



Ministry of Employment and Labour



EQUAL
COMMUNITY INITIATIVE PROGRAMME

Hungary
2004-2006

Ministry of Employment and Labour
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EXECUTIVE SUMMARY

EQUAL aims to address all forms of discrimination and inequalities in connection with the labour market through developing, testing and disseminating innovative approaches and methods and trans-national co-operation. The work programmes of the Development Partnerships (DPs) supported by EQUAL comply with the policy frames of reference defined by EU strategies, primarily by the European Employment Strategy and the Social Inclusion Strategy.

The present document, the Hungarian EQUAL Community Initiative Programme (CIP) sets the framework of implementing EQUAL in Hungary. On the basis of an analysis of the labour market situation and in view of the relevant policy strategies, the document identifies the priorities and thematic fields to be supported through EQUAL in Hungary. It also draws up the planned activities under the actions of EQUAL, the implementation system, and the financial resources earmarked for each priority and theme.

The Hungarian EQUAL Community Initiative Programme will support innovative initiatives which foster the training, job access and employment of disadvantaged people – those who are excluded from the labour market or experience difficulties in accessing employment due to discrimination related to gender, ethnic origin, disability or age, low schooling, lack of qualifications, lack of job experience etc.

EQUAL is built on six leading principles:

- The **principle of partnership** is present in all phases and on all levels of implementation. The final beneficiaries of the Programme are the Development Partnerships. Development Partnerships are essentially strategic alliances that bring together interested actors with relevant competence in the given issue for the period of implementing the work programme.
- **Empowerment** in EQUAL is twofold. On the one hand it means that all partners of a DP are given the opportunity to contribute to the work programme and participate in the activities on an equal basis. On the other hand, it also means that Development Partnerships must ensure the active involvement of those associated with the disadvantaged group, and must take into consideration their needs throughout the work programme.
- **Trans-national co-operation** is a source of significant value added activities and innovation in EQUAL.
- **Innovation:** The Programme supports the elaboration and application of innovative approaches, thereby providing an opportunity for testing and adapting new approaches or methods successfully applied elsewhere.
- **Thematic approach:** EQUAL is built around nine priority themes in which Member States consider that trans-national cooperation could assist them to improve delivery of their national employment and social inclusion policies. The focus on specific themes will facilitate networking, benchmarking, validation, transfer and mainstreaming of results. These 9 themes are grouped around 5 priorities: employability, entrepreneurship, adaptability, equal opportunities and social and vocational integration of asylum seekers. In the course of planning, Member States identify the priority themes under which activities will be supported. The purpose of

thematic approach is to allow a problem-oriented approach in addressing inequalities and discrimination in the labour market in addition to the conventional target group oriented approach.

- **Mainstreaming** (*i.e.* making an impact on policy and practice by integrating the results into policy and practice) is another cornerstone of the EQUAL Community Initiative Programme. It has a prominent role throughout the implementation of the programme.

The analysis of the labour market situation in Hungary highlights different factors, such as the low schooling level, lack of qualifications, the lack of ability to adapt to continuous change, homelessness, poor health condition, living in areas or settlements lagging behind, discrimination on the basis of gender, ethnicity, disabilities or age, the attitudes of employers, which lead to significant disadvantages in the labour market and may hinder employment. At the same time, the analysis also points out some disadvantaged groups, including the Roma, people with disabilities, who are particularly affected by the disadvantages mentioned above. In addition, women also face disadvantages in the labour market due to the stereotypes related to gender roles, as well as the traditionally uneven distribution of burdens related to the family/household. Therefore, in the framework of the Hungarian EQUAL Community Initiative Programme, along with focussing on disadvantages in the labour market, special emphasis will be put on improving the labour market opportunities of these groups. In addition, asylum seekers also represent a high-priority target group across the EU, therefore all Member States are required to plan activities regarding asylum seekers in the framework of EQUAL.

In the light of the above, the priority themes of the Hungarian EQUAL Community Initiative Programme are as follows:

- **Facilitating access or return to the labour market for those who have disadvantages in terms of the labour market (*Theme A*)**

The objective of this priority is to facilitate the integration of unemployed and inactive persons to the labour market through supporting initiatives based on a combination of the tools of education and training, employment and social services. Improving the employability of the most disadvantaged, including Roma people, should be based on an integrated approach that will take into consideration the complexity and accumulation of problems arising from social and economic disadvantages.

- **Promoting lifelong learning and “inclusive” work practices which encourage the recruitment and retention of those suffering discrimination and inequality in connection with the labour market (*Theme E*)**

This priority aims to enhance equal opportunities for disadvantaged people within the labour market through promoting, on the one hand, “inclusive” work practices and flexible forms of employment and assigning new functions to already existing organisations or creating new forms of work organisation. On the other hand, the priority will support testing new ways to improve the adaptability of disadvantaged people, including low-skilled workers, people working in declining industrial sectors, older workers, by promoting their access to training and re-training, with special regard to the development of basic competencies (e.g. literacy, communication, etc.) and ICT skills indispensable in the information society. To encourage the recruitment

and retention of disadvantaged people by enterprises, developing and adapting “inclusive” human resources policies will be supported.

▪ **Reducing gender gaps and supporting job desegregation (*Theme H*)**

This priority promotes equal opportunities for women and men in the labour market through reducing gender gaps and fighting horizontal and vertical segregation. Measures under this priority aim at raising awareness of gender issues in the labour market, and changing stereotypes and patterns. In addition, actions improving the labour market position of women through training and skills development will be supported to reduce vertical segregation.

▪ **Supporting the social and vocational integration of asylum seekers (*Theme I*)**

This priority supports the elaboration of new methods and services enhancing the employability and inclusion of asylum seekers by providing language and vocational training, experimenting new integrated services that rely on a connection of labour market, training, social and psychological support as well as the training of trainers, support staff and officials working in the asylum system.

The total amount of funding available for EQUAL in Hungary for the period of 2004-2006, is 40,389,513 euros, out of which 30,292,135 euros are from the European Social Fund coupled with 10,097,378 euros national contribution from the Central Budget. The table below indicates the proposed allocation of funds by priorities and themes.

Priority	Share within programme budget
Facilitating access or return to the labour market for those who have disadvantages in terms of the labour market	42 %
Promoting lifelong learning and “inclusive” work practices which encourage the recruitment and retention of those suffering discrimination and inequality in connection with the labour market	39 %
Reducing gender gaps and supporting job desegregation	8 %
Asylum seekers	3 %
Technical assistance	8 %
Total	100 %

Managing the implementation of the programme will be the task of the Managing Authority operating within the Ministry of Employment and Labour. The work of the Managing Authority and the elaboration and implementation of Development Partnerships will be supported by the National Support Structure (hereinafter NSS).

1 INTRODUCTION

1.1 WHAT IS EQUAL?

EQUAL is one of the four Community Initiatives¹ supported by the Structural Funds, and it is financed by the European Social Fund. EQUAL aims to address all forms of discrimination and inequalities in connection with the labour market through developing, testing and disseminating innovative approaches and methods and trans-national co-operation.

Guidelines for EQUAL were established in a Communication from the Commission (2000/C 127/02). In accordance with this Communication, the Community Initiative EQUAL is implemented through two rounds of call for proposals in the programming period of 2000-2006. The first round was launched in 2000, while the second round of EQUAL will be launched in 2004. The frameworks of the second round were set out by a new Communication from the Commission (COM 2003/840) including the up-dated EQUAL Guidelines.

Equal opportunities on the labour market mean that equal and discrimination-free employment conditions must be created for all, and equal access to work and training opportunities must be provided. Fitting into the policy framework defined by the European Employment Strategy and the Social Inclusion Strategy, EQUAL supports the initiatives aimed at creating equal opportunities on the labour market, and assists implementing the objectives of employment policy. At the same time, the new methods and procedures to be elaborated in the framework of the programme will shape the employment policy of the Community and Hungary, expanding the range of tools available in this field.

The EQUAL Community Initiative supports activities associated with the themes² in which Member States consider that trans-national cooperation could assist them to improve delivery of their national employment and social inclusion policies. The basic unit of implementing the programme is represented by the Development Partnerships, based on the co-operation and jointly developed strategy of several actors. Furthermore, a specific element of EQUAL is trans-national co-operation, with the aim of ensuring the opportunity of an exchange of experience between organisations implementing similar activities and operating in the different Member States, along with disseminating good practice.

The Hungarian EQUAL Community Initiative Programme supports the experimental initiatives which foster the training, job access and employment of disadvantaged people – those who are excluded from the labour market or experience difficulties in accessing employment due to discrimination related to gender, ethnic origin, disability or age, low schooling, lack of qualifications, lack of job experience etc. The primary objective of the programme is to improve the labour market opportunities of the Roma population, people with disabilities and women. In addition, in accordance with the basic principles of EQUAL, the objectives of the programme include the improvement of employability of asylum seekers. The EQUAL Community Initiative Programme is basically distinguished from the other programmes³ implemented by ESF support by that it is, on the one hand, aimed at elaborating

¹ The other three Community initiatives are LEADER, URBAN and INTERREG.

² See Section 4.

³ The Human Resources Development Operational Programme and the Operational Programme for Regional Development.

innovative methods and supporting pilot activities, and, on the other, that in the course of its implementation the partnership and trans-national co-operation play a decisive role.

Managing the implementation of the programme is a task of the Managing Authority operating within the Ministry of Employment and Labour (MoEL). Considering the innovative character of EQUAL, it is especially important to ensure an appropriate technical assistance in the course of implementing the programme. Therefore, the work of the Managing Authority and the elaboration and implementation of the work programmes of the Development Partnerships will be supported by the National Support Structure.

1.2 THE ROLE OF THE EQUAL COMMUNITY INITIATIVE PROGRAMME

The EQUAL Community Initiative Programme (CIP) determines the framework of implementing EQUAL in Hungary. On the basis of an analysis of the labour market situation (chapter 2) and in view of the relevant policy strategies (chapter 3), the document identifies the priorities and thematic fields to be supported through EQUAL in Hungary (chapter 4). This document also draws up the planned activities under the actions of EQUAL and the implementation system. Furthermore, the CIP determines the financial resources earmarked for each priority and theme. The details of the measures and implementation will be included in a separate document called the Programming Complement. The CIP will be approved by the European Commission.

1.3 THE PLANNING AND CONSULTATION PROCESS

The EQUAL CIP has been drawn up by the ESF Planning Unit of the Deputy State Secretariat for Employment Strategy (Ministry of Employment and Labour) with the contribution of the Managing Authority, the Government Office for Equal Opportunities, the Ministry of Education, the Ministry of Health, Social and Family Affairs and the National Employment Foundation. The planning has been carried out in the framework of the inter-ministerial EQUAL Working Group involving the representatives of the ministries and organizations mentioned above.

In the framework of a PHARE Twinning programme, the drafting of the CIP was assisted by a French team involving experts from the Managing Authority in France and RACINE (National Support Structure). The Twinning Team analysed in detail the draft CIP and made comments on the text both orally and in writing. A French evaluation expert assisted the preparation and implementation of the evaluation process, prepared the terms of reference for the ex ante evaluators and made proposals on the evaluation procedures. In addition, the Twinning Team produced several documents with a view to support the preparation for the implementation of the CIP, including a description of the tasks of the Managing Authority and the National Support Structure, different forms and contracts used in France for project management, etc.

In accordance with Article 40 of Regulation 1260/1999/EC, this Programme has been subject to an ex ante evaluation. The ex ante evaluation of the CIP was carried out by a team of 'external' experts from the Hungarian Academy of Sciences. The evaluation covered the assessment of the analysis of the situation, the internal and external coherence of the programme, assessment of the choice of themes and the financial allocation. The overall assessment of the monitoring and implementation provisions was carried out as part of the ex ante evaluation of the Programme Complement. The outcome of the ex ante evaluation is incorporated into the document and is designed to contribute to its successful and efficient

implementation. In compliance with the provisions of the Regulation 1260/1999/EC, all relevant partners were involved in the consultation process related to the elaboration of the CIP. The consultation of the draft CIP was carried out in the period between 15 August and 10 September 2003. In the framework of the consultation process 16 social partners and 45 non-governmental organisations – including a number of umbrella structures – received the draft CIP together with a letter and a questionnaire. The letter explains what EQUAL is, the role of consultation, and invites organisations to make written comments on the text. The main purpose of the questionnaire was to map out the preliminary interest in applying for EQUAL.

All the questionnaires returned to the Ministry of Employment and Labour show certain interest in applying for EQUAL funds. As for the topic, around 60 percent of organisations indicated theme A. (Employability), for the other chosen themes around 10-15% of organisations expressed their interest. A significant number of organisations indicated more than one theme. Regarding the planning and implementation of the work programmes, organisations consider partnership and trans-national co-operation the most difficult requirements. The preliminary need for technical assistance seems highest in these fields. The results of the survey will be used by the National Support Structure in planning the information campaign preceding the launch of EQUAL in Hungary and the setting up of Development Partnerships and Trans-national co-operation (*for the details of the questionnaire see Annex D*).

The draft CIP was also consulted with the European Social Fund Policy Coordination Committee (*see Chapter 7*) and the Disability Council. The Labour Market Committee of the National Interest Reconciliation Council held a consultation meeting with the representatives of the Ministry of Employment and Labour, the Managing Authority and the social partners. In addition, the document was discussed with the representatives of NGOs operating in the employment and training sectors.

The ESF Planning Unit of the Ministry of Employment and Labour processed and evaluated the comments received; the final decision concerning the modifications to be introduced in the text were made by the EQUAL Working Group. Below a summary of the main comments is presented:

- All in all, the Draft CIP received positive feedback from those participating in the consultation process. They generally agreed that the problems addressed by the document and the proposed themes are highly relevant. However, there were some exceptions:
 - Social partners suggested that gender gaps in the labour market are not a topical issue in Hungary therefore it could be left out from the Hungarian EQUAL Community Initiative Programme. Measures promoting equal opportunities of men and women should focus on women returning to the labour market after years of absence and older female workers.
 - Others highlighted that the problems of homeless people are not primarily labour market problems and they should be addressed in a more comprehensive basis (including housing policy, health care etc.) and thus in a different context.
- Most of the comments were general. There were some specific comments on the analysis of the situation and the chosen themes. These were either asking for a more

precise wording, suggesting to include further data or expanding the scope of activities. These comments were taken into account as far as possible and permitted by the regulations concerning EQUAL and the Structural Funds. As a result of the social consultation process new measures were added to all selected themes.

In addition to the social consultation, the CIP will be presented at various conferences and events during the autumn of 2003.

1.4 PERIOD OF COVERAGE OF THIS PROGRAMME

In the framework of the EQUAL Community Initiative there are two rounds of call for proposals during the period 2000-2006. Hungary participated in the first round with PHARE support on an experimental basis. In the second round of call for proposals to be launched in 2004, Hungary will already be involved as a full rights Member State. The starting day for eligibility of expenditure will be 1 January 2004 and the end date will be 31 December 2008.

1.5 GEOGRAPHICAL COVERAGE OF THIS PROGRAMME

EQUAL operates at the national level in all Member States. The whole territory of Hungary is eligible.

2 THE LABOUR MARKET

2.1 INTRODUCTION

This chapter discusses the Hungarian labour market situation. This situation analysis is based on the analyses included in the Human Resources Development Operational Program, the Joint Assessment of the Employment Policy Priorities (JAP) and its monitoring reports, as well as the Joint Memorandum on Social Inclusion. Besides giving a broad overview of the main labour market processes, the situation analysis focuses on the phenomena of particular importance from the point of view of the EQUAL Community Initiative: it presents the processes connected with labour market inequalities and discrimination and the situation of the disadvantaged groups.

2.2 GENERAL OVERVIEW OF THE LABOUR MARKET SITUATION

2.2.1 ECONOMIC CONTEXT

Hungary has successfully negotiated the most difficult phase of economic transformation and by now, has evolved into a dynamically growing open market economy. The closing-up process of the economy has been going on since the second half of the nineties; the growth of the GDP has been steadily exceeding the EU average. In 2001, as a result of a downturn in the external economic environment, changes took place in the economic policy. The export-driven growth of the previous years was replaced by the stimulation of internal demand, increase of the standard of living, development of the infrastructure (motorway construction) and measures to combat inflation. Fiscal expansion – dynamic wage and pension outflow and the large-volume state investments – slightly curbed the fallback of the economic growth but both the external and the internal balance saw serious deterioration.

From the second half of 2001, slack external demand, the decreasing investments of the enterprises and the strengthening of the HUF put reins on the growth of the Hungarian economy. The grow rate of the GDP declined to 3.3% during the whole of 2002 which rate, although smaller than the dynamic growth rate of the preceding years, was still higher than the EU average. In the whole of 2002, the investments of the national economy increased by an impressive 5.8% over 2001 under the impact of extensive state budget-financed and housing projects. At the same time, the investments of the enterprises decreased which phenomenon is obviously connected with the economic downturn and the high interest rates. External demand is expected to pick up around the second half of 2003 only. Therefore the growth of the GDP will probably be around 3.5% in 2003.

Over the past two years the engine of growth was the consumption of the households, which hit a record 8.8% growth rate in 2002 as a consequence of the heavy wage outflow and the successful counter-inflationary process. Under the impact of this latter the consumer price index decreased to 5.3% by 2002 from 9.2% in 2001.

In 2002, the gross nominal increase of the earnings in the national economy was 18.3%, the net increase was 19.6% and the real wage increase was 13.6%. The rate of net increase exceeded gross increase because from September 2002 the sum of the minimum wage became exempt from taxes as a result of the increase of employee tax benefits; thus, on the whole the annual average tax burden also decreased. The measures aimed at approaching salaries in the budgetary sphere to the competitive sphere continued in 2002. The salaries of the civil servants increased by an average 50% from September 1, 2002.

In 2002, the deficit of the central budget reached 9.2% of the GDP, therefore the state debt grew from 53.4% of the GDP in 2001, to 56.3%. However, also such one-time factors, accounting for 3% of the GDP, played a role in the deterioration of the 2002 balances, which will no longer impact the budgetary processes of the subsequent years. The Hungarian government adopted fiscal consolidation measures this year, substantially cut spending in the 2003 budget and approved a planned deficit of 4.5% of the GDP.

The current account deficit was around 4.0% of the GDP in 2002 (after 3.4% in 2001). With the invigoration of the economy, import is expected to grow faster than export, and as a result, the current account deficit is expected to reach 5% in 2003. This measure of deficit, in the case of a small, open and dynamically growing economy, does not put at risk the balance.

In 2002, the price level was, on average, 5.3% higher than in the preceding year; in 2001, the corresponding figure was 9.2%. Prices varied heavily according to the nature of the products and services. The rearrangement of the price proportions indicates that, while keeping the country's economic and historic specificities, we are gradually approaching the internal price proportions, and in many cases also the price levels, of the European Union. The current international and national trends (high oil and energy prices, slow-down of the strengthening of the HUF, the tax changes and the central price measures which are also part of our European Union accession efforts, the government expenditure programmes) forecast that inflation will not decrease by any appreciable measure in 2003, in fact, an annual average 5.0-5.2% price level increase is anticipated.

2.2.2 MAIN LABOUR MARKET TENDENCIES

In the early nineties, the Hungarian labour market was characterised by a dramatic drop in employment and economic activity, soaring unemployment, and a re-positioning of the labour force among the major sectors and occupations. At the same time, the legal and institutional framework of the employment policy was established and stabilised, significantly contributing to the reduction of social tensions that stemmed from a quickly increasing en masse unemployment in the period of transition to the market economy. After the stabilisation of the economy, unemployment decreased substantially, and then with the dynamic growth (exceeding 4%) of the economy as of the last third of the decade – both employment and economic activity started to grow. Employment grew by 1.4% and 3.1% in 1998 and 1999, respectively. Subsequently, the growth rate of employment slowed down; the growth rate was 1% in 2000, 0.3% in 2001 and 0.0% in 2002. Global recession lasted longer than had been expected while competitiveness was weakened by higher minimum wages and a stronger Forint; due to these facts, GDP growth decreased to 3.3% and the growth of industrial production to 2.6% in 2002. As a consequence of all these facts, the growth of the employment rate halted (*see Annex C, table 2*).

