they are now the dominant form of distributing public monies. Of the EU funding made available to Hungary between 2007 and 2013, barely 20 percent went into purely social pro-grams (Social Renewal). Nonetheless, it was a huge amount at nearly 4 billion Euros....One root problem is that a complex social programme that needs to run for several decades, such as the programme to overcome child poverty, cannot really be squeezed into three-year projects. Certain portions of it might be fit into projects but that requires designing the contents and the time-lines of the connections between the various programme portions in advance. A programme that qualifies as complex can usually be carried out only by running several projects....Project logic) forces the different areas of intervention to obtain separate funding even for complex programmes and some areas of intervention obtain funding more easily than others. Another obstacle is that the priority of meeting certain needs in the bidding process and in the effort to overcome poverty may be very different. In other words, an education and training program has comparatively good chances of obtaining funding, while one to provide safe drinking water does not ...Complex projects covering several interrelated objectives are rare. Even in these cases synergies are hard to manage and there are no built-in ways of creating and financing cooperation mechanisms. (Inter-professional discussions for instance, proved to be extremely useful but ran up transport and similar costs that the project did not cover.... A project is meant to stick to the predefined project components and cannot consider even fundamental problems outside its mandate. We need to realise that the failure of various anti-poverty projects may have been caused precisely because of such problems. (For instance, a project may manage to enrol children in secondary school but travel costs to and from the school may not be accepted as a necessary component of the bid, or the defective transportation services may not be handled by the project. The project is doomed to failure... The children's programme is generational. The durations of most of the projects range from 6 months to 3 years. In other words, most act as seed-money that can only start up a process. And in most cases the institutions established and/ or processes begun end up being unsupported. Little lasting results can be expected from these short term beginnings, while the sudden halt to development is often expressly more damaging than the good we did with the project in the first place. ⁹⁸

⁹⁸ Programmes to improve chances for children and how they look when applied to micro-regions. Dilemmas and lessons. Budapest, 2013
www.gyere.net/downloads/gyerekese%20angol.pdf. p. 20-24

Recommendations:

- EU funds in the 2014-20 period should contribute to the goal that marginalised communities receive equal access to quality public services especially in education, health care and social services.
- The EU should monitor how the objectives of the NSIS and the 2020 objectives align regarding the planning frame concerning Hungary. Labelling of the resources related to the objectives, strengthening of child poverty related issues and their designation in the Operational Programmes should be undertaken.
- Steps should be taken to ensure a more sustainable implementation of local level. (comprehensive plans, the capacity building of potential implementers etc).⁹⁹

⁹⁹ Civil Society Monitoring DECADE OF ROMA INCLUSION 2005-2015 p. 11.