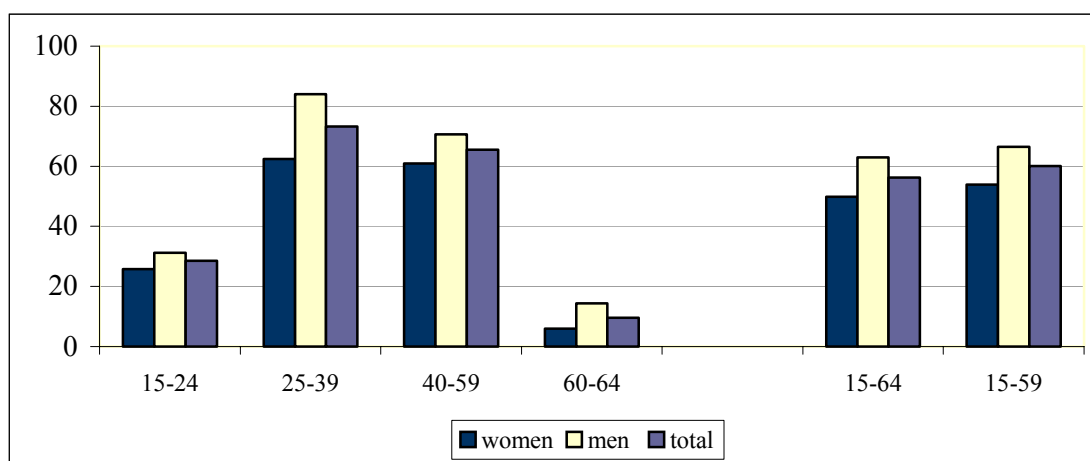
The acute problems of the labour market are the low level of employment, high inactivity rate, persistent regional disparities in the labour market situation and a weak regional mobility of

labour. New sources of ‘tension’ are also evolving, such as an increasing mismatch between labour demand and supply. As a consequence of the slow-down of economic growth employment is stagnating which impairs primarily the employment opportunities of young people.

2.2.2.1 Employment

As a consequence of the transition to the market economy, the number of employed decreased by over one quarter, almost one and a half million. The level of employment and economic activity bottomed out in 1997 when the employment rate of the population aged 15-64 sank to 52.7% and their activity to 57.8%, way below the EU average. From 1997, after over two decades of decline, employment and economic activity began to grow again. By 2001, the number of the employed grew by more than 200 thousand totalling 3,850 thousand. Nearly half of this growth resulted from the employment of inactive persons.

Figure 2.1: Employment rate by age group and gender, 2002 (%)



Source: Central Statistical Office (CSO)

In 2002, the average number of the employed was 3,884 thousand, the employment rate of the age group 15-64 was 56.3%. The division by gender of the employed population has been stagnant for years: 45% of the employed are women. Men's employment rate is 63.1% and women's is 49.8%, with the male employment rate exceeding in all age groups the employment rate of women. A comparison of Hungarian employment rates with EU averages⁴ (63.9%; men: 73%, women: 54.9%) indicates serious gaps amounting to 7.6 percentage points in the case of the population aged 15-64 and, within this, 10 and 5 percentage points for men and women, respectively (see table 3 of the Annex C).

In 2002, both the number and proportion of the employed has decreased in the youngest age group (15-24); on the other hand, we see an increase in the age groups above 50. Within one year, employment rate decreased from 7.7% to 5.4% in the age group 15-19, and from 51.1% to 49.3% in the age group 20-24. In addition to this phenomenon, the unemployment rate of young people has significantly increased over the past years just like the number and proportion of young people participating neither in the labour market nor in education; based on these facts one may conclude that the labour market situation of young people has deteriorated (see table 4 of Annex C).

⁴ EU data refer to 2001. Source: EUROSTAT.

Parallel to these changes, employment rate has increased in all age groups above 50. The most significant growth is indicated for the group that felt the strongest impacts of the raised retirement age that is among women between 55 and 59. 64% of women between 50 and 54 have a job, while the highest employment rate (75%) is seen among women between 40 and 45, for whom child birth is already less typical. The employment rate of men between 55 and 59 has also improved, but its value (52.8%) indicates that efforts must still be made to enhance the employment opportunities of older age groups.

2.2.2.2 Unemployment

The unemployment rate reached its peak of 12.5% in 1993 and has been dropping continuously until 2001. By 2002, the number of unemployed had fallen to less than one-half, that is to 239 thousand⁵. However, in 2002, the drop in the number of unemployed has stopped and the unemployment rate has increased slightly from the previous year's 5.7 per cent to 5.8 per cent. The average period of unemployment has decreased (from 16.0 months to 15.9 months) along with the ratio of unemployed who did not have a job for a prolonged period that is for a longer time than one year. The share of the latter is approx. 45.0 per cent.

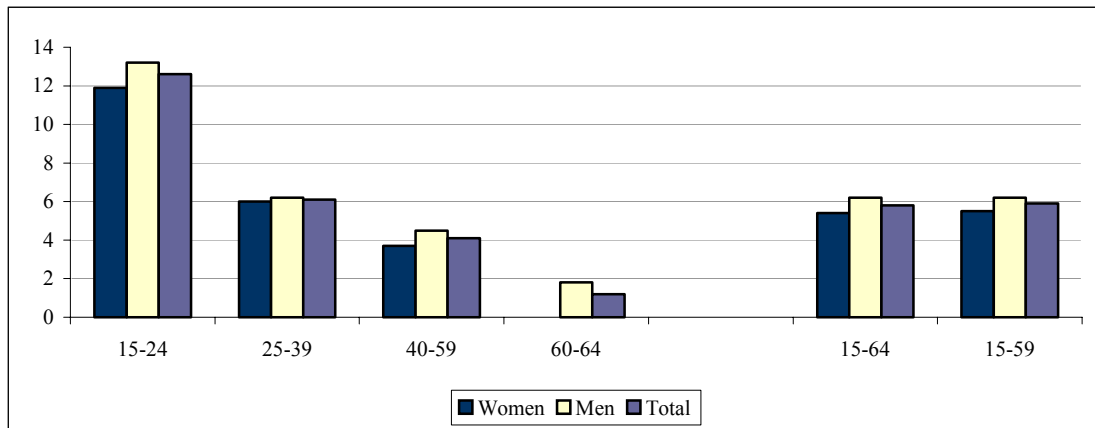
The unemployment indicators show a worsening in the situation of the youth: the unemployment rate of the 15-24 years old population has increased from 10,9 per cent to 12.3 per cent. The situation of the other age groups has not changed significantly. In comparison to previous year figures, the unemployment rate of men has decreased from 6.3 per cent to 6.1 per cent within each age group, but that of women has increased from 5 to 5.4 per cent.

In recent years, a decrease in the unemployment rate was partly due to the shortening of the period of eligibility for unemployment benefit, as well as to the narrowing of the group of people eligible for such benefits. As a consequence, people facing particular difficulties on the labour market have lost their opportunity to receive benefits or assistance, as their contacts to the labour organisation ceased to exist thereby diminishing their chances to return to the labour market.

The scope of 'employment-promoting' assistance was widened through legislative changes introduced since 2001; the amount of training-related subsidies was increased in order to encourage involvement in labour-market-oriented training. In addition, the new regulation provides for an increased amount of employment support in the case of older workers and Roma people. In order to facilitate the extension of flexible forms of employment it supports part-time employment and tele-work.

⁵ Annual average. Labour Force Survey, Central Statistical Office.

Figure 2.2: Unemployment rate by age group and gender, 2002 (%)



Source: Central Statistical Office

2.2.2.3 *Inactivity*

Besides soaring unemployment, the other decisive labour market process of the transition period was the withdrawal to inactivity of those employees who either lost their job or were threatened by unemployment, especially the unskilled with lower schooling and the older age groups. In 2002, the number of the inactive population of employable age was 2.3 million. 171 thousand of the inactive men and 260 thousand of the inactive women, in all 431 thousand people, were neither student, nor received pension, unemployment or maternity benefits. The high level of inactivity is explained partly by the fact that the decrease in the unemployment rate was more the result of the withdrawal of the unemployed from the labour market than the expansion of employment opportunities. The government also encouraged this process by making possible early retirement, especially in the first half of the 1990s, in an effort to ease the social tensions concomitant to the growth of unemployment, but the dynamic expansion of secondary and high-level education also contributed considerably to the increase of inactivity.

In Hungary inactivity is in many cases not a transitional period in one's life, but the start of an almost irreversible process of exclusion from the labour market. Long-term exclusion from the world of labour leads to the downgrading of one's ability and motivation to work and gradually reduces the chance of returning to the labour market. A significant part of the inactive should like to get a job. In their opinion, the main obstacles of their finding an employment are the lack of local jobs, their own health problems, old age and/or insufficient qualification; typically, women referred to their family commitments.

2.2.2.4 *Shortage of labour*

Despite the low level of employment and high level of inactivity, in some occupations and regions the labour market supply also fails to satisfy the requirements of the employers, there is a shortage of skilled workers and the qualifications and skills of the available workforce are often poor. Therefore, besides the slow-down of economic growth, the expansion of employment is also hindered by a mismatch between the supply and demand of labour.

In the faster developing regions of the country, young replacement is especially scarce in the physical skilled labour (primarily metal industry, repair and maintenance, trade and catering industry workers). The shortage is caused not only by the low number of people seeking a job in the labour market in the above occupations, but to much greater degree by the fact that few of the job-seekers possess up-to-date knowledge. The employers are dissatisfied with the vocational attainment of the young school-leavers and also complain about their lack of practical experiences. This is partly due to the fact that, along with the expansion of secondary education, the knowledge level and basic competences of those participating in lower vocational schools has weakened. To address the needs of these disadvantaged groups and to prepare them for life-long learning, special training programmes, methodology and the training of trainers are required.

2.2.2.5 *Composition of the working age population*

The socio-demographic composition of the employed has generally improved. The gap between the employment levels of men and women has slightly narrowed, and the tendency of exclusion of older employees from the labour market has stopped. The change in the qualification structure of the employed clearly indicates that the economy needs more qualified workforce in its upgrading phase, therefore people with no schooling and no qualification are quickly excluded from the labour market (*see Annex C, table 8*). Partly due to this fact and partly as a result of the demographic change and an expansion of adult training, the qualification level of the employed is improving continuously. As young age groups, trained better than the average, enter the labour market, the number of employees with higher qualifications is increasing substantially while the number of unqualified people with not more than primary school education has dropped by 18% in four years. Therefore, in the year 2002, only one-sixth of the employed fell into the latter category, one-third was skilled worker, one-third had secondary school education and more than one-sixth had a degree from higher education.

2.2.2.6 *Health condition of the labour force*

The health condition and working capacity of individuals are important factors of the employability of the labour force. The health condition of the Hungarian population is one of the least favourable by European comparison, while the comparative ratios of the past decades show only a slight improvement. Life expectancy at birth for women is 5.6 years and for men 7.8 years lower than the EU average. Early death is twice the average of the EU and, in comparison with the ten acceding countries, Hungary occupies the third least favourable position. In particular, the morbidity and mortality rates of the population of the working age, and within that of men, give rise to real concern. The extremely bad health condition of the labour force is also caused by the unhealthy way of living, smoking, alcohol consumption, eating habits, lack of physical exercise and environmental factors. While 14% of illnesses may be attributed to air pollution, water and soil contamination, the underdeveloped nature of the services that help to keep and restore health, including the inequalities of access to such services, are also key determinants. From an employment perspective, the poor health condition significantly limits the supply of labour force while weakening the competitiveness of the labour force and the economy.

The health condition and life expectancy rates also show a close relationship with the socio-economic status and income position of individuals. The difference between the life

expectancy of groups in the most favourable situation and the Roma population, which belongs to the group that is most disadvantaged, is 10 years.

2.2.2.7 *Structure of employment*

With the transformation of the economy, both the sectoral and regional structure of employment has changed considerably. The rearrangement of employment by main economic sectors was characterised by a decrease of the weight of agriculture and an increase of employment in the service sectors. In 2002, 6.2% of the employed worked in the agriculture, 34.0% in the industry and 59.8% in the service sector (EU: 4.4%, 26.9% and 68.8%). The processing industry that formerly expanded its labour, became an industry of declining workforce by 2002 (the growth of industrial production slowed down, it was only 2.6% last year), while employment continued to grow further in the so-called personal service provision industries.

The dramatic shrinking of agriculture, mining, metal and food processing industries reduced the number of jobs by hundreds of thousands and contributed to the emergence of job shortage regions and sub-regions, besides making masses of the skilled and unskilled workers of these industries unemployable. The downsizing process which affected a labour mass of some one and a half million between 1989 and 1993, hit primarily the manual workers or rather white-collar workers were more successful in making their way back to the labour market than their blue-collar and especially unskilled worker colleagues. While the percentage of high- and medium-level educated employees in management and senior staff positions in public administration and in the economic life increased from 19 % to 32 %, the office, administration and manual worker positions not requiring any special skill or qualification, decreased by a similar percentage. The tendency of decrease stopped already in 1995 in the skilled and trained worker positions of the industry and the building industry, and since that time these positions have been experiencing steady increases.

It has considerably changed the structure of employment that, as a consequence of the economic crisis following the transition period, extensive changes took place in the size structure of the employer organisations. By 1999, almost one million businesses emerged. Together with the one-man businesses, the small and micro enterprises provide employment for almost one and a half million entrepreneurs and employees. For this reason, promoting the operation of these businesses, helping their labour supply and maintaining and improving their competitiveness are of particular importance from the point of view of the employment policy.

2.2.2.8 *Undeclared work*

One of the unfavourable tendencies in the Hungarian labour market since the late 1980s has been the increasing level of undeclared work. Undeclared and partly-declared, or so-called „grey” employment became most phenomenal in certain sectors, such as agriculture, construction, commerce, tourism and other services, characterized by increases in employee numbers. These are the sectors that make most use of casual labour force as well. Regarding the structure of the employer organisations, undeclared or partly-declared work are most common in private entrepreneurships and micro and small enterprises, and it is considerably less widespread among medium-sized and large enterprises.

The approximate size of the undeclared labour force is indicated by the findings of the 2003 labour market, according to which the number of those in employment was 3.9 million, while only around 3.3-3.4 million people paid income tax and social security contributions. However employers have been increasingly legalizing the status of their employees and thus shifting undeclared towards partly-declared work. The extent of the partly-declared work is suggested by the fact that the average wage level of the employees of Hungarian-owned micro and small firms is considerably lower than those of (partly) foreign-owned companies with similar returns and earning capacity.

It is one of the priorities of the Hungarian government to combat undeclared work therefore efforts are made to strengthen the capacity of the National Inspectorate for Labour and Safety at Work.

2.2.2.9 Regional disparities

Economic transformation took place in an extremely uneven manner, producing large labour market disparities between the regions. In recent years, differences in employment and unemployment have been continuously increasing at the level of counties and micro regions; the polarisation of local labour markets has increased. The country is divided into relatively well-developed and urbanised areas where the level of employment is relatively high and relatively under-developed micro regions characterised by low levels of employment and high unemployment.

While in 2002, in the more advanced western and central regions of the country the unemployment rate was close to 4%, the employment rate hit 61-64% and in some industrial centres there was even a shortage of skilled labour in the local labour market, the unemployment rate was twice that high in the Northern Hungary and Northern Great Plain regions and the employment rate was around 50%. The stagnation of the employment level in 2002 was coupled with modest changes in the employment situation of the regions: employment grew by more than 1% in Central Hungary and in the Central and Western Transdanubia (by 12 thousand, 5.5 thousand and 6.3 thousand people), it changed slightly, by under 1% in Northern Hungary and the Northern Great Plain, the number of employed decreased in the Southern Transdanubia and the Southern Great Plain regions (by 4.7 thousand and 14.3 thousand). The unemployment rate grew by the greatest margin (0.8%) in Central Transdanubia and the Southern Great Plain.

In the disadvantaged regions, not only the number of unemployed and inactive people is high, but their composition is also unfavourable: the proportion of those who do not have more than primary school education and the ratio of the long-term unemployed is higher than the average. The mitigation of inequalities is aggravated by the fact that job creating investments are primarily focused on the more developed regions of the country and the mobility of labour available in more disadvantaged areas has been hindered by factors difficult to fight as yet, such as the low motivation for mobility and the rigidity of the real estate market. The costs of commuting and the rents of private flats are high, and this is not counterbalanced by differences in possible wages. Traffic network is insufficient, and the frequency of public transport vehicles is often not fitted to the working time.

Labour market differences have multiplied in the last decade at the level of small regions and locally, and these differences may even be many times higher than the figures indicated above. Unemployment is highest in small villages with a few hundred inhabitants, where the

socio-demographic composition of the population is also less favourable than the average. Regional disparities are closely related to the educational and skills level of the population and the differences of industrial culture. In the most disadvantaged regions, the level of employment cannot be increased without improving the factors that strongly influence the employment potential of these regions, that is the educational attainment and skills level of the working age population living in these areas. Therefore, improving the employability of the disadvantaged people through supporting training programmes implemented in the regions and micro regions lagging behind should be an important means to reduce these disparities.

2.3 DISCRIMINATION AND INEQUALITIES IN THE LABOUR MARKET

This section will describe the discrimination and inequalities in the labour market by presenting the most important characteristics of the labour market position of the various disadvantaged groups. Then, following the priorities of the EQUAL Community Initiative, it will summarise those institutions and tools which help combat the labour market disadvantages, their achievements and shortcomings. The situation of asylum seekers is discussed separately in chapter 2.3.6.

2.3.1 DISADVANTAGED GROUPS

One of the decisive causes of poverty and social inclusion is exclusion from the labour market, unemployment and long-term unemployment in particular, and inactivity. This chapter presents the situation of those groups of society who are in a disadvantaged situation in the respect of labour market participation or entry into the labour market.

2.3.1.1 Roma population

The Roma are Hungary's biggest ethnic minority⁶ and also the fourth largest Roma community in Europe. According to authoritative estimates, the Roma population currently numbers between 450,000 and 600,000 people. Their number is growing against a dwindling non-Roma population, and according to demographic forecasts, in the next 50 years their percentage ratio in the population will grow from 5% to 11%.

The Roma constitute the most disadvantaged group of the Hungarian society in terms of social-economic situation. From a labour market point of view, the Roma are considered the 'biggest losers' of the transition to market economy. In the late 1980s and early 1990s over half of the working age Roma population, who were formerly used to regular employment, lost their jobs; hence all their employment indicators are far worse than those of the majority society. The primary labour market offers hardly any pay-earning occupation for the uneducated and unskilled Roma, and they are also disadvantaged when they want to take up ad-hoc work. Their level of employment is roughly half, their unemployment rate is three to five times higher and the number of dependants per earner is three times higher than the corresponding indicators of the non-Roma population. In such circumstances family allowance and social benefits are the only source of existence for many of them, which leaves

⁶ Other national and ethnic minorities of Hungary include Bulgarian, Greek, Croat, Pole, German, Armenian, Romanian, Ruthenian, Serb, Slovak, Slovene and Ukrainian. The labour market situation of these minorities does not differ from the majority population. They enjoy extensive cultural and self-governance rights set out by the Act LXXVII of 1993 on the rights of national and ethnic minorities.

half of all Roma households living in long-term poverty. Long-term unemployment running for well over a decade now, threatens more and more Roma with the prospect of hopelessly sinking into inactivity which is gradually becoming a norm for them. Their employment is hindered by various factors, such as the low levels of education, concentration in regions lagging behind and discrimination in the labour market.

The Roma face significant disadvantages in terms of educational attainment compared to the non-Roma population. According to data from 1993/1994, 80 % of Roma men aged 15 to 59 not in full-time education has finished not more than 8 grades of basic education. Educational attainment is better in the younger age groups, but the gap remains significant compared to that of the non-Roma population. Therefore, the objectives of actions aimed at improving the employability of the Roma should include promoting their participation in secondary education.

The Roma live scattered in Hungary, but the majority of them are concentrated in the underdeveloped Northern Hungary, Northern Great Plain and Southern Transdanubia regions and accordingly, it is in those regions that their proportion is the highest among the population. Most of them live in small settlements with less than 1,000 inhabitants that offer scarce employment opportunities and worse than average conditions of living. They are over-represented in settlements with poor transport infrastructure and public transportation facilities where commuting to bigger settlements with better employment opportunities is relatively expensive compared to the wages. The small villages of the regions with the highest share of Roma population constitute isolated and segregated communities characterised by the accumulation of social and economical disadvantages. A substantial improvement in the employment opportunities of people living in these micro regions could be achieved through the combination of various measures, including subsidies for job creation, transportation facilities, allowance to support transportation fees, upgrading community services (e.g. child care, education, health care), training and counselling.

The labour market integration of the Roma is also made difficult by discrimination experienced on the part of the employers. The experiences of the past years show that the majority of the society do not realise the problems of the Roma population, are not interested in improving their situation and that the local societies are often prejudiced against the Roma. Combating their discrimination in the labour market should be promoted through developing and disseminating new approaches addressing discriminative practices of employers, establishing new services promoting the integration of new labour market entrants into the working communities and training and awareness raising for employers.

2.3.1.2 *People with disabilities*

People with disabilities belong to the most vulnerable groups in terms of social exclusion, and they are especially disadvantaged when it comes to participation in the labour market. Although under the legislation on the rights and equal opportunities of people with disabilities⁷, they are entitled preferably for integrated, but in the lack of this, for sheltered employment, their labour market presence⁸ can be considered marginal. According to a 2002 survey conducted by the Central Statistical Office among the population with long-term health problems, of the 656 thousand working age people fewer than 95 thousand were present in the labour market and almost 10 thousand of them as unemployed. The labour market opportunities of the people with disabilities are heavily restricted. Among those

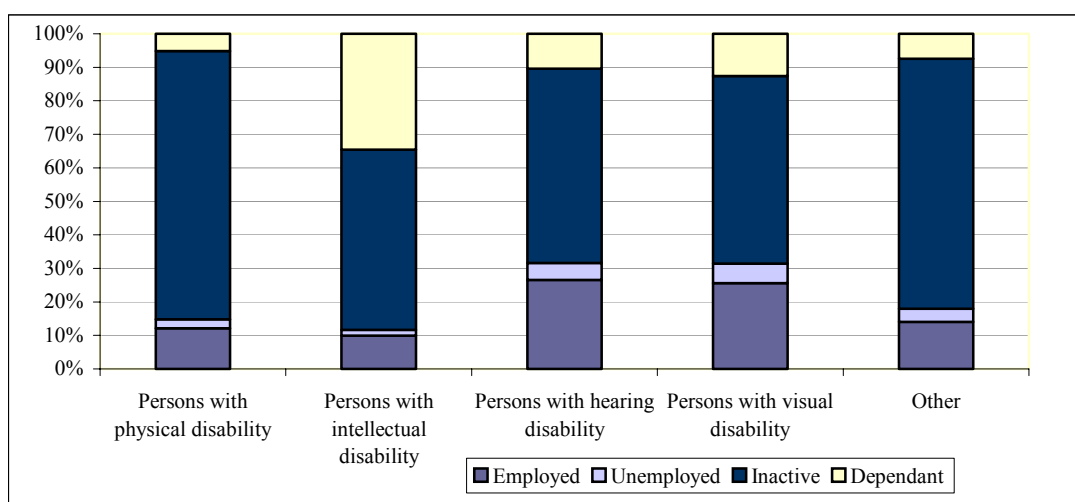
⁷ Act XXVI of 1998.

⁸ Q2, 2002 data of the Central Statistical Office.

employed, less than 1/5 were employed in special (so-called sheltered, supported) jobs. The majority of disabled people subsist on disability pension or allowance.

Looking at the group according to type of disability, people with disabilities of the sensing organs (sight and hearing) are in a relatively more favourable situation, in fact 25 per cent of the 15-64 aged population with such problems are employed, and the proportion of the unemployed is about 5% in this group. The employment rate of people with physical disability is only 12.2%, in contrast, 80% of them are inactive. People with intellectual disability are in a similarly disadvantaged situation, only 10% of them are employed, 54% draw some allowance or welfare aid and 35% are dependant.

Figure 2.3: Activity of the 15-64 people with disabilities by type of disability, 2001



Source: Central Statistical Office

The shortcomings of the education system are also a factor for the labour market disadvantage of people with disabilities, namely the inadequate availability of integrated education, the lack of accessibility of the buildings, and the fact that the scope of those trades which are available in special vocational training is limited, on the one hand, and does not meet the expectations of the labour market, on the other. Besides, prejudice against people with disabilities is still perceptible in almost all walks of life, including the labour market.

There are only estimates for the number of people with disabilities employed in the open labour market but it can be established that despite the incentives in place, their number is very low (*for more details see section 2.3.2.3.*). Sheltered organisations are important in the employment of disabled people, especially those special enterprises where at least 60% of the employees are people with disability. However, there are other types of organisations providing sheltered employment which are predominantly non-profit organisations (foundations, associations, or public interest organisations).

2.3.1.3 Women

In Hungary, the situation of women is, in certain respects, similar to that observed in the Member States, but because of the different course of historic development, it also differs from it, especially as regards their labour market situation. Women's employment indicators compared to men's show a mixed picture; some of their labour market indicators are more favourable, while others are poorer than the European average. This section presents the general employment situation of women in comparison with men. The disadvantages and

inequalities faced by women at the labour market – discrimination, horizontal and vertical segregation – are discussed in section 2.3.5.

Women's employment and activity declined by about the same measure as men's in the period of transition. Since 1997, women's employment level has grown somewhat faster than men's, thus by 2002 women's employment rate rose to 49.8%, reducing the employment gap between women and men to 13.3 percentage points (EU: 18.1 percentage points). The lower employment level of women comparing to that of men is due to different factors, including the lower retirement age, higher participation in education, as well as the fact that a substantial part of the tasks related to child rearing and the family is carried out by women.

From the very start, women were hit less hard by unemployment than men. This is explained primarily by the fact that the mass loss of jobs affected to smaller degree the areas typically employing women, while it hit much harder the jobs in the industry and agriculture where the majority of employees were men. In 2002, women's unemployment rate was 5.4% and men's 6.1% (EU: 8.7% and 6.4%) which means a decrease of 0.2% in male unemployment and an increase of 0.4% of women's unemployment rate. Compared to the previous year, men's unemployment rate decreased from 6.3% to 6.1%, but women's rose from 5% to 5.4%.

However, besides the relatively better unemployment indicators, one also has to take into consideration that women's inactivity rate is higher than men's. In 2002, 47.3% of the women aged 15-64 were inactive. Those people, whose cause for being inactive is not known, account for about 20% of the inactive population. Within that figure, the proportion of women has substantially grown in the past decade: in 1990, women accounted for 27% of the inactive for unknown causes, and their proportion soared to 65% by 2001.

Findings of a recent statistical survey show a clear correlation between inactivity and the number of children in the family⁹ (*see table 2.1*). While around 62% of women with one or two children were employed, the employment rate of women with 3 children and 4 or more children is 27,2% and 16% respectively. Nevertheless, besides the number of children, the education level of the mothers is crucial here as well. The activity rate of women with higher education starts to decrease sharply only after the birth of the fourth child, while women with lower education levels tend to become inactive after having the third child. The survey concludes that the employment of mothers with lower education is hindered by the facts that jobs available for them are typically low-paid and with unusual working hours – i.e. beyond the working hours of childcare institutions – thus the potential costs of working often outweigh the benefits.¹⁰

⁹ Family in Transition 2001, (Central Statistical Office and UNDP).

¹⁰ *idem* p. 64.

Table 2.1 Percentage of employed mothers compared to the total number of women with the same level of education and according to the number of children, 2001 (%)¹¹

Mother's highest education	Number of children				
	One	Two	Three	Four or more	Altogether
Elementary school	47.3	42.7	17.0	12.1	38.6
Vocational school	57.5	60.1	25.3	21.5	54.8
Grammar school	64.9	67.5	21.0	19.2	62.3
Vocational grammar school	69.9	70.6	32.4	22.7	67.0
College, university	77.0	78.2	63.4	29.9	75.6
Altogether	61.6	62.3	27.2	16.0	57.0

Source: CSO

As far as wages are concerned, the difference between women and men decreased until the second half of the 1990s, and since that time has stabilised at a level lower than the community average. Women's gross average earnings are 19.5% (EU: 28%), and their net average earnings are 16% lower, and in the comparable jobs, about 13% lower than men's (*see Annex C table 11*).

2.3.1.4 Disadvantaged young persons

The labour market situation of young people differs from the EU indicators roughly by the same extent as those of the whole population. In this group, both the employment and the unemployment rates are lower than the EU average (*see Annex C, table 4*). In 2002, the chances of young people finding a job were weakened by the stagnation of employment opportunities. Both the number and proportion of the employed decreased in the youngest age group (15-24). This may partly be explained by the fact that young people leave education at a later age. The employment rate in the age group 15-19 decreased from 7.7% to 5.4% in 2002, while in the age group 20-24 the employment rate decreased from 51.1% to 49.3%. (Parallel to these changes, the employment rate grew in all age groups above 50, which is mainly due to an increase in the retirement age.) In 2002, 29.1% of young people in the age group 15-24 had a job as opposed to the EU average of 40.3% (unemployment affects young people more than the adults - *see Annex C, table 5*). Up to 2001, youth unemployment dropped more than the average. However, the 2002 unemployment figures already indicate a deterioration in the situation of young people with the unemployment rate in the age group 15-24 increasing from 10.8% to 12.6%.¹²

The employment of young people is made difficult on the one hand, especially in the disadvantaged and stagnating areas of the north-eastern regions of Hungary, by the lack of jobs and by the unresolved issue of attracting capital investments. On the other hand, a substantial number of young people enter the labour market without any qualifications or with a qualification that does not meet market requirements. For their part, employers primarily

¹¹ *ibid idem.*

¹² Unemployed as percentage of the active population aged 15-64.

want to recruit employees who already have experience as opposed to training and educating inexperienced school leavers. This is particularly true for those socially disadvantaged young people who either come from a Roma family or leave some state child-care institution. The majority of the young people who are dismissed from state child-care institutions (about 2000 young people annually) are running a great risk of becoming homeless. Except for one or two model experiments, providing targeted help for these people remains an unsolved problem.

2.3.1.5 Older workers

In the early 1990s one possible way of escaping unemployment was early retirement or retirement on disability pension, which was also encouraged by the state. However, in the second half of the decade, the conditions of retirement were gradually tightened, therefore the number of people in working age pensioned for health or employment policy reasons has been decreasing since 1998. Nevertheless, as a result of previous mass early retirement schemes, only a small minority of the above-55 population is present in the labour market at present. On the other hand, it is also fact that the expansion of employment – partly as a consequence of raising the retirement age – that followed the economic boom was the biggest in the older age groups. Even so the employment rate of the 55-59 population only rose to 42.2% (EU: 50%). It makes difficult the return of older people to the labour market that they find it harder to adapt to the changed labour market requirements and the employers may also use discrimination against the older employees.

The skills composition of the above-50 unemployed is very unfavourable. Therefore, training, re-training and employment support are important tools in strengthening the labour market position of the older job seekers and helping older workers in keeping their employment.

2.3.1.6 People with low levels of education

In Hungary, the participation rates of those with low levels of education are well below the EU average and the level of unemployment is highest within these groups. In 2001, the participation rate of men aged 25 to 64 with below upper secondary education was 50% and that of women aged 25 to 64 was 35%. Within the same age group the participation rate of men with upper secondary education was 83% and that of women with the same level of educational attainment was 67 %, while the participation rate for those with tertiary education was 89 for men and 79 for women. In 2001, unemployment rates according to educational attainment of women aged 25 to 64 were the following: 7.5% for those below upper secondary education, 4.2% for those with upper secondary education and 1.3 for those with tertiary education. The unemployment rates for men within the same age groups were 12.5%, 4.8% and 1.1%, respectively.¹³ These data show that educational attainment is a decisive factor of the labour market position and employment opportunities of the individual. Increasing the level of employment and reducing inequalities in the labour market, therefore, require actions to improve the employability of people with low levels of education and creating new employment opportunities for them.

¹³ OECD 'Education at a Glance (2003)'.

2.3.1.7 Homeless Persons

Hungary had to seek new answers for the problems of homelessness in the period of economic transition. The number of homeless is estimate to be between 20 thousand and 50 thousand. Various forms of helping homeless people have already evolved, like providing night shelter and day care, street social work. The number of homeless shelters has almost doubled over the past five to six years; at the end of 2002 these shelters could accommodate about 8000 people. Non-state organisations play an outstanding role in providing care for the homeless.

Despite the efforts of the recent years, there are few prevention and re-integration programmes in place, although some organisations helping the homeless people have gained considerable experience through the pilot programmes of the Ministry of Social and Family Affairs. Promoting programmes that enhance the employability of homeless people should be a priority because employment is crucial in creating independent living and leaving behind homelessness.

According to research in the field, 25-30% of people living in homeless shelters are employed and have regular income, another 25-30% work on an occasional basis and thus earn some money. Strengthening their employability and improving their conditions are equally important tasks.

It is also particularly important to promote the employment of young homeless people, most of whom were previously in state care. Similarly important problem is the labour market re-integration of homeless women, especially women with children. Homeless families or single mothers with children can find shelter in the temporary homes for families. These provide services for some 3000-4000 people annually, of which some 1500 are adults. Homeless families may use the services of the temporary homes for one year; in case of particularly serious or long-term problem this period may be prolonged by half a year. These families often experience serious losses, which are accompanied not only by the temporary or permanent loss of their home but also of their job. In order to prevent the disintegration of the family, it would be particularly important to support the targeted labour market integration of these homeless families, too.

Homelessness is usually coupled with other problems, the loss of the job and poor health condition are often the reason and/or the consequence of homelessness. Therefore to address this problem adequately, it is necessary to combine the various health, welfare and employment services.

2.3.2 IMPROVING EMPLOYABILITY

Improving employability means, on the one hand, that the knowledge and skills of unemployed, those threatened with unemployment and inactive people have to be improved in order to make them suitable for employment. On the other hand, it comprises those instruments and services, which stimulate the individuals to take up a job and help them find one. The number one tool for improving employability is constituted by the active labour market policy measures, which help the return or integration of unemployed and inactive people to the labour market. In addition to these, education and training also play a decisive role for employability, labour market opportunities and employment possibilities. The education system must ensure for young people the attainment of the skills and knowledge indispensable for successful integration into the labour market, must help transition from the world of education to the world of labour and efforts have to be taken to reduce the number of drop-outs. The improvement of employability is also a tool in the struggle against social

exclusion, one that promotes the entry or return of disadvantaged people into the labour market.

This chapter discusses how the active labour market policy instruments, formal education and social services promote the improvement of employability and what deficiencies exist in this respect.

2.3.2.1 Active labour market policies

The most important institution of the implementation of the employment policy is the Public Employment Service (PES) operating under the auspices of the Ministry of Employment and Labour. The PES consists of the Employment Office, the labour centres in Budapest and in the 19 counties and the 174 regional offices belonging to them, as well as of the Regional Labour Development and Training Centres. The most important among the active labour market policy instruments of the PES are labour market training, the employment organisation, public work and supported employment. In 2002, the active instruments provided re-training and supported employment opportunities for almost one fifth (19.8%) of the registered unemployed population.

Training is considered to be a particularly important instrument for promoting return or integration to the labour market. Today, the programmes of the employment services are targeted primarily at young people about to start a career, and mainly serve to supplement the knowledge acquired in formal education. Because of the rigidity of formal education, and its inability to adjust to the genuine requirements of the economy, a great majority of the young people leaving school lack those skills and knowledge which would be necessary for their labour market integration. Thus those who cannot find a job, can acquire the necessary skills in the framework of these labour market-conform training programmes.

The national network of labour office financed with public instruments is dealing with the comprehensive change of career and career orientation of young school-leavers and adults. Besides the labour counsellors and psychologists, the Occupational Information Consulting (OIC) network also plays a key role. Research findings indicate, however, that the career orientation activity, especially among adults, is not widespread. It would be important to provide for young people still in formal education wide access to the career orientation activities, which offer a strategy compliant with the requirements of the economy and the long-term objectives of the individual.

The PES provides employment services for people seeking a job. The efficiency and success of these employment services are decisively influenced by the fact whether the labour market organisation has appropriate contacts on the labour market, whether it has adequate information on the labour demand of the local enterprises, and whether it has established a reliable enough mediation service to build trust in the labour mediated by them. The share of the PES in the employment markets varies by region. It can be said in general that the bigger the settlement, the smaller the percentage of the vacancies enters into the horizon of the labour centres. The employers prefer to hire labour through advertisements and personal recommendation, and will only contact the Public Employment Service as a third option. Besides, the Service successfully satisfies mass demand for unskilled or trainable labour, but is rigid to respond to individual requirements, and is even less capable of taking the initiative in identifying demand. Although, employers are increasingly using the services of the Public Employment Service in hiring labour in the recent years, in 2002 there were still only 12.9 reported vacancies to 100 registered unemployed.

Employment in public work is aimed at giving temporary work to long-term unemployed people in order to maintain their working ability. Public work is usually organised by the local municipalities for the performance of the communal tasks of the locality. However, public work as a means for promoting people's return to the primary labour market, did not prove successful, only a fraction of the public workers (in 1994, 3.5%, in 1996, 1.9% and in 2000, 1.4%) could convert their public work status into a non-supported job. In an effort to counterweight this tendency, an array of programmes were launched in the recent years everywhere in the country. These programmes coupled public work with training and counselling with the aim of making the participants suitable for returning to the secondary or primary labour market.

The aim of the employment expansion wage support is to improve the opportunities in finding work of long-term unemployed people, by granting support to their employment. Such wage support is available on unemployed persons who have been out of work for at least six months (in the case of young career starters, three months). The support given to the employer up to 50-100% of the wage is designed to encourage employers to hire unemployed people or young career starters. The wage support is available for maximum one year and the employer is obliged to continue the employment of the supported person for a period identical with the period of support. The support scheme for employers hiring people with disabilities has more favourable conditions, furthermore micro- and small enterprises employing disabled people are eligible for the reduction of their tax-base with amount up to 50% of the minimum wage.

The amendment of the employment legislation in 1999 made it possible to support labour market programmes, and provided for the use of active instruments built on one another. These measures were called for by the fact that the nature of unemployment has changed and primarily, because it has become long-term and responded to an ever smaller degree to the individual active labour market instruments.

The active labour market programmes of the PES are being supported and its services are being developed and modernised in a comprehensive manner in the framework of the Human Resource Development Operational Programme.

2.3.2.2 *Participation in education and employability*

In the last decade, a significant expansion of education took place; there was a considerable increase in both the number and rate of those participating in secondary and higher education. In school year 2002/2003, compared to 56% a decade ago, 77% of the secondary school age population learning in day institutions, attend such secondary schools that provide maturity certificate. The number of participants in higher education has almost trebled, and within that, the involvement of the 18-24 aged population doubled. Although in the beginning of the nineties there was a significant gap in the enrolment rates by ages compared to the EU average, during the last ten years the full time enrolment rates reached the EU average within the cohorts of the population aged 15 to 20. In 2001, 91% of the 15 years old population participated in full-time education; the same rate was 92% for 16 year-olds, 84% for 17 year-olds, 73% for 18 year-olds, 56% for 19 year-olds and 44% for 20 year-olds. Along with the expansion of higher education, in accordance with the tendencies experienced in other European countries, the entrance to the labour market is postponed.

It can be established in general that, despite the achievements, the system of education faces various difficulties. The structure of vocational training has failed to adjust with appropriate speed and flexibility to the changing requirements of the economy and the labour market. Formal education fails to provide for the mastering of skills and abilities that constitute an

appropriate basis for lifelong learning, on the one hand, and are indispensable to successful entry to the labour market, on the other hand.

According to the PISA 2000 analyses, in the Hungarian education system the performance of the students is influenced to greater than average degree by the social-economic background, in other words Hungary provides to the least degree equal opportunities to children coming from a low educated, poor family scarcely supplied with cultural goods. The education system amplifies the disparities rooted in the social-economic disadvantages. Equal opportunities are not enforced adequately neither in the access to appropriate quality education, nor in terms of successful participation in the education. Although promising programmes were elaborated in the recent years in promotion of the objective, in the lack of appropriate support and well-prepared adaptation programmes, these remained isolated experiments only.

Disadvantaged children have less chance to stay inside primary education, let alone qualify for secondary or higher education. Less than 10% of young Roma pass the maturity examination, and this heavily restrains their labour market opportunities, too. The drop-out rate is also rather high among the disadvantaged groups, and their learning performance is poorer than the average. Those young people, who fail to finish primary school, do not learn on in a secondary institution, drop out from vocational or secondary education or hold such trade certificate, which is not demanded in the labour market, run particularly high risk of exclusion from both the labour market and the society.

The transformation of the public education system affected to great degree the vocational training schools: from September 1998, the education law made compulsory 10-year general education and vocational training could only follow that. This means that the general training stage of education was separated from the vocational training stage both in the vocational training secondary schools and the trade schools, with the two forms of training not running parallel but rather in sequence. The function of grades 9 and 10 is to strengthen general training. A survey conducted by the National Vocational Training Institute with the involvement of the vocational training schools shows for the period between academic years 1998/1999 and 2001/2002 that the danger of drop out is highest in grade 9, namely the stage of education, which precedes vocational training. The drop out rate here is close to 13% and the percentage of failed students also permanently exceeds 20% both in the trade schools and the vocational training schools. This means that a large part of the students lose the opportunity to obtain some qualification because they drop out of general training.

This tendency calls the attention to the fact that formal education must find more efficient ways for preventing and keeping under control school failure and dropping out. For those students who find it hard to fit into the frames of conventional education, such new forms of training have to be developed which take into consideration the disadvantages rooted in their socio-economic situation, family background or other circumstances, and offer appropriate help to overcome them.

2.3.2.3 *Improving the employability of disadvantaged people*

Exclusion from the labour market and from society hits particularly hard the Roma population, people living in backward regions, unskilled people, people with disabilities and addicts. To improve their employability and labour market opportunities, we have to build on the instruments of education and training, employment and social services alike. In the case of the long-term unemployed and inactive people, during the long time spent outside the labour market, the contacts with the world of labour weaken and people's ability to work fades. Thus helping these people back to the labour market is a long process, which also calls for

programmes that provide support from several quarters and for personalised services adjusted to the possibilities and conditions of the individual.

It is primarily the non-governmental organisations that can reach those unemployed and inactive people, who are not in contact with the Public Employment Service. The National Employment Foundation (OFA) has, for ten years, been supporting pilot programmes that promote the labour market participation of disadvantaged people with target-group-specific instruments. In the framework of these programmes, a number of methods were developed which proved efficient in the promotion of return to the labour market. The programmes are built up from elements of training, employment, labour market services and psychological support services adjusted to the needs of the individual participants. (For example, transit employment, KID programme, Back to Work, etc. for details see section 2.4.) The partnership and co-operation of the organisations of different profiles have outstanding importance in the implementation of the projects based on an integrated approach.

Besides the services provided by non-governmental organisations, special services adjusted to the particular needs of certain disadvantaged groups have been developed in the framework of the Public Employment Service. The labour market integration of persons with disability is supported by a three-member rehabilitation group in every employment centre. Annually, some 40,000 people take advantage of these services across the country, and on average, one quarter of them find a job at the end of the process. At present, Rehabilitation Information Centres (RIC) operate in eight employment centres, offering complex employment promotion services to unemployed people with special needs in the labour market. The Decree on supports promoting the employment of people with disability¹⁴ creates incentives for employers in implementing practical training for disabled job-seekers or employees. However, the achievements are still limited, the co-operation and the integrated approach of the players need to be strengthened further in supporting the labour market inclusion of persons with disabilities.

In the recent years various grants have been available on application for programmes promoting the employability of homeless people. The Ministry of Social and Family Affairs, with support from the Labour Market Fund, launched an experimental programme in 2000 under the name of central model experiment programme for promoting the employment of homeless people. The social organisations and the employment centres closely co-operated in this programme, which helped provide for the homeless people social, training and employment support corresponding to their needs. In the composite programme promoting the employment of homeless people, after a physical and mental conditioning phase, the participants also used the services of the Employment Centres (motivation and job-hunting training, development of communication skills, etc.) in finding a job. Almost 50% of the 317 persons involved in the programme managed to find a job, 41% attended re-training courses and 9 per cent tried to find a job on their own.

2.3.3 ENTREPRENEURSHIP

2.3.3.1 The role of small and medium-size enterprises in employment

In Hungary, micro-, small- and medium-size enterprises account for more than 99% of all businesses (similarly to the European Union). Entrepreneurial activity is high, the number of functioning small- and medium-size enterprises (SME) per one thousand inhabitants is 63.4,

¹⁴ 8/1983 Ministry of Health and Ministry of Finance joint decree.

compared to the EU value of 52.4. Nevertheless, two thirds of the Hungarian enterprises operate without employees, while this is characteristic to only 52% of the enterprises in the European Union. The present structure is still largely the result of the labour market processes concomitant to the economic transformation: as a result of the outsourcing exercises following privatisation, many small enterprises came into being, and a large number of the people who lost their job, started a business of their own (which in many cases were rather "forced businesses"). However, only few of these enterprises could enter a growth phase.

This figure nonetheless fundamentally determines the structure of employment in terms of the size-structure of the employing organisations. Together with their role in self-employment, the one-man and micro-size enterprises represent over 1 million jobs. Together with the small enterprises, the small and micro businesses provide employment for almost one and a half million entrepreneurs and employees. However, their efficiency is typically low, the combined share of the GDP of the micro- small and medium-size enterprises is only 45%. The productivity of the small enterprises compared to the large enterprises is about half, and of the medium-size enterprises, two thirds of the corresponding EU data.

The main reasons of the low productivity figures of the small- and medium-size enterprise sector include the lack of capital, the use of obsolete technology, inappropriate entrepreneurial knowledge and difficult access to business services and consulting. The business management skills of the entrepreneurs are often inadequate: extensive scientific or technical knowledge is seldom coupled with management skills and the marketing approach is also missing. Often even the basic level entrepreneurial knowledge is missing because there is only limited possibility to obtain practical business knowledge and skills in formal public education. The lack of IT equipment and the low level of knowledge required for their use, also present a formidable challenge because the large enterprises increasingly demand their suppliers to use these tools. As a result, those enterprises that are not using ICT or modern technologies are in competitive disadvantage. Considering the high proportion of jobs provided by the micro-, small- and medium-size enterprises and their employment potential, promoting their growth and improving their adaptation and competitiveness are crucial from the point of view of employment. In view of this, support to business development and the improvement of entrepreneurial skills plays outstanding role in the Objective 1 operational programmes.

2.3.3.2 Social economy

Non-profit enterprises constitute a special type of business and their activities are mainly linked to the social economy. The social economy combines the unmet service demands of local communities and private households with unused labour capacities to create new jobs. These demands are typically identified at the level of the individual or the local community. Social economy is exposed only to a very limited degree to international competition, in contrast it has a strong social dimension. It follows partly from this fact that the social economy is seldom able to organise itself through market mechanisms, as a rule, state intervention plays a crucial role in its emergence.

In Hungary, in the decade following the political transformation, parallel with the shrinking of the organised labour market, more and more jobs were transferred to the unregistered economy: to the scope of activities performed without registration and to the world of unpaid work. While many estimates were published about the volume of the black and the grey economy, far fewer information was available on the activities performed in the household economy. However, whatever information is available prompts the conclusion that the

quantity of time used in the household has greatly increased against pay-earning-productive activities.

It is traditionally the women who do the majority of the unpaid household jobs, men only share 25% of them. But it is a relatively new phenomenon that the average monthly time women spend on the household actually exceeds the amount of time men spend in income earning activities. Answering the increased job requirements in the organised labour market and meeting the family and household commitments which have also grown bigger, present a serious problem for many employed women.

At present, demand for the services of the social economy is mainly satisfied in institutional frameworks or in the form of household help. However, a certain measure of ambiguity is characteristic of this area: on the one hand, there is a scarcity of the available capacities - for example, personal assistance services available to people with physical disabilities are basically missing – and on the other hand, solvent demand is very limited as well. But demand is expected to grow in the future in view of the demographic changes – decreasing births and ageing population – and the poor health condition of the population. The employment expansion effect of the social economy is not a negligible aspect either, especially for certain disadvantaged groups in the labour market, such as the older or female workers with low qualifications, people with disabilities etc.

In 1998 the National Employment Foundation launched a program promoting the personal (social) service activities of the community-public benefit enterprises, with which they attempted to assess the job creating capacities of the civil sector in the social economy. In the wake of the positive experiences of this programme, a new experimental programme was launched in 1999 for the support of projects implementing the personal services of the community and public benefit organisations. The aim of the programme that lasted till 2002 was to increase the employment capacity of the social economy, create the conditions of sustainable employment and to promote adjustment to the workplace requirements. The experiences of the programme were used to develop the measure supporting local employment initiatives (measure 3.2.) of the Operational Programme for Regional Development.

2.3.4 ADAPTABILITY

Improving adaptability means, on the one hand, promoting the adjustment of the employees to the changing labour market expectations and in this context, rests on the possibilities of continuous training and lifelong learning. On the other hand, adaptability also comprises promotion of the flexible adaptation of the work organisation, the enterprises to the economic environment.

2.3.4.1 *Adaptability of the employees*

The knowledge-based economy requires qualified labour capable of adapting to the new challenges of the labour market. In order to improve the competitiveness of labour and promote its adaptation to the technological development, it is necessary to improve the job abilities and competencies of the employees and to develop the appropriate framework of lifelong learning. The disparity between the supply and demand of labour also shows that the number of employees participating in training must be increased and more and better opportunities have to be offered for the employees to develop their skills and knowledge.

Considering the employment potential of the micro-, small- and medium-size enterprises, improving their competitiveness and adaptability is of strategic importance from the point of view of the expansion of employment. It is of decisive influence on the growth of the SME whether or not its managers and employees possess the appropriate skills and competence.

As a consequence of the dramatic decrease of jobs and the number of employees, the exclusion from the labour market of the poorly educated and qualified people, the composition of labour and its level of qualification saw major improvement in Hungary in the early 1990s without any major expenditure. Simultaneously, the transformation of the ownership structure of the companies, privatisation, the disintegration of the large enterprises weakened the formerly strong and well-established institutional and enterprise background of vocational training and together with it, of adult education and training. In the recent years, lifelong learning has been receiving growing emphasis and as a result of the increasing structural tensions of the labour market, the financing structure, institutional and legal framework of adult education and training is being developed.

In-company training plays an outstanding role for improving the adaptability of the enterprises and the employees. The human resource expenditures of the companies are more and more important indicators of their present, but even more so, of their potential future efficiency and competitiveness. A Central Statistical Office survey conducted in 2000¹⁵ showed that in-company training most frequently consists of courses and education on company premises, but distance learning and computer-aided independent learning are also playing a growing role. The size of the enterprise is decisive from the point of view whether or not a given enterprise organises further training for its employees in a given year. In 1999, the great majority (85%) of the large enterprises (more than 500 employees) supported some form of training for its employees, also about one half of the enterprises with staff between 50 and 249 used this opportunity, but less than one third (29.2%) of the small enterprises (employing between 10 and 49 people) offered extension training for their employees. Since the enterprises in the latter two categories play a very important role in employment, the training policy and practice of the small- and medium-size enterprises are decisive from the point of view of the opportunity of the majority of the employees to participate in some form of on-job training.

In addition to their size, the proportion of the enterprises offering training is also influenced considerably by the fact in which sector of the economy the given enterprise operates. In-company training is provided in the greatest percentage by the enterprises of the service sector (financial, telecommunication, etc.) and the public utilities (electricity, gas, water, etc.). Those sectors that lag far behind the average include the textile industry, the garment industry, the leather industry, catering, mining and the construction industry. The greatest proportion of the enterprises offering training are active the sectors undergone fast technological and organisational changes in the recent years.

Another finding of the survey was that in 1999, 12.3% of the total number of employees participated in some form of conventional vocational training. This figure for male employees was 12.9% and for women it was 11.4%.

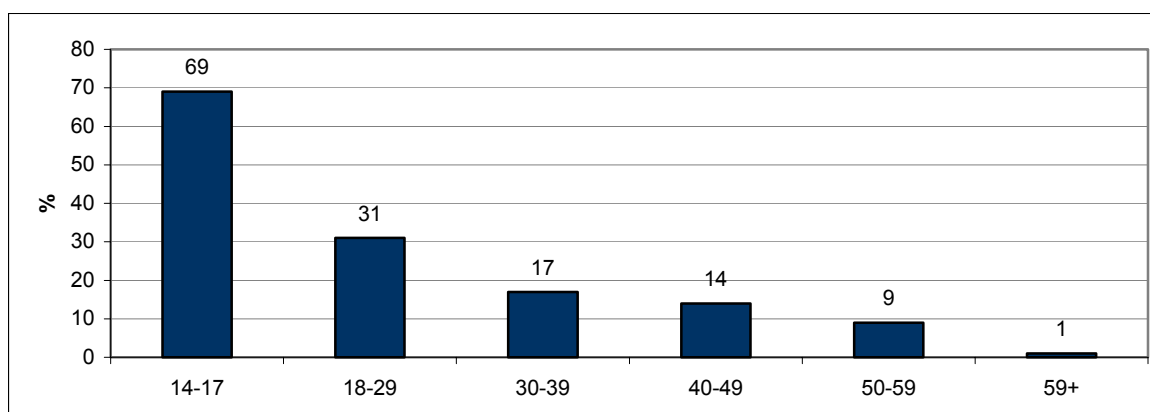
Another important element of the adaptability is skills connected with the use of information and communication technology necessary for participation in the information society. In 2002, approximately one third of the Hungarian population used a computer either regularly

¹⁵ The data given here are calculations based on the data of the Central Statistical Office survey called *Main data of in-company training schemes*. A uniform survey covering the EU Member States and the candidate countries was carried out in 2000.

or occasionally.¹⁶ The most frequent places of using computer is the office, the home and the school.

In the light of international figures the use of Internet in Hungary, despite the rapid growth, is still considered low. According to estimates, in 1998 only 4 out of 100 inhabitants used the Internet, and this number increased to 15 by 2001. This is still rather low, less than half of the average calculated based on the figures of 15 Member States (31).¹⁷ The use of IT equipment, the Internet and the related skills show wide variation according to social and demographic factors. The most important factors are age, home access, personal income and level of education in this order. The proportion of Internet users is particularly low in the older population.

Figure 2.4: Internet users by age group (%)



Source: TÁRKI WIP residential basic survey (September 2001)

44 per cent of those people who do not use the Internet, do so in the lack of a computer, but a similarly high proportion (40%) do not use the net simply because it does not interest them. 21% do not use it because they consider the access too expensive, and a rather high proportion (17%) do not use the Internet because they cannot operate the necessary equipment. It can be said, in general, that younger people do not use the Internet for economic reasons mainly (have no computer, using the Internet is too expensive), and the older population refrain from its use for cultural and cognitive reasons.

2.3.4.2 Organisational framework of the employment of employees with special needs

The existing system promotes the employment of people with disabilities with a number of measures. The law prescribes a compulsory quota for the organisations employing more than twenty people, including also the public and non-profit organisations: 5 per cent of their statistical staff should be disabled persons or persons with lasting health problems. If this requirement is not met, the employer has to pay a specific sum of contribution into the Labour Market Fund, which will be distributed for rehabilitation purposes. The enterprises employing fewer than 20 people are eligible for tax reduction on their employees with disability or lasting health problems. Those organisations that employ people with disabilities above the statutory quota, are eligible for wage support.¹⁸

¹⁶ Based on the results of the Information Society Monitoring survey 2002 (IHM).

¹⁷ Source: KSH report 2002/8.

¹⁸ Act IV of 1991 on the Promotion of Employment and Unemployment Benefits.

Despite the existing incentives, few people with disabilities find a job in the open labour market. Sheltered employment is still the most widespread, primarily by those special sheltered firms where at least 60% of the statistical staff are people with disability, or to a less extent by social firms or other non-profit organisations, associations and foundations.

The employees of sheltered firms remain permanently under protected conditions irrespective of the type or degree of their disability. These organisations are not interested in "releasing" those employees who are capable (or can be made capable) of moving on to the open labour market, because mainly these employees are capable of producing the revenue required for eligibility to state support. Some further characteristics of sheltered firms are:

- They can seldom provide differentiated tasks for their employees, therefore many of them are employed below their skills or qualifications.
- Employment rehabilitation is not implemented in their operation, they do not provide development or training opportunities for their employees.
- The majority of the people employed in sheltered organisations besides the – usually – rather low wage also receive disability pension or other social allowance. In this way, the resources spent on rehabilitation are not used efficiently, they do not stimulate activity and do not reduce the social expenditures of the state.

Therefore to help people with disabilities to enter the open labour market, it is seen necessary to investigate and experiment new approaches in sheltered employment and supplementing it with services promoting rehabilitation, personal development and improvement of skills and knowledge. Furthermore, novel and alternative forms of employment should be experimented and introduced in the labour market.

2.3.5 EQUAL OPPORTUNITIES OF WOMEN AND MEN

Equal opportunities for women and men are one of the most important democratic cornerstones of the Community and of Hungarian legislation as well. In this respect, Hungarian legislation is in line with the European policies. The Constitution, the Labour Code and other statutory regulations pronounce the prohibition of the various forms of discrimination, including gender discrimination. However, in the field of the enforcement of the laws, Hungary experiences similar problems to those in the Member States (complaint mechanism, sanctions, indirect discrimination).

In addition to the inequalities that can be expressed in statistical figures, some measure of latent discrimination can also be perceived against certain groups of women. Mothers with young children and women wanting to find a job after long years of absence due to child-raising or other causes, experience especially great hardships in returning to the labour market. One of the reasons is the discrimination, but the lack of access to opportunities in acquiring or renewing competitive knowledge and skills, also plays a role.

One of the basic conditions of women's labour market participation and the reconciliation of family life and work is access to appropriate quality child-care services and other care services providing for the care of old or ailing family members. From 1990, the number of places in the crèches that provide for the care of children aged 0-3 (in case of children with disabilities, 0-6) first saw a drastic, and later on more moderate decrease. However, the decline was not accompanied by corresponding increase in new types of care, such as family day-care and home baby-sitting services. Similarly there are serious shortcomings in care

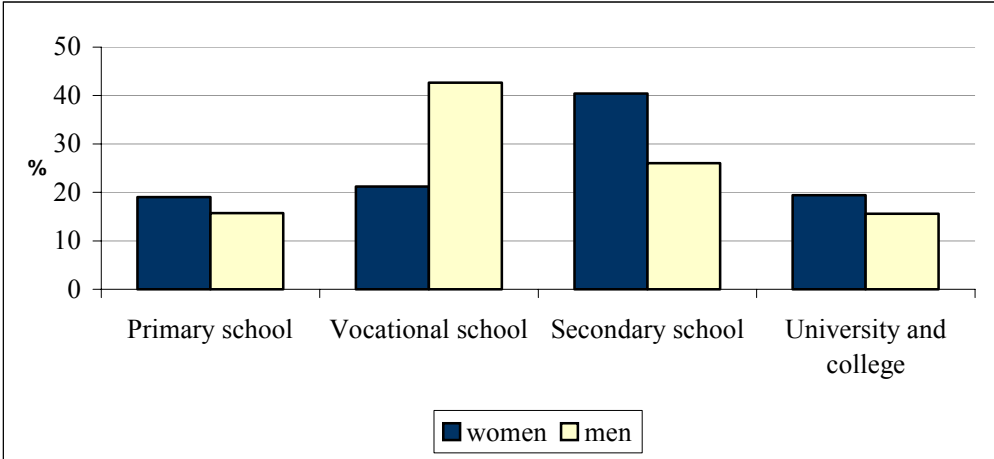
services for sick or elderly family members. At present, usually female family members are providing home care for ill or disabled family members. They are entitled for a so-called “care allowance” and the period spent at home caring for a family member counts towards pension. However, the amount of the care allowance is rather modest and the work is often a heavy psychological and physical burden in the absence of available support services. This clearly inhibits the labour market participation of these women.

In an effort to reconcile work and family life, each year since 2000 applications are invited for the Family-friendly Workplace award, which is given to companies and institutions implementing outstandingly family-friendly policies. The main objective of the award is to learn and evaluate those good practices which have already appeared at the level of the management and whose declared aim is to help the employees reconcile their work and family life.

In Hungary, horizontal and vertical segregation are equally characteristic of women's employment and segregation is maintained through stereotypes related to gender roles and patterns. The former is manifested in the great concentration and over-representation of women labour in certain sectors and occupations characterised by wages below the average. This is shown by the fact that in contrast to 50% of men, 71% of women work in the service sector. Over three quarters of the health and education employees are women that can be explained by low wages and relatively favourable working conditions regarding the reconciliation of family and work (shorter working time, longer holidays - e.g. in the case of teachers). While women represent 45% of all employees, in the office jobs their representation reaches 93%, and women fill 65% of those jobs that although require high-level qualifications but are only auxiliary activities.

There are also some gender-related differences in the schooling ratios on the various levels of education which determine the employment opportunities later on: while boys typically preponderate in basic-level vocational training, girls' participation is higher in secondary education that provides maturity certificate, and especially in secondary grammar schools which provide a general certificate of maturity (see table 10 in Annex C.). This latter form of school essentially prepares the students for advanced studies and this partly explains the larger participation of women in higher education. But those students who do not continue their studies find it rather hard to enter the labour market in the lack of appropriate vocational skills. The impact of the gender difference in schooling clearly manifests itself in the composition of the employed population by educational qualification.

Figure 2.5: Composition of the employed by educational qualification and gender, 2001

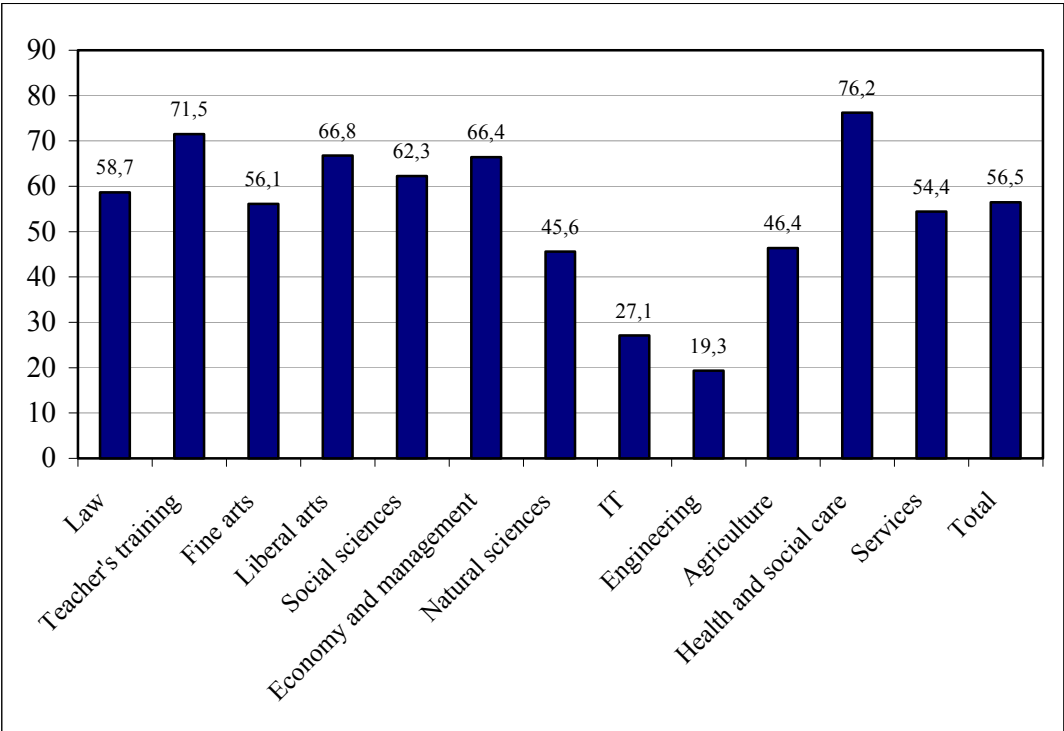


Source: CSO-LMF

Women thus preponderate among the graduates, on the one hand, and among the participants of non-vocational secondary education on the other. In addition, there are further differences in participation in higher education as well. Despite the fact that women's overall participation in higher education exceeds the participation of men, in certain faculties and forms of training their participation is considerably lower.

In the fields of technical science and information technology women are represented by 19% and 27%, respectively. Nonetheless, men's participation is similarly low in the health, social and teacher's training institutions (23% and 28%). This fact influences the labour market opportunities later on, and produces major discrepancies, for example in terms of wages.

Figure 2.6: Women's participation in college and university education, by area of training, in school year 2002/2003 (%)



Source: CSO

In summary, it is seen necessary to start the efforts to combat horizontal labour market segregation in the early stages of career orientation, by overcoming the stereotype social expectations regarding women's and men's choice of career in every level of education. Furthermore, women should be encouraged to participate in vocational training and professions that are typically chosen by men. The participation of graduate women in research and development activities also has to be encouraged.

Vertical segregation is most evidently shown by the fact that only one tenth of the managers meaning the top of the employment hierarchy, and 30% of the entrepreneurs are women. The low percentage of female entrepreneurs is explained by the fact that women usually take part in the family business as assisting and not as executive staff.

This particular form of employment is made possible by the law in the case of family members assisting the private entrepreneur: an assisting family member may be the entrepreneur's close relative – spouse, next of kin, and other relative. In 2000, 0.9 per cent of the employed women worked as assisting family members (at men the corresponding rate was

0.4%)¹⁹. For full-time assisting family members (working at least 40 hours a week) a sum equal to the current minimum wage, can be paid. However, their labour market position is uncertain: although they are formally in an employee status, neither the social security system and nor, in many cases, the society recognise this as full-value work. Similarly to the private entrepreneurs, the helping family members have very limited opportunities for renewing their knowledge and acquiring new, marketable skills, which makes their eventual entry/return to the labour market rather difficult. Therefore training and access to modern business and entrepreneurial skills that help improve the competitiveness of the business can play an important role in improving the labour market position of the assisting family members.

To combat vertical and horizontal segregation it is also seen necessary to promote in wide circle such individual career planning and non-discriminative admission and advance procedures, which help women become entrepreneurs and fill management positions in the private sector and the scientific sphere in much larger numbers.

2.3.6 ASYLUM SEEKERS

Hungary has been receiving and registering asylum seekers since 1988, and it joined the 1951 Geneva Convention on Refugees in 1989. Parliament passed legislation on asylum in 1997.²⁰ Over the past one and a half decade the composition of the asylum seekers changed considerably from period to period. The history of Hungarian refugee affairs so far can be divided into four stages. Between 1988 and 1991 the people requesting refugee status were almost exclusively Hungarians from Transylvania in Romania, who came to Hungary with the intention of finding permanent settlement and integration here. The majority also succeeded because of the linguistic and cultural identity and the social-political atmosphere. The second wave of refugees hit Hungary at the time of the outbreak of the war in Yugoslavia. The majority of the refugees were fleeing the war in bigger communities. Many of them only spent a few days in Hungary and travelled on to Western Europe, but tens of thousands were given temporary protection for longer or shorter periods of time in Hungary. In 1999, the crisis in Kosovo and the bombing of Yugoslavia again resulted in many people fleeing from Serbia and the Voivodina to Hungary to survive the NATO bombing.

Since the end of the 1990s, more and more asylum seekers have been coming to Hungary from Asian and African countries. The majority of them (over 80%) disappear before the asylum procedure is over, they presumably move on to Western Europe. A big part of the asylum seekers are single young males. The recognition rate is very low, many more are given subsidiary protection ('person authorised to stay'). The integration strategies of those people who choose to stay are rather diverse, and range from clear integration/assimilation efforts through integration in segregated ethnic communities to continuous maintenance of the possibility of moving on.

The past two years show the following picture in applications and recognition rates for refugee status.

¹⁹ Source: Employment and Labour Market in Central European Countries (EUROSTAT, 1/2001)

²⁰ Act CXXXIX of 1997

Table 2.2: Requests for asylum and decisions in 2001-2002 (persons)

Year	Number of requests	Decision				
		Recognised as refugee	Recognised as person authorised to stay	Rejected	Procedure cancelled/transferred	Total number of decision
2001	9 554	174	290	2 995	5 132	8 591
2002	6 412	104	1 304 ²¹	1 274	5 073	7 755

Source: Ministry of the Interior, Office of Immigration and Nationality

In the two years studied, the greatest number of people requesting refugee status came from Afghanistan, Iraq and Bangladesh, in both years in this order. The three most frequent countries of origin of the people recognised as refugees were in 2001, Afghanistan, Iraq and Armenia, in 2002, Iraq, Afghanistan and Turkey. Most of those people who were granted humanitarian status in 2001 came from Afghanistan, Yugoslavia and Iraq, and in 2002, Afghanistan, Iraq and Sudan was the order.

In 2002, 564 people with a rejection order were expelled from the country by the immigration authorities. In terms of numbers, people from Bangladesh, Vietnam and Turkey topped the list. Many of those under expulsion order wait in detention custody for the implementation of the order, which may take as long as a year. If the order cannot be executed beyond one year (generally for administrative reasons), the foreigner will be entitled to residence permit which, in the majority of the cases, is temporary and has to be renewed in every few months.

The conditions of work of asylum seekers and temporarily protected persons²² are regulated by the Act on Asylum. The Act clearly pronounces that those asylum seekers whose request is being processed "with the exception of employment at the refugee reception centre, they may not take up work".²³ The alignment of the Act with the Council Directive 2003/9/EC laying down common minimum standards for reception conditions for asylum seekers envisaged before May 1 2004, will allow these asylum seekers after one year of residence in Hungary to take up employment under the same conditions those who have the status of asylum seeker. Those recognised as temporarily protected, however, in line with the relevant EU directive, are entitled to work without any special permission.²⁴ The conditions of work of persons authorised to stay and foreigners holding humanitarian residence permit and subject to expulsion ban are mainly regulated by the legislation on the entry and residence of foreigners²⁵, commonly referred to as the Aliens Act. According to that law, people holding humanitarian residence permit may work under the general rules applicable to foreign

²¹ From January 1, 2002 the legislative background and official name of the status have changed, its content and conditions of eligibility are regulated by the Aliens Act, and may be defined as "under expulsion ban", "holder of humanitarian residence permit" and "person authorised to stay" alike.

²² Currently, this category is not used in Hungary because, in case of massive inflow of refugees, the Government may determine the scope of those people to whom this form of international protection may be extended.

²³ Refugee Law 19 § (2) d).

²⁴ Refugee Law 20 § (1) b).

²⁵ Act XXXIX of 2001.

citizens.²⁶ However, a decree of the Ministry of Social and Family Affairs²⁷ provides for an exception in the case of persons authorized to stay: they might be issued a work permit on an extraordinary basis if their employment outside refugee reception centres is justified by humanitarian reasons and endorsed by the Office of Immigration and Nationality. Despite this regulation, the labour market integration of asylum seekers is still rather problematic. Taking up work may serve dual purpose for persons authorised to stay and the holders of humanitarian residence permit: on the one hand, it can be a means of creating the conditions of independent existence (through the income earned), and on the other hand, it can also be an instrument of changing their extremely precarious present status because, through the employment and regular income providing for their subsistence, they become eligible for a settlement permit, which means much more stable social position. For these reasons, there is much demand on the part of the asylum seekers for taking up employment.

A number of NGOs with the financial support of the United Nations High Commissioner for Refugees (UNHCR) have been providing assistance and individual counselling for recognised refugees and persons authorised to stay trying to find employment. According to the experiences, the main factors obstructing employment are the following:

- Lack of appropriate status: asylum seekers cannot be employed outside the refugee reception centre; for persons authorised to stay, employers are most often unwilling to enter the lengthy procedure to obtain all the necessary permits.
- There is large over-application for the lower qualified or unqualified jobs which the asylum seekers can also focus on, on the one hand, and on the other hand, the nature of the work is such that labour is "wanted promptly", therefore the foreigners waiting for their permit to be processed are not competitive.
- The lack or inadequate knowledge of the local language presents a problem here too, and not necessarily in learning or implementing the work process, but rather in communicating with the employer and the prospective colleagues.
- Prejudice and xenophobia often experienced on the part of the employer and the colleagues may also prevent a foreigner in taking up a job even if he would otherwise answer the requirements of the employer. Social workers can often mediate successfully in managing the relevant conflicts.

2.3.7 VICTIMS OF TRAFFICKING

The European Council has called on Member States to use the available tools to support victims of trafficking, in particular EQUAL. Action within the European Union is being developed taking a comprehensive and multidisciplinary approach towards preventing and combating these phenomena. In terms of financial support, Community programmes are an important tool with a view to strengthening policies, practices and co-operation in the EU and between EU Member States and accession countries in the fight against human trafficking. In particular the Structural Funds (ESF and ERDF) can financially support actions to provide assistance to victims, as well as undertaking prevention and facilitating the social and

²⁶ Aliens Act, 15 § (3).

²⁷ 8/1999. Ministry of Social and Family Affairs decree on the issuing of work permits for foreigner employed in Hungary.

economic integration of victims of human trafficking. In particular, the Council invited²⁸ the Commission and the Member States to use the financial resources of the Community Initiative EQUAL to promote, in accordance with the national law, the social and vocational integration of its beneficiaries, to make it possible for them to return safely to their countries of origin or to receive adequate protection in their host countries.

According to the definition of the Council Framework Decision on Combating Trafficking in Human Beings²⁹, trafficking in human beings is the recruitment, transportation, transfer or harbouring of a person, including exchange or transfer of control over that person, by using coercion, force or threat including abduction, or deceit, fraud, or there is an abuse of authority or of a position of vulnerability, which is such that the person has no real and acceptable alternative but to submit to the abuse involved, or payments or benefits are given or received to achieve the consent of a person having control over another person, for the purpose of the exploitation of that person's labour or services, including at least forced or compulsory labour or services, slavery or practices similar to slavery or servitude, or for the purpose of the exploitation of the prostitution of others or other forms of sexual exploitation, including pornography.

Hungary, given its geographical location – proximity to the European Union and to the countries of Eastern and South-Eastern Europe – its general economic conditions and large socio-economic disparities, serves as a source, transit and final destination for trafficking in persons, in particular women. Hungarian women and girls are most often trafficked into the member states of the European Union, most importantly France, Germany, and Italy. Exact figures are not available, estimates however suggest that each year hundreds of Hungarian women become victims of trafficking. Women and girls from Romania, Ukraine, Moldova, Poland, Serbia-Montenegro and China are trafficked through Hungary to Austria, Germany, Spain, the Netherlands, Italy, France Switzerland and the US. Hungary also receives trafficked women mainly from Romania and Ukraine.³⁰

Since March 1999 the Penal Code orders to punish trafficking in human beings. The Act LXXXV of 2001 on Witness Protection established a witness protection programme in Hungary, which grants physical protection to witnesses, including victims of human trafficking. The Victim Protection Office of the Ministry of Interior operates network of 42 local branches and the Victim Protection Fund. They provide psychological support and legal advocacy for victims, however specialized assistance to victims of trafficking is rare.

The Act XXXIX of 2001 on *The entry and residence of aliens in Hungary* provides the Aliens Police the possibility to grant a humanitarian residence permit to foreigners who cooperate with criminal justice authorities to discover offender of trafficking of human beings.

Lack of possibilities, insufficient earnings and the lack of equal opportunities for women are the most important driving force behind female labour migration. In the hope of better living conditions women are taking high risk in an attempt to improve their socio-economic status and traffickers abuse their confidence. A frequently used recruitment technique is through offering job-opportunities abroad or in Hungary either in sex-free sectors (for example as au-pairs, nurses, waitresses, or in domestic care etc.) or in the sex industry. Usually the remuneration promised is very attractive; reality however turns out to be totally different:

²⁸ Council Resolution on initiatives to combat trafficking in human beings, in particular women, 20th October 2003, 13056/03.

²⁹ 2002/629/JHA.

³⁰ Protection Schemes for Victims of Trafficking in Selected EU Member Countries, Candidate and Third Countries (International Organization for Migration, 2003).

victims are forced to prostitution, and abused and exploited in both human and economic terms.

Although there have been various information campaigns in Hungary that directed attention to the potential risks of working abroad and the dangers of human trafficking, women and girls still do not have adequate information on the living and working conditions abroad. The myth of the “unlimited possibilities” and an unrealistic image of working in the sex industry still prevail among many young women.³¹

Trafficked women face stigmatisation and social isolation both abroad and upon return home. In the absence of appropriate support services they are likely suffer marginalisation and re-victimisation. Also, the stigma associated with the victims of trafficking, prevents effective prevention through sharing the experiences of survivors in high-risk groups.

There have been various initiatives in Hungary to address the problem of trafficking in women. In 1999-2000 there was a Mass Information Campaign organized by the International Organisation for Migration (IOM) with assistance from the European Union and the Hungarian government to raise awareness, strengthen institutional capacity and co-ordination between authorities, consular offices and non-governmental organisations.

As a continuation of the campaign, the IOM in its Secondary School Education project in 2001 developed and disseminated educational material to increase understanding of the dangers of trafficking, realities of migration and awareness of available preventive support mechanisms among youngsters and young women.

The NANE Women’s Rights Association has been operating an info hotline since February 2000 for women planning to take up employment abroad. The aim of the program is to empower women through information about the facts and realities of working abroad. The assistance for the typical caller includes: checking the agency they planned or did contact on a list of registered job agencies, go through a list of safety checks both for the time prior and after leaving for the job, counselling about legal and illegal jobs, working visas, etc., and when possible, give phone numbers of helping organizations in the target countries.

2.4 LESSONS LEARNT FROM PREVIOUS PROGRAMMES

To prepare for the implementation of the EQUAL Community Initiative it is necessary to draw on the lessons learnt from previous employment and training programmes, with special focus on the role and capacities of the civil sector. This section presents the experiences learnt from the Hungarian EQUAL Project supported by PHARE and the pilot programmes of the National Employment Foundation that can be considered precursors of the EQUAL Community Initiative in Hungary.

2.4.1 THE EQUAL PHARE PROJECT

2.4.1.1 Brief summary of the project

Hungary currently participates in the EQUAL Community Initiative within the framework of PHARE Programme with projects aiming to improve the employment opportunities of the Roma people. The pilot EQUAL was the third sub-project under the HU0101-01 PHARE

³¹ Lenke Fehér (National Institute of Criminology), *Trafficking in Human Beings in Candidate Countries*. (Paper presented at the European Conference on Preventing and Combating Trafficking in Human Beings. 2002. 18-20 September, Brussels).

Project “Promoting the social inclusion of disadvantaged young people, especially the Roma youth”.

The main objective of the programme is enhancing the labour-market integration of Roma people, promoting their sustainable employment and combating discrimination based on ethnic origin, gender or age in the labour market. Furthermore, the programme aims at intensifying the exchange of information and experiences between Member States of the EU and Hungary and also to create common strategies for tackling similar problems.

Within the framework of the project 5 development partnerships were set up and receive funding. The total budget of the project is 2 million euros, provided by PHARE and the Ministry of Education.

2.4.1.2 Experiences related to the implementation of the programme

This section gives a brief summary on the implementation and functioning of the Development Partnerships (DPs) from the perspective of the basic principles of EQUAL based on the mid-term monitoring report of PHARE EQUAL.³² The main findings and conclusions of the report will be used in designing the activities of the National Support Structure in the preparatory phase and the setting up of Development Partnerships and Trans-national co-operation.

Partnership

The pilot EQUAL Project is also implemented by Development Partnerships that are strategic alliances bringing together relevant actors. In the 5 DPs there are altogether 40 organisations involved, including municipalities, public agencies, NGOs, schools and private enterprises. The largest DP has thirteen members while the smallest has only four. It can be concluded that the formation of Development Partnerships was on the whole successful: the involvement of partners was relevant and partnership resulted in a closer and more intense co-operation than in previous consortia. The involvement of Roma organisations in the DPs was particularly important.

Empowerment

Empowerment on the one hand means the equal participation of DP members in all decisions concerning the DP and the partnership. On the other hand it means the involvement of final beneficiaries in the planning and implementation. In general, DPs prove successful in the empowerment of the final beneficiaries; there are however considerable weaknesses with regard to empowerment of certain DP members. Further efforts are needed to ensure the full participation, in opposite to the ‘mere presence’ of Roma organisations within the Development Partnerships.

Trans-national Co-operation

Trans-national co-operation was probably one of the most difficult requirements of the Project. At the initial phase some of the DPs experienced difficulties in finding trans-national partners. Those DPs that had a separate project component on setting up the trans-national partnership proved the most successful in finding trans-national partners. Those DPs where the management lacked the necessary resources, experienced more difficulties and took longer to establish trans-national co-operation.

³² "PHARE program. No. HU 0101-01/3" *Monitoring and evaluation report on the results of the EQUAL projects between 1. November 2002. and 15. April 2003.*(by Dr. Judit Csoba, manager, Consulting '95 Tanácsadó és Szolgáltató Betéti Társaság).

Innovation

All five DPs are innovative in one or another dimension. The innovation is shown by the complexity of DPs currently being realized, in the composition of the target group, in the novelty of the forms of co-operation in the DPs, in their more democratic character and in the innovations of some program elements (training, supporting, employing, etc) Nevertheless the report points out “The application of the *innovative elements present in the original project plans must better be supported* regarding both the working form, the everyday work and special services. We should not let the project loose its vitality because of the lack of time or daily routine.”³³

Mainstreaming

An important element is that co-operation and implementation of activities go beyond the boundaries of the DPs and are drawn on a broader network of organisations. This enhances the publicity and visibility of DPs and helps dissemination as well. Dissemination and horizontal mainstreaming activities started parallel with the implementation of the DPs.

2.4.1.3 The impact of EQUAL on the organisations

The pilot EQUAL Project is still running, thus it is too early to make any definitive conclusions yet. However, it seems plausible to claim that implementing an EQUAL work programme is a serious challenge for the organisations involved. It is a unique opportunity to strengthen existing capacities and to build networks for future partnerships. Even for those organisations that have previous experience in implementing projects, the pilot EQUAL brought about new roles by widening the networks of co-operation and thus helping to become a regional actor. This is a particularly valuable result that will have a positive impact for future co-operation in EQUAL. Furthermore, the members of Development Partnerships have strengthened, their organisational structure has changed, they have become more professional and their infrastructure has also improved. The pilot project has brought about positive changes on a larger scale as well: by strengthening the stability of these organisations, the absorption capacity of their regions has also improved.

2.4.2 LESSONS LEARNT FROM OTHER PHARE PROJECTS

In addition to the EQUAL project, other PHARE projects implemented in the field of employment and human resources development have also played an important role in making the preparations for the design and implementation of measures to be supported by the European Social Fund. Many of these projects were aimed at preventing social exclusion and promoting the social and labour market integration of the Roma, people with disabilities, or other groups facing disadvantages in the labour market. The experience of these projects is to be relied on when preparing and implementing projects in the framework of the ‘mainstream’ ESF programmes as well as the EQUAL Community Initiative.

Most of these PHARE projects were implemented through ‘grant schemes’ where grants were allocated through calls for proposals. These projects have provided an opportunity for testing and adapting new type of approaches and methods in the system of education, and the training and employment services. For their part, the civil organisations have also played an important role in elaborating and implementing new models.

³³ *ibid.* p. 46.

Based on experience gained from the PHARE programme, it became clear that, in order to increase the absorption capacity of non-profit and civil organisations and for the successful implementation of the projects, background assistance for the preparation and implementation of projects was a necessary pre-requisite. Accordingly, in the framework of the EQUAL Community Initiative, it will also be essential to provide the potential applicants with appropriate technical assistance in the form of training, guidance and information services. In addition, technical assistance will include activities aimed at strengthening the capacities of project promoters and the facilitation of partnership and co-operation between local actors.

2.4.3 PILOT PROGRAMMES OF THE NATIONAL EMPLOYMENT PUBLIC FOUNDATION

The National Employment Public Foundation (Országos Foglalkoztatási Közalapítvány - OFA) has a leading role in elaborating and implementing innovative programmes, and supporting NGOs in running projects in the field of employment. It has been supporting the labour market integration of disadvantaged unemployed persons since 1992 through pilot programmes building on local partnerships and co-operation. During this period, approximately 14.8 billion HUF were spent on promoting the labour-market integration of some 300 thousand persons. As far as employment initiatives are concerned, the National Employment Public Foundation was responsible for both the elaboration of the professional content of the experimental programmes and the implementation, monitoring and evaluation of the innovative projects selected after a series of Calls for Proposals. Some 2,400 projects were established and granted by the National Employment Public Foundation and the experience gained thereof will be used to prepare and implement the Hungarian EQUAL Community Initiative.

The programmes that the National Employment Public Foundation elaborated and promoted build on training, employment, labour market and psycho-social support services and counselling and they are adjusted to the individual needs of participants. Some examples of the pilot programmes:

The “Transitional Employment” Programme

The goal of the Transitional Employment Programme is to improve the labour-market position of disadvantaged people, to find them marketable employment and to promote their integration in the labour market and the society. Out of the 662 persons involved in the programme now closed, 523 found employment.

The Transitional Employment Programme was built on a coherent combination of employment and vocational training. Projects combined a range of activities like work practice, on the job training, supporting services to fit the abilities and meet the needs of participants. For the sake of success special attention was given to those leaving the project, inasmuch as they were prepared for employment and monitored and helped for another six months in the frame of follow-up activities. Up to now four full project cycles and 7 projects in each cycle have been closed. As regards the integration of disadvantaged people into the labour market the method of Transitional Employment proved very successful, as shown by the results listed in the following table:

Number of people entering the project:	662
Number of people dropping out of the project:	25
Number of people taking an exam:	632
passed:	574
failed:	58
Number of people finding a job one month after the exam:	508
Number of people having a job six months after the exam:	523

Alternative labour-market services

The immediate objective of the programme is to support labour market NGOs in offering either existing or planned alternative employment services to the unemployed, introducing and applying quality management in these services, the development of specific labour market services that can later be adopted as models and the extension of the programme through its results.

The target group of the programme is made up of people who are especially disadvantaged (because of their difficult position in the local labour market and their socio-cultural background or health problems and disability) and who can find employment only with great difficulty and need help and assistance in an integrated system of services to return to the labour market.

The programme targeted human resource development and the labour market reintegration of the unemployed through the improvement of their employability, including the preparation and/or development of new local services, which complement or override the services of the Public Employment Service, offered to the target group in a personal and tailor-made form.

The “KID” programme

In 2000, the “KID” (Complex, Integrated, Differentiated) Programme was launched to support the development of pilot projects aiming to prevent the social and labour-market exclusion of young people with a high risk of unemployment. The Programme also sets as an objective the dissemination of good practices.

The programme primarily works with young people who finished school with no profession or a high school diploma and/or dropped out, who cannot find a job, who are unqualified, or have a secondary qualification, but unemployed for at least six months. The experimental projects are built on the individual needs of the young people and offer integrated services to both persons and groups in order to improve their trainability and employability and thus reintegrate them in vocational training inside or outside the school system or help them find permanent employment.

The innovative methods and activities that were elaborated and experimented by the National Employment Public Foundation (OFA) within the framework of the above programmes proved effective in promoting labour market integration. These methodologies are now applied by a larger number of NGOs and thus they were “mainstreamed” to the Human Resources Development Operational Programme.

2.4.4 CIVIL SECTOR CAPACITIES IN THE FIELD OF EMPLOYMENT

Non-governmental organisations play an important role in the EQUAL Community Initiative because often they are ‘closer’ to the disadvantaged groups and they are more flexible and

less formalized thus more open to innovation and need less time to build partnerships. Therefore, they can contribute significantly to the success of Development Partnerships.

Following political transformation, the number of non-governmental, non-profit organisations increased rapidly and now their total number is approximately 70,000³⁴. The experience of the 6 umbrella organisations, which have a major role in representing the interests of these organisations, and the National Employment Public Foundation as the biggest foundation which regularly calls for applications in the field of employment shows that approximately 400-500 NGOs are specialised in labour-market services. Moreover, there is a great number of NGOs focusing on specific target groups, such as Roma people or people with disabilities.

The distribution of the NGOs by profession and region is quite varied. The rate of the organisations which are specialised in economy and local development together with those working in the field of employment is about 7%. More than 25% of the organisations were established in the capital of the country.

Non-governmental organisations active in the field of employment have a significant role in the implementation of the employment policy in Hungary. On the one hand, they are involved in the employment and training of registered unemployed persons with the support of the Public Employment Service. Authorities and local municipalities also have the possibility to outsource certain social services to NGOs. Most organisations working in the field of employment offer services to disadvantaged people who have a peripheral labour market position and who are thus excluded from the society (the unskilled, people with disabilities, Roma people, the unregistered long-term unemployed etc.) to improve their employment opportunities.

As regards NGO capacities, there are great differences: some organisations are highly professional with several years of experience in project management and international co-operation, others lack even the basic resources and work without a clearly defined mission. Otherwise, according to several surveys, these organisations work down directly to the individual problems of unemployed people and reduce their employment difficulties in a new, flexible way, concentrated on the individual person, with professional skill and by building confidence.

According to the report issued in spring 2001 by the Hungarian Central Statistical Office only one sixth of NGOs employ full-time labour force. 51,000 of the people employed work in a full time job, 30 000 are employed part time or in a second job. 46% of the 81,000 people are women, 31% of them are highly educated and 11% are retired. This number does not reveal the sector's domestic employment capacity because job creation in the "civil society" is partly hidden, since outsourced labour in the form of service contracts is not reflected in the statistics. Most organisations that work with a low budget adopt this practice because under the present regulations this is the "cheapest" way of operation.

In 2002 OFA launched a new programme whose objective was to set up information centres and build a network of employment development counselling experts in order to prepare the non-governmental organisations working in the field of employment for EU accession. In the frame of the programme three umbrella organisations working in the field of employment developed a network of 40 experts, with 2 experts in every county and the capital and 7 regional coordinator organisations to help them. During the implementation of the EQUAL Community Initiative the National Employment Public Foundation will plan to use this existing network of experts and adopt their experience in Technical Assistance activities.

³⁴ Source: Central Statistical Office

On the whole it is evident that NGO capacities in Hungary have been largely strengthened by different support schemes, including various pre-accession funds and also the activities of the National Employment Public Foundation. Now there is a considerable number of not-for-profit organisations that are well prepared or can be prepared to participate in the Hungarian EQUAL Community Initiative.

2.5 SWOT ANALYSIS

The SWOT analysis summarises the strengths, weaknesses, opportunities and threats to the labour market and human resources development in Hungary and serves as a basis for identifying the objectives and priorities of the development strategy.

2.5.1 STRENGTHS

- The number of people participating in secondary and higher education is continuously increasing.
- The qualification level of the employed is increasing on an on-going basis.
- In numerous special areas, the labour force has competitive and internationally recognised skills.
- The qualification of women is high by European comparison.
- The number of employed in the service sector is increasing.
- The Public Employment Service has a well-established institutional framework.
- An organisational framework for an up-to-date system of services has been established in the social, child care, and family support fields as well as in ensuring equal opportunities for people with disabilities and in employment rehabilitation.
- The importance of partnership is widely recognised and the involvement of pressure groups and interest representation organisations in decision making is getting stronger.
- The experience of PHARE projects and other pilot projects will constitute a good basis for the design and implementation of innovative actions under EQUAL.
- Non-governmental organisations active in the field of employment have a significant role in the implementation of the employment policies at the local level.

2.5.2 WEAKNESSES

- The level of economic activity and employment is low; a substantial part of the working age population does not participate in the labour market.
- In spite of high levels of inactivity, shortages of qualified labour prevail in certain professions and regions while mobility in the labour market remains at a low level.
- According to some estimates besides the relatively low employment rate there is a considerable level of undeclared work.

- The education and training system does not appropriately ensure the attaining of skills and competencies which are required in the labour market.
- The Roma population is especially affected by low education levels, unemployment and permanent exclusion from the labour market.
- There are significant disparities in employment and unemployment at the level of counties and micro regions.
- The labour market integration of disadvantaged people, including the Roma, is also made difficult by discrimination experienced on the part of the employers.
- The employment opportunities of people with disabilities are heavily restricted.
- The reconciliation of family life and work is made difficult by the scarcity of flexible employment opportunities and by an unbalanced access to welfare services.
- Horizontal and vertical segregation are equally characteristic of women's employment and segregation is maintained through stereotypes related to gender roles and patterns.
- The extremely bad health status of the population seriously restricts the potential supply of workforce and reduces its competitiveness.

2.5.3 OPPORTUNITIES

- The increase of resources that can be devoted to human resources development extends the scope and potential for formulating a more pro-active employment policy.
- With the principle of lifelong learning gradually gaining ground, the competitiveness of labour will improve while the inequalities in opportunities available to the different strata of the population will be reduced.
- The increasing role played, and the broader tasks performed, by civil organisations in the field of public services will enhance their flexibility and efficiency.
- The stronger social solidarity and the struggle against prejudices will increase the integration opportunities of the most excluded groups.
- The spreading of information and communication technologies will improve the quality and availability of services.

2.5.4 THREATS

- With increasing labour costs, the relative competitiveness of Hungarian labour is weakening.
- The scarcity of jobs hinders the raising of the employment rate and leads to a growing share of long-term unemployment.
- With unfavourable demographic trends becoming permanent, the share and number of the economically active members of the population will fall in the long term.
- Insufficient in-company training of employees weakens the adaptability of the workforce, especially in the case of the employees of SMEs.
- With unemployment becoming permanent, long-term unemployment can be factor in the case of younger generations.

- With the increase of social disparities, solidarity will further weaken while prejudice will grow in particular towards the Roma population.
- The prevalence of poverty risks leads to regenerating social inequalities and to the deterioration of the health condition of the population.

3 POLICY CONTEXT

The Community Initiative EQUAL supports innovative activities that comply with the policy frames of reference defined by EU strategies, primarily by the European Employment Strategy and the Social Inclusion Strategy. The EQUAL Community Initiatives of the Member States must be closely attached both to their national employment strategy and their strategy promoting social inclusion. Furthermore the EQUAL Community Initiative Programme must be synchronised with the Operational programmes implemented under Objective 1 and subsidised by the European Social Fund. This chapter gives an overview, on the one hand, of interdependencies and coherence between the national EQUAL Community Initiative and relevant EU/national strategies; on the other hand it also describes links to the Human Resources Development Operational Programme and Regional Operational Programme.

3.1 THE EUROPEAN POLICY CONTEXT

3.1.1 EUROPEAN EMPLOYMENT STRATEGY

The main objective of the European Employment Strategy is to create full employment; this shall enhance the competitiveness of knowledge-based economy, strengthen social cohesion and facilitate sustainable development. The Member States help to fulfil the goals identified in the strategy by the specific design of their national employment policy. In the framework of the open co-ordination process, Employment Guidelines are specified by the Council in each year; based on these, Member States elaborate their annual National Action Plan for Employment indicating how and by what concrete measures/programmes they will enforce the Employment Guidelines.

In the period lasting till 2002, Employment Guidelines relied on the following four pillars:

1. Employability
2. Entrepreneurship
3. Adaptability
4. Equal opportunities for women and men

The objective of the EQUAL Community Initiative is to promote the accomplishment of the European Employment Strategy and the National Action Plans for Employment. For this reason, EQUAL themes were identified basically in connection with the four pillars (*for the details of the themes see Chapter 4*).

In 2002, the Guidelines were reviewed by the Commission and the Member States based on the evaluation of the experiences that had been gathered in connection with the European Employment Strategy over the last 5 years. The evaluation of these experiences has confirmed that employment strategy had played an important role in achieving the results seen on the labour market in the past period. At the same time, economic, social, and demographic changes, globalisation, the necessities of modern economy and EU expansion pose serious

challenges for employment. The goal of the new Guidelines is to provide an appropriate basis for restructuring the employment strategy, to make it suitable for responding to such challenges in an expanded European Union. By focussing on the fulfilment of mid-term goals envisaged in Lisbon for 2010, guidelines will be characterised by a greater constancy in the future. Within the new strategy, a strong emphasis will be put on an outcome-oriented approach enabling the Member States to elaborate appropriate action plans.

The new Guidelines rely on three objectives mutually complementing and reinforcing each other:

- Full employment,
- Improving quality and productivity at work
- Strengthening social cohesion and inclusion

These objectives shall be reached along ten specific guidelines:

- Active and preventative measures for the unemployed and inactive
- Job creation and entrepreneurship
- Address change and promote adaptability and mobility in the labour market
- Promote development of human capital and lifelong learning
- Increase labour supply and promote active ageing
- Gender equality
- Promote the integration of and combat the discrimination against people at a disadvantage in the labour market
- Make work pay through incentives to enhance work attractiveness
- Transform undeclared work into regular employment
- Address regional employment disparities.

In spite of the fact that the new Guidelines no longer rely on a framework provided by the former four-pillar structure, the Community Initiative EQUAL is still based on themes that have been specified in connection with the four pillars. The connections among specific guidelines and EQUAL themes are shown in the following table.

Table 3.1: Correlations between the Employment Guidelines and EQUAL themes

Specific guidelines	Related EQUAL theme ³⁵
Active and preventative measures for the unemployed and inactive	A B
Job creation and entrepreneurship	C D
Address change and promote adaptability and mobility in the labour market	E F
Promote development of human capital and lifelong learning	E F
Increase labour supply and promote active ageing	I E
Gender equality	G H horizontal
Promote the integration of and combat the discrimination against people at a disadvantage in the labour market	horizontal
Make work pay through incentives to enhance work attractiveness	
Transform undeclared work into regular employment	E
Address regional employment disparities	

The new Employment Guidelines put a strong emphasis on making available the institutional framework connected to the implementation of employment policies, enforcing the principle of partnership, involving local and regional actors. This objective complies with the principle of partnership qualifying as one of the basic principles of EQUAL; this means that the implementation of the program relies on the co-operation of various organisations, the participation of local actors and the involvement of affected parties.

Based on the Employment Guidelines, Hungary's first National Action Plan for Employment shall be completed by October 2004. As part of the preparations made for the elaboration of the action plans, a Joint Assessment of Mid-term Priorities of Employment Policy (JAP) has been prepared, formulating the strategy of national labour market policies in the pre-accession period. The connections between this document and EQUAL Community Initiative Programme are described in Section 3.2.1.

3.1.2 SOCIAL INCLUSION STRATEGY

In 2001, the process of open co-ordination was launched in the policy area of promoting social inclusion, too; within this process, the Member States elaborate an action plan every second year that details their measures taken to combat poverty and social exclusion. The action plans rely on the common objectives approved at the European Council's meeting held at Nice (in December 2000):

³⁵ The themes are presented in detail in Chapter 4

- to promote participation in employment and access by all to the resources, rights, goods and services;
- to prevent the risks of exclusion;
- to help the most vulnerable;
- to mobilise all relevant bodies.

When combating social exclusion, the basic challenge is to ensure that even people in the most disadvantaged circumstances or in the greatest danger of being socially excluded have access to goods and services, and can enforce their rights. This can be achieved through appropriate mechanisms (labour market, tax system, social protection system, education, housing, health and other services) governing the distribution of opportunities and resources.

In this respect, one of the most important challenges is to establish an inclusive labour market and ensure labour rights and opportunities for everyone. In essence, this complies with the main goal of EQUAL i.e. ensuring equal opportunities on the labour market. For this reason, the EQUAL Community Initiative Programme is closely connected to the national strategy of social inclusion designed in the framework of the Joint Memorandum on Social Inclusion (*see Sub-Chapter 3.2.2*).

3.1.3 E-INCLUSION: STRATEGY OF PROMOTING INCLUSION IN THE INFORMATION SOCIETY

In October 2001, the European Council adopted a resolution on e-Inclusion based on the recommendations of the high-level group “Employment and Social Dimension of the Information Society” (ESDIS). The primary objective is to take full advantage of the information society’s potential for promoting social inclusion. This initiative is connected to the Commission’s “e-Europe” initiative launched in 1999 and the subsequent action plans (*eEurope 2002 and eEurope 2005*) to promote the development of the European information society.

Facilitating access and promoting participation in the information society form part of the strategy to combat social exclusion and poverty. According to findings of the ESDIS working paper, there are great differences among the participation level of various social groups in the information society. It can be concluded that people who are in a disadvantageous position from other aspects as well have a much more limited access to information technology, and this lag is constantly increasing due to quick technological changes. Of course, all this has an impact on their labour market situation. Unemployed and inactive persons, minority groups, elderly people or persons with disabilities have especially restricted possibilities to participate in the information society. Women in all groups have a special disadvantage regarding access to information society.

The e-Inclusion strategy on the one hand, aims at improving access opportunities through training, Internet connection and making available an appropriate infrastructure. On the other hand, it calls for making a better use of the possibilities of modern information and communications technologies, infrastructure in the employment of disadvantaged people. This includes upgrading of skills and knowledge, promoting of tele-work and support technologies as well as on-line labour market services.

The Hungarian Information Society Strategy was elaborated in 2003 with the coordination of the Ministry of Informatics and Telecommunications in 2003.³⁶ The strategy integrates the measures of various ministries and identifies 18 program-fields. Two of these are directly linked to e-Inclusion: 1) *Access* aims to promote individual and community-based access by creating access points throughout the country; 2) *eChance* aims at promoting the inclusion of disadvantaged groups in the information society.

Under the EQUAL Community Initiative Programme, ICT training of disadvantaged people is one of the high-priority tools facilitating access to the labour market. As one of the horizontal priorities of ESF is to facilitate inclusion in the information society, the upgrading of skills connected to the use of IT and communications technologies (as a means improving labour market position) constitutes a part of all priorities of the program.

3.1.4 COMMUNICATION FROM THE EUROPEAN COMMISSION ON IMMIGRATION, INTEGRATION AND EMPLOYMENT

In the conclusion of the Tampere European Council held in November 1999, the European Council set the goal to elaborate overall policy guidelines in four areas of a common European immigration and asylum policy, namely: closer co-operation and partnerships with countries of origin; development of a common European asylum policy; fair treatment of third country nationals; and the management of migration flows.

In November 2000, the Commission issued a Communication on how the goals and guidelines formulated in Tampere should be translated into concrete action. As a result of consequent work, in June 2003 the Commission Communication on Immigration, Integration and Employment was published.³⁷ This document takes account of the major events and processes launched since the Tampere Council, most importantly the Lisbon Strategy approved in March 2000. Due to the demographic changes that take place in the majority of the Member States (namely the decreasing birth number and the increasing ratio of the elderly population), refugees and immigrants lawfully staying in the territory of the Member States have a significant role in enhancing economic performance and competitiveness. This also adds to the importance of the social integration and inclusion of immigrants and refugees, paying particular attention to labour market integration as a key element.

The Communication formulates three objectives to enhance the efforts of national governments and the EU in promoting integration of immigrants and refugees:

- Mainstreaming the social inclusion of refugees and immigrants in the various policies, with a special emphasis on the European Employment Strategy and the process promoting social inclusion.
- Support from the European Refugee Fund to Member State programmes and actual high-priority areas.
- Strengthening co-ordination among the Member States in questions affecting immigration and asylum policy.

³⁶ 1214/2002 Government Decision.

³⁷ Communication from the Commission on Migration, Integration, and Employment (Brussels 3.6.2003. COM (2003) 336 final.

The Communication puts a special emphasis on the role of EQUAL in the Structural Funds programming period starting in 2007. The experiences of the activities related to asylum seekers and financed by EQUAL must be disseminated through horizontal and vertical mainstreaming.

The Council Directive 2003/9/EC has established common minimum standards for reception conditions for asylum seekers including their access to the labour market and vocational training. The provisions of this directive will be taken into account in the implementation of the EQUAL CIP. (See also section 2.3.6)

3.2 NATIONAL STRATEGIES

3.2.1 JOINT ASSESSMENT OF THE MID-TERM PRIORITIES OF EMPLOYMENT POLICY

At present, the strategy of national employment policy is basically represented by the strategy formulated in the *Joint Assessment of the Priorities of Employment Policy* (Joint Assessment Paper, JAP). This document (signed in November 2001) was elaborated by the Hungarian Government in co-operation with the European Commission as part of the preparations made for participating in the enforcement of the European Employment Strategy. The objectives of Hungarian employment policy and the measures taken for their enforcement are summarised in the Joint Assessment Paper, identifying following priorities:

- increasing level of employment;
- decreasing unemployment;
- moving towards a more flexible labour market;
- human resources development;
- strengthening the institutional and legal conditions of labour market policies.

After signing this document, an agreement has been reached on the Hungarian Government's preparing pertaining Progress Implementation Reports. The first Progress Report summarises developments in the period between May 2001 and April 2002, the second covers the time between April 2002 and March 2003. The main elements of the strategy defined in the above-mentioned documents are as follows:

- The most important objective of the Hungarian employment policy is an overall increase of the employment rate, parallel to retaining financial stability and economic/social cohesion. A significantly higher participation of labour force in the labour market is a precondition of economic growth, enhanced competitive capabilities and sustainability of the social security system; to facilitate this, measures must be taken both on the demand and supply sides of the labour market.
- In terms of labour demand, increasing employment rate presupposes the establishment of new jobs. This requires the development of an enterprise-friendly tax and contribution system, a gradual decrease of labour costs, the strengthening of the employment potential

of small and medium enterprises, the creation of a stable financial and legal environment reinforcing the safety of smaller employers.

- The service sector has especially high opportunities for creating new jobs; for this reason efforts must be taken to ensure an increased exploitation of employment opportunities in the service sector, to identify and support new activity and work forms. In regions where the level of employment is lower and unemployment rate is higher than the Hungarian average, the development of social economy and the promotion of local employment initiatives are of an outstanding significance.
- In terms of labour supply, the widening of employment must be helped by enabling return to the labour market for the unemployed and inactive population ousted from there, and by preventing transition to long-term unemployment.
- When measures targeting the expansion of employment are taken, a special attention must be given to promoting women's participation and integration in the labour market; this presupposes services that facilitate the reconciliation of family and work.
- To overcome labour shortages and eliminate the mismatch between labour supply and demand, it is of a key significance to promote and stimulate investments that target human resources development, to strengthen the regional mobility of labour.
- The education and training systems must continuously and flexibly be fitted to the economy; the quality of education and training must be improved, and transition from the education to the world of work must be assisted. Efforts must be made to prevent early school leaving, and to help to re-integrate early school leavers into the training system.
- The possibility of lifelong learning must be ensured in the framework of training, on-going training, re-training programmes aligned to labour market demand, in a way that is available for everyone.
- In order to create equal opportunities in the labour market and to prevent social exclusion, more attention must be paid to ensure equal opportunities in the course of education and training or when accessing assistance services.

By supporting innovative initiatives that aim at creating equal opportunities on the labour market, the EQUAL Community Initiative facilitates the implementation of the objectives of the Hungarian employment policy. The increase of employment presupposes that the employability of disadvantaged people is enhanced and their inclusion in the labour market is promoted. The improvement of the adaptability of labour, labour organisations and enterprises facilitates compliance with challenges resulting from structural transformations and an alignment with changing economic environment; this is implemented with a special focus on the target groups that are exposed to the greatest risk of being excluded from the labour market – and, by that, from the society.

At the same time, the new methods and procedures established in the framework of EQUAL shall transform – in compliance with one of the basic objectives of the programme – national employment policy strategies and will enrich the methods and tools thereof.

3.2.2 JOINT INCLUSION MEMORANDUM

In relation to social inclusion policies, the European Commission has concluded a series of Joint Memoranda with the Acceding Countries based on the ‘open method of co-ordination’. The primary goal of the process was to jointly draft with the Commission a *Joint Inclusion Memorandum* (JIM) setting out the key policy areas to be addressed in the framework of co-operation. In Hungary, the Ministry of Health, Social and Family Affairs has coordinated the process in close co-operation with other concerned ministries, public authorities and non-governmental organisations. The document was signed in December 2003.

The Hungarian JIM identifies the key areas to be addressed across the following 5 policy areas:

Promoting participation in employment

- High inactivity rate
- Education and vocational training not complying with the requirements of the labour market and failing to equip young people with appropriate skills.

Promoting access to resources, rights, goods, and services

- Demographic changes, especially the ageing population
- Poor general health condition of the population.
- The lack of affordable social housing.
- Failures of the health- and social-care systems and the unequal access to its services and goods.

Preventing the Risks of Exclusion

- Early-school leavers, young people leaving the education system with no qualification.
- Poverty of children and young people.

Helping the most vulnerable

- High incidence of poverty and social exclusion in certain social groups, such as people with disabilities, Roma people, single parents, elderly people, addicts, homeless people etc.

Mobilising all relevant bodies

- Lack of integrated approaches in social services.

The Memorandum gives an overview of current practice and existing systems, reviews the governmental efforts to promote social inclusion and sets out a strategy to tackle the problems identified. With respect to the labour-market aspects of poverty and social exclusion, the strategy aims at modernising the existing system of social benefits in order to create incentives and make work pay on the one hand, and developing the human resources on the other. In preventing exclusion, tackling the problem of early school-leaving and creating stronger links between education, vocational training and labour market are the crucial elements of the strategy.

The EQUAL Community Initiative supports activities addressing inequalities and discrimination on the labour market and thus promotes social inclusion. Improving the employability and supporting the employment of disadvantaged persons will contribute towards preventing poverty and social exclusion and are in line with the strategy set out in the

Joint Inclusion Memorandum. Due to its innovative character and strong emphasis on partnership, EQUAL seems particularly suitable to address the complex challenge of social exclusion and serve as a laboratory to test new methods and approaches for the Hungarian social policy and social welfare system.

3.3 POLICY FRAME OF REFERENCE IN THE FIELD OF HUMAN RESOURCES

The policy frame of reference set out by the Hungarian National Development Plan (NDP)³⁸ serves as a basis for all Structural Fund interventions in the field of human resources development for the programming period 2004-2006 in Hungary. The purpose of the policy frame of reference (PFR) is to ensure the coherence between the Hungarian employment objectives defined in the Joint Assessment Paper and through its Progress Reports and the interventions of Structural Funds. Furthermore, it establishes links with the European Employment Strategy (EES), in line with Article 9 of Council Regulation 1260/1999/EU on the use of Structural Funds.

The overall objective of the NDP is to reduce the income gap compared to the EU average. In order to achieve that, improving the competitiveness of the economy, ensuring a better utilisation of human resources, improving the environment and ensuring a balanced regional development have been identified as specific objectives.

According to the PFR, the shortcomings of the Hungarian labour market and the deficiencies of public services promoting employment highlight a number of ways in which appropriate measures are needed to promote employment and social inclusion and require a skilled labour force supply necessary for sustainable economic growth. Investment in human resources increases the competitiveness of companies, it reduces the skills mismatch or shortage of appropriate skills in certain sectors, promotes the knowledge and use of IT skills, contributes to effective R&D measures and is an important element to attract and retain direct foreign investment in the country. It significantly supports the productive sector priority and the objective to increase economic competitiveness. To achieve long-term changes in environmental standards promoting sustainable development and making students and workers environmentally conscious through education and training through the work place is important. Measures promoting employment and supporting investment in human resources all have a local dimension or application, but Structural Funds support interventions directly serving local needs, for instance in the field of social economy, promoting job-creation trainings designed to meet local needs or investment in human resources that attracts capital investment in the regions.

In the field of human resources development the following actions will be supported by the Structural Funds:

- Promoting active labour market policies to increase employment and to reduce the consequences of the mismatch between the needs of the labour market and education, with regard to the labour market needs of knowledge-based economy and by improving the public employment services.
- Fighting social exclusion by improving employability of the disabled, the Roma minority and other disadvantaged groups.

³⁸ See National Development Plan Annex 1, p 158.

- Improving education and training as part of lifelong learning, modernising teaching material, improving vocational training, education and guidance, and facilitating entry into the labour market.
- Improving the adaptability and the entrepreneurial skills and ensuring an appropriate framework for adult education and training.

In addition to these areas of intervention related to ESF, activities supported by the European Regional Development Fund (ERDF) will also have an important role to play in ensuring an appropriate infrastructure for activities related to human resources development. Activities supported by the ERDF will include investment in the infrastructure of education and training and social services, as well as investment in the infrastructure of public health services promoting the labour market participation of the working age population.

3.3.1 DESCRIPTION OF STRUCTURAL FUNDS INTERVENTIONS ACCORDING TO THE ESF POLICY FIELDS

The priorities for Structural Funds intervention are presented in the PFR according to the ESF policy fields³⁹ as follows:

3.3.1.1 Developing and promoting active labour market policies

The key issues in this field are the low levels of employment and high rate of inactivity amongst certain groups of workers, investment in and promotion of human resources development and implementation of employment policy and reinforcement of institutional framework. The employment and activity rates are considerably lagging behind the figures of the European Community (by 7% and 9% respectively), while the qualification structure of the employed people reflects the fact that people with no or inadequate qualification are more likely to be excluded from the labour market. In these groups, both the employment and the unemployment rates are worse than the community average.

To promote the employability of the unemployed Structural Funds will support training and re-training, counselling and guidance tailored to individual needs, career orientation services as well as programmes that ensure the obtaining of work experience. Actions in this field comprise training of the young people, the older workers and women, that is labour market groups of special needs since active labour market policy has to pay special attention to improving the employability of these groups and integrating them into the labour market, in line with the EES objective 'Strengthening social cohesion and inclusion'. The effective implementation of active labour market policies, and the improvement of the level and quality of employment require consistent improvement of the public employment services, too.

3.3.1.2 Fighting social exclusion through promoting access to the labour market

The Roma, the long-term unemployed, those living with disabilities, addicts and those living in underdeveloped regions, early school leavers, ex-offenders and homeless people are at a disadvantage in entering or re-entering the labour market. The improvement of access to training/employability for the most disadvantaged groups (including the long-term unemployed, the young, the older workers, disabled people, and particularly the Roma who

³⁹ Art. 2. of Regulation 1784/1999 on the European Social Fund.

are not integrated into society) is a requisite to a further increase in employment. Tackling social exclusion requires improving the employability of the excluded and a number of different activities are needed, including training and education, improving the management, the quality and accessibility of employment and social services and the fostering of a positive attitude to change. Support for social economy and local employment initiatives will be important to provide employment opportunities for disadvantaged people.

3.3.1.3 Promoting and improving training, education and counselling as part of lifelong learning policy

The most important issues in this field are the insufficient links between education, training and the labour market and the poor conditions of physical infrastructure in education system. It is necessary to develop education and training in the schooling system – thereby creating the foundations for life-long learning and supporting the learning of skills and abilities that correspond to the needs of the labour market, with particular regard to IT knowledge. Only economies that have adequate levels of skilled labour and human capital are able to keep up with international competition, thus the development of human resources is an especially important task for Hungary within the European Union. The promotion of employability as part of lifelong learning is an area that contributes to improving human capital by developing teaching staff and improving and modernising the teaching material. As part of the policy of life long learning, support should be given to supporting and improving the vocational training, education and consulting, facilitating entry into the labour market, improving and sustaining employment capacity and support to employment mobility. The widening of provision of higher level and post-secondary vocational courses in order to increase the numbers of young people opting for this route is desirable to ease their finding work after secondary schooling.

3.3.1.4 Promoting a skilled, trained and adaptable workforce

Low employment and high inactivity are the most serious labour market problems, there is a shortage of qualified labour in certain occupations and regions and a mismatch between the supply and demand for workers with specific skills. This is due to the lack of flexibilities within and appropriate links between the education and training system and the economy. Adult training and in-company training has a major role in improving the competitiveness and adaptability of the workforce and enterprises. It is primarily the size of the company that determines whether further training is organised for the employees, with small companies investing significantly less in training than the large ones. Investment in this field will enhance labour productivity and quality of jobs, which is one of the new objectives of EES. The training of entrepreneurs helps to increase the employment capacity of these firms, improve their flexibility, their entrepreneurial skills, and improve their chances of survival, contribute to higher employment and higher quality of human capital. This is supplemented by improved adult education that promotes employability.

3.3.1.5 Specific measures to improve women's access to and participation in the labour market

The situation analysis points out that although the labour market position of women is more favourable than the EU average (unemployment rate, difference between the employment rates for women and for men), there exists a considerable gap between the genders and women face difficulties in returning to the labour market. Special attention will be paid to the

women's entry into and improved participation in the labour market, including measures that facilitate their access to new jobs, launching business enterprises, reducing vertical or horizontal segregation by gender in the labour market, and increasing participation and the rate of self-employment of women. Despite the fact that women are often well educated, they often face discriminatory working practices, and find it difficult to return to the labour market. Measures will be taken to improve the opportunities of women in the labour market and ensure that equality of opportunities is practiced.

3.3.2 HORIZONTAL ESF PRIORITIES

The PFR presents the coherence of Structural Funds interventions related to human resources development with the horizontal ESF priorities⁴⁰ as follows:

3.3.2.1 Local initiatives concerning employment

There are significant disparities in the labour market situation at the level of regions and small regions in Hungary. Job creating investments are primarily focused on the more developed regions of the country and the labour in more disadvantaged areas is not mobile. For this reason, Structural Fund assistance will be directed to support local initiatives concerning employment, particularly initiatives aimed at agreements that serve the purpose of local employment and regional employment, as well as to support social economy which has a potential to increase local employment and interventions in the field of job creation and human resources development. These mean actions complementary to sectoral programmes but sectoral programmes should also take into account regional needs. Actions in this area support the EES priority 'Addressing regional employment disparities'.

3.3.2.2 The social and labour market dimensions of information society

The development of human capital in the field of Information Society Technologies is a main driver for change. The knowledge and use of IT skills is indispensable in the labour market and the information technologies sector has a significant job creation capacity. The number of IT teachers and the IT skills of teachers is very low. The lifelong-learning is yet to be embedded and it is necessary to re-train teachers. Training in IT skills for employees and adults in particular is needed. Entrepreneurs and the business sector require training in IT skills because in some instances where IT systems are available the systems are only partly used due to the lack of appropriate skills. Structural Fund support has to be targeted at actions to develop IT skill transfer in the education system, to provide IT training for the disadvantaged, unemployed and employees of SMEs, as well as at the dissemination of information technologies in the field of distance learning – such as e-learning - and labour market services.

3.3.2.3 Equal opportunities for women and men

The key issues in the field of equal opportunities of women and men are the horizontal and vertical segregation in the labour market, insufficient family-friendly policies, low wage earning capacity, lack of or insufficient competitive skills required by the labour market, disadvantageous employment practices and discrimination regarding wage levels, and

⁴⁰ Art. 2. of Regulation 1784/1999 on the European Social Fund.

ineffective gender mainstreaming policies. Structural Fund support can be devoted to reduce the labour market segregation of women and to provide women the skills necessary for finding a suitable job. Direct Structural Fund assistance is provided for the labour market integration of women under policy field 'Specific measures to improve women's access to and participation in the labour market'. Apart from this, it is important that equal opportunities are dually observed throughout all programmes supported by Structural Funds, which can be ensured by effective monitoring and control systems.

3.4 COHERENCE WITH OTHER PROGRAMMES SUPPORTED BY THE STRUCTURAL FUNDS

Hungary has prepared a National Development Plan (NDP), which sets the framework for the utilization of Structural Funds assistance in the programming period 2004-2006. Based on the appraisal of the National Development Plan, the European Commission has prepared the Community Support Framework (CSF) containing the strategy and priorities for action under Objective 1 of the Structural Funds. The strategy of the CSF will be implemented through operational programmes setting out the strategy of a given sector or region identifying the development priorities and the measures to be taken.

Hungary has developed five operational programmes. Out of these, two programmes will include ESF assistance: the Human Resources Development Operational Programme (HRD OP) and the Operational Programme for Regional Development. The other three programmes are the Economic Competitiveness Operational Programme and the Environmental Protection and Infrastructure Operational Programme – both funded by the ERDF – and the Agriculture and Rural Development Operational Programme funded by the Guidance section of the EAGGF and the FIFG.

Under the Hungarian EQUAL Community Initiative Programme, the constituent priorities and themes will complement where appropriate the relevant priorities and measures set out in the HRD OP and the OPRD. Given the innovative character of EQUAL, DPs might also experiment with new approaches building on a variety of policy fields and thus interact with the priorities of the other operational programmes. The coherence and complementarities of the 'mainstream' ESF programmes and the EQUAL Community Initiative are described in the following sections, together with a brief overview of the other OPs. Given that certain activities under these programmes will target the same socio-economic groups as EQUAL, the provisions established under Programme Complements will incorporate the necessary procedural 'safeguards' to ensure the physical and financial separation of the operations to be financed under the various programmes.

3.4.1 HUMAN RESOURCES DEVELOPMENT OPERATIONAL PROGRAMME

The Human Resources Development Operational Programme (HRD OP) represents a key instrument in seeking to meet the objectives set out in the Joint Assessment Paper as well as the objectives of the European Employment Strategy.

In the period of 2004-2006, the total budget of the HRD OP amounts to 750 million euros. Out of that, approximately 562 million euros represents the Community contribution, which is supplemented by another 187 million euros from national, mainly public, sources. The HRD OP is based primarily on assistance from the European Social Fund (ESF), which is also supplemented by the European Regional Development Fund (ERDF) to support infrastructure

investments related to human resource development. The ESF will contribute 385 million euros and the European Regional Development Fund 177 million euros to the programme.

The programme consists of the following four priorities:

1 Promoting active labour market policies

This priority will support the active programmes of the PES which are aimed at helping the unemployed to return to the labour market, to prevent long-term unemployment and to assist young people to meet the requirements of the labour market. To ensure higher quality and more effective standard of service, the IT system, job brokering and counselling also need to be improved. Support will be given to the reintegration of women to the labour market including starting up their own enterprises. In addition, this priority will support the reconciliation of work and family life through the improvement of services to ensure daytime care for children or other relatives of beneficiaries.

2 Fight against social exclusion by promoting access to the labour market

Under this priority actions aimed at improving the employment opportunities of disadvantaged people and developing 'pathways' towards the labour market will be supported. Target groups will include, among others, the Roma people, the long-term unemployed, the disabled, early school leavers, people with low levels of education and skills, addicts and those living in the most disadvantaged regions. Measures will be based on a comprehensive approach involving a range of activities in the field of education and training, employment and social support services. Across the priority as a whole, special emphasis will be given to improving the employability of Roma people, who face significant disadvantages in accessing the labour market.

3 Promoting lifelong learning and adaptability

Several different levels and forms of education and training will be covered under this priority including pre-primary, primary and secondary education, vocational training, post-secondary education and higher education, as well as adult training. It will support the following fields and activities: creating an appropriate methodological and pedagogical basis for the development of basic skills and competences, improving the system of vocational training so that it better responds to the needs of the economy, facilitating the adaptation of higher education to the requirements of the knowledge-based society and the changing demands of the economy, promoting adult training including, among others, in-company training and the development of entrepreneurial skills.

4 Improving the infrastructure of education, social services and the health care system

Supported by the European Regional Development Fund, this priority will promote investments in the infrastructure related to human resources development. Interventions will aim at reducing regional disparities in the quality of education, social and health care and promoting equal access to these services. Investment in infrastructure targeted to underpin ESF supported activities will contribute significantly to the achievement of the programme objectives.

The EQUAL Community Initiative Programme will be distinguished from 'mainstream' ESF activities under the HRD OP through its support for innovative activities, as well as the required partnership and trans-national co-operation arrangements which characterise its implementation.

The table below shows the correlation between HRD OP ESF measures and EQUAL themes.

Table 3.2: Correlations between EQUAL themes and HRD OP ESF measures

Priority	EQUAL themes	Human Resources Development Operational Programme	
		Measures	Target groups
Employability	A Facilitating access or return to the labour market	1.1 Preventing and tackling unemployment 1.2 Developing the Public Employment Service 2.1 Ensuring equal opportunities in education for disadvantaged students 2.2 Promoting social inclusion by human resource development of workers dealing with socially disadvantaged groups	Unemployed, inactive, women, Roma, people with disabilities, ex-offenders, disadvantaged young people, older people
	B Combating racism and xenophobia	2.3 Improving the employability of disadvantaged people, including the Roma 3.1 Implementation of the LLL concept through the development of public education 3.2 Developing the content, methodology and structure of vocational training	
Entrepreneurship	C Opening up the business creation process	3.4 Promoting job-creation and the development of entrepreneurial skills by training	Micro-enterprises, SMEs, self-employed, starting entrepreneurs
	D Strengthening the social economy	1.3 Promoting the return of women to the labour market	
Adaptability	E Promoting lifelong learning and inclusive work practices	3.4 Promoting job-creation and the development of entrepreneurial skills by training 3.5 Developing the system of adult training	Employed, self-employed, micro-enterprises, SMEs, companies
	F Supporting the adaptability of firms and employees		
Equal opportunities for women and men	G Reconciliation of family and professional life	1.3 Promoting the return of women to the labour market	Women (having small children; inactive, unemployed women)
	H Reducing gender gaps and supporting job desegregation		
Asylum Seekers	I Asylum seekers		

Complementarities with the HRD OP will also be particularly important in the case of Theme H of the EQUAL Community Initiative (Equal Opportunities). This priority relates closely to the fifth ESF 'policy field' (*'specific measures to improve women's access to and participation in the labour market, including their career development, their access to new job opportunities and to starting up of businesses, and to reduce vertical and horizontal segregation on the basis of sex in the labour market'*).

In the context of their related themes and measures, both the EQUAL Community Initiative and the HRD OP contain cross-references whereby actions which facilitate the reconciliation

of work and family life, as well as the re-integration of women to the labour market (EQUAL Theme G), will be addressed under the HRD OP (Measure 1.3), while EQUAL will focus on reducing gender gaps and supporting job desegregation (EQUAL Theme H).

The proposed activities under the two programmes are summarised as follows:

<p align="center">EQUAL CIP (Theme H) Reducing gender gaps and supporting job desegregation</p>	<p align="center">HRD OP (Measure 1.3) Promoting the participation of women in the LM and the reconciliation of work and family life</p>
<ul style="list-style-type: none"> - Introducing new forms of employment and in-company training that enable the reconciliation of family life and work. - Training for women to upgrade knowledge and skills that are related to the use of ICT. - Developing and introducing new tools in the human resources policy of the companies that promote the women's work career. - Promoting women's participation in R&D activities, first of all in areas connected to technology and natural science. - Training for the helping family members employed in family enterprises so as to equip them with modern business (e-business, marketing etc.) knowledge and skills related to the application of ICT. - Elaborating comprehensive strategies building on a variety of activities (for example legal counselling, advocacy, publicity etc.) to raise awareness and change attitudes of employees concerning segregation and discrimination of women in the labour market. - Creating support networks for women in non-traditional occupations. - Ensuring wider job selection opportunities for young people through introducing new career orientation techniques and elaborating/adapting new methods that stimulate young people to try professional activities and practices traditionally dominated by the other gender. 	<ul style="list-style-type: none"> - Training, skills development, distant learning, etc., - Tailor made labour market services to facilitate reintegration into the labour market; - Supported employment, - Training programs tailored to different educational levels in order to develop entrepreneurial knowledge and skills, - Providing, developing and establishing flexible and alternative services to look after children and/or other dependant family members during the day; - Supporting employers' initiatives to facilitate equal opportunities for men and women at the workplace, to develop a family-friendly company policy and to establish and promote flexible working arrangements and career-planning for women; - Supporting local governments in elaborating, implementing and promoting the harmonisation of local services in a family friendly way.

The principle of differentiation of EQUAL-related activities from those specified in the HRD OP will also apply in case of the other two EQUAL themes, namely -

- Facilitating access or return to the labour market for those who have disadvantages in terms of the labour market (Theme A);
- Promoting lifelong learning and "inclusive" work practices which encourage the recruitment and retention of those suffering discrimination and inequality in connection with the labour market (Theme E).

In order to avoid overlap with these themes, the Programme Complement to the HRD OP will establish the necessary procedural and implementation arrangements in respect of the following measures in order to ensure a clear separation of the physical and financial aspects relating to the activities undertaken therein.

3.4.2 OPERATIONAL PROGRAMME FOR REGIONAL DEVELOPMENT

Besides the HRD OP, the Operational Programme for Regional Development (OPRD) will also involve ESF assistance. The EU financial contribution to the programme amounts to 359.4 million euro, of which 305.7 million euro will be provided through assistance from the European Regional Development Fund (ERDF) and 53.7 million euro from the European Social Fund (ESF). The overall objective of the OPRD is to promote a more balanced territorial development of Hungary and its regions and activities supported by it will be geared towards the regions' different geographical, economic, natural and cultural potentials and address their weaknesses.

In this context, ESF will support human resources development at the regional level through interventions adjusted to the special characteristics, opportunities and labour market situation of each region. ESF related measures will cover the following activities:

- Vocational training adjusted to the needs of the regional economy,
- Developing the capacities of local public administration and NGOs, and
- Promoting local employment initiatives and the social economy.

Table 3.3: Correlations between ESF measures under the OPRD and EQUAL themes

Priority	EQUAL Themes	Operational Programme for Regional Development	
		Measures	Target groups
Employability	A Facilitating access or return to the labour market	3.2 Support for local employment initiatives (including the Social Economy)	Unemployed, inactive, women, Roma, people with disabilities, disadvantaged young people, older unemployed
	B Combating racism and xenophobia		
Entrepreneurship	C Opening up the business creation process	3.2 Support for local employment initiatives (including the Social Economy)	Unemployed, inactive, women, Roma, people with disabilities, disadvantaged young people, older people
	D Strengthening the social economy		
Adaptability	E Promoting lifelong learning and inclusive work practices	3.1 Capacity building of local public administration and local non-governmental organisations	Employed (public administration and civil sector) small and medium enterprises, micro-enterprises
	F Supporting the adaptability of firms and employees	3.3 Strengthening the co-operation of higher education institutions with local actors	
		3.4 Support of region-specific vocational training	
Equal opportunities for women and men	G Reconciliation of family and professional life		
	H Reducing gender gaps and supporting job desegregation		
Asylum Seekers	I Asylum seekers		

3.4.3 ECONOMIC COMPETITIVENESS OPERATIONAL PROGRAMME

The Economic Competitiveness Operational Programme (ECOP) is focused on achieving the improvement of economic competitiveness. This will be achieved through direct and indirect investments in key areas to increase firms' productivity and improve the wider business environment.

In order to achieve the general objective of improved competitiveness, the ECOP identifies three specific objectives where progress is critical:

- Development of a knowledge-based economy and of innovation capacities;
- Development of an economy based on technology-intensive industries and services;
- Development of small and medium-sized enterprises to reduce the dual nature of the economy.

Priority 1 - Investment promotion will provide support for modernising firms' productive capacities, particularly where this will enable businesses to become suppliers to larger firms, and for the setting up of service centres supporting manufacturing industry. It will also support the development of high-quality business infrastructure, in the form of industrial parks, incubator centres, technology transfer and logistics centres. Apart from that, this priority will also support proactive investment consultancy.

Priority 2 - SME development will focus on the needs of SMEs in order to benefit from their potential and overcome the current divide between smaller, less efficient, domestic firms and large, modern firms in foreign ownership. These measures therefore include support for technical and technological investments and quality assurance in order to modernise production equipment and systems, bring them up to EU standards and support the development of more innovative products. SMEs' access to business advisory services will also be supported, in order to improve business management, as will better co-operation between SMEs to maximise their competitive advantages.

Priority 3 - Research, development and innovation: will support R&D and innovation activity by supporting research projects in key areas, improving research infrastructure, supporting co-operation between public research institutes and the private sector to promote the transfer of technology and supporting innovation-related activities in SMEs, including spin-off companies.

Priority 4 - Development of the Information Society and E-Economy will provide for investments related to the development of business-relevant services, applications, content and infrastructure. ECOP will support the introduction of IT-based business systems, to increase efficiency within SMEs and improve their capacity to share information with partners. Since there is now insufficient up-to-date business-related digital content in Hungarian, the ECOP will also support the production of such data, in order to expand SMEs' knowledge-base. Business-friendly e-administration services will be developed to make the exchange of information between public administration and businesses more efficient. To ensure inclusion of remote and disadvantaged regions in the information society, the ECOP will also support the provision of broadband telecommunication infrastructure in remote and disadvantaged regions.

3.4.4 AGRICULTURE AND RURAL DEVELOPMENT OPERATIONAL PROGRAMME

The Agriculture and Rural Development Operational Programme contributes to the development of a more competitive and sustainable agricultural sector (including agriculture, fisheries and food processing) and by promoting an integrated development of rural areas, based on improving the income levels and job opportunities of the population.

The specific objectives of the Operational Programme are:

- improving the competitiveness of agricultural production and food processing, including fish and fishery products, and
- assisting the realignment of rural areas.

Priority 1 - Establishment of competitive basic material production in agriculture aims at increasing the competitiveness of agricultural production, including fisheries, through investments to reduce production costs, increase the added value and the quality of goods and preserve and improve the environment, hygiene conditions and animal welfare standards. The priority will also support the setting-up of businesses by young farmers, to improve the economic viability of agricultural holdings, and the acquisition of adequate skills and targeted training for persons involved in agricultural activities and their retraining to adapt to the requirements of expanded markets and more environmentally sound management. With regard to fisheries, the priority will focus on fresh water aquaculture (construction and modernisation of fish farms etc.) and on the processing and marketing of fish and fishery products.

Priority 2 - Modernisation of food processing supports the development of the food processing industry, by the modernisation of technologies and the related logistical, storage, warehouse capacities and IT support. Investments will also focus on consumer health protection and food safety and quality, as well as on the environment (treatment of by-products and waste) and on better adaptation to sales channels.

Priority 3 - Development of rural areas addresses some of the main structural weaknesses of rural areas, such as the inadequate infrastructure and the dependence of rural settlements on agricultural production. It contains three specific objectives: improving the economic potential of rural areas and increasing employment; making rural areas more attractive; developing and implementing integrated small regional pilot programmes (Leader+ approach). Such objectives will be achieved by diversifying agricultural activities and expanding rural business activities, such as developing rural tourism (the latter includes on-farm tourism) and handicrafts and the marketing of quality products. Support will also be provided to improve the quality and the conditions of life of the rural population by the development of adequate rural infrastructure and the creation of a more attractive residential environment.

In this context, EAGGF will support investments in human resources development and infrastructure in rural areas related to improvement of agricultural production and food processing or the preservation of rural communities. The connections between the two programmes are shown in the below table:

Table 3.4: Correlations between measures under the ARDOP and EQUAL themes

Priority	EQUAL Themes	Agriculture and Rural Development Operational Programme	
		Measures	Target groups
Employability	A Facilitating access or return to the labour market		
	B Combating racism and xenophobia		
Entrepreneurship	C Opening up the business creation process		
	D Strengthening the social economy		
Adaptability	E Promoting lifelong learning and inclusive work practices	2.1. Assistance to vocational further training and retraining	2.4. Farmers and other persons involved in agricultural activities and forestry. Special attention is given to the Roma community.
	F Supporting the adaptability of firms and employees	3.1. Expansion of rural income earning opportunities	3.1. Young farmers and firms.
Equal opportunities for women and men	G Reconciliation of family and professional life	1.3. Setting up of young farmers	1.3. Young private entrepreneurs whose primary occupation is farming. Priority is given to women.
	H Reducing gender gaps and supporting job desegregation		
Asylum Seekers	I Asylum seekers		

3.4.5 ENVIRONMENTAL PROTECTION AND INFRASTRUCTURE OPERATIONAL PROGRAMME

The Environmental Protection and Infrastructure Operational Programme (EIOP) will contribute to improving transport infrastructure and protecting the environment.

The EIOP sets two specific objectives:

- the protection and improvement of the environment and
- the improvement of the transport network through investments in upgrading the national transport infrastructure.

Priority 1 - Environmental protection will focus on water quality improvement for both drinking and waste water, treatment of special waste streams, protection of groundwater and drinking water aquifers with remediation measures, nature conservation efforts and sustainable flood management for the Tisza valley, development of air and noise monitoring, and finally environmentally friendly development of energy management by increasing energy efficiency and the use of renewable energy resources.

Priority 2 - Transport infrastructure development will focus on upgrading the main road network and developing environmental friendly infrastructure. This will be achieved through upgrading roads to 11.5 kN axle load bearing capacity in order to meet the 96/53 EC Directive. This priority will also include the development of main national roads connecting

existing lower-category roads to expressways and higher-category roads and thus improving the accessibility of regions. Furthermore, existing road connections will be upgraded so as to increase traffic capacity and safety and reduce transit through settlements.

Finally, the priority will contribute to environment friendly measures such as: improving the connections between waterways, railways and road transport; providing the necessary connections and access to inter-modal transport centres; and developing suburban public railway transport connections between economic centres and the surrounding communities in the suburbs.

3.5 ACT ON *EQUAL TREATMENT AND ENHANCING EQUAL OPPORTUNITIES*

The Act CXXV. of 2003 on Equal treatment and enhancing equal opportunities was adopted by the Hungarian Parliament on 22 December 2003 and entered into force on 28 January 2004.

In line with the EU legislation the Act prohibits both direct and indirect discrimination. Indirect discrimination is a new term in Hungarian legal terminology. At the codification the Ministry of Justice has used the text of the Directive 2000/78/EC, which says: indirect discrimination shall be taken to occur when an apparently neutral provision, criterion or practice would put persons with a particular religion or belief, a particular disability, a particular age or a particular sexual orientation at a certain disadvantage, as compared with other persons. The act also provides for a definition of unequal treatment and discrimination in the field of employment, education, housing, social services and health care, and access to goods and services.

For the efficient application of the regulations, the Act provides for legal sanctions some of which had been already incorporated in the Code of Civil Law in the form of reparation, admission, satisfaction and fine for public interest. The Act ensures the possibility for the application of administrative sanctions by imposing a fine or by suspending advantages. Furthermore, in harmony with the Directive 2000/78/EC, the burden of proof is reversed in every procedure of anti-discrimination. An important novelty introduced by the Act, is of 'actio popularis', i.e. associations, organisations or other legal entities, by approval of the person or group of people who have suffered the discrimination, are entitled to take legal proceedings. Previously, only persons who considered themselves wronged by a failure of the application of the principle of equal treatment could launch a judicial or administrative procedure.

Another new element introduced by the Act is the establishment of the National Equal Opportunities Programme, prepared every four years by the government. The Programme, adopted for the first time by the end of 2004, will set out the strategic objectives and measures to promote the equal opportunities of disadvantaged groups in Hungary. Employers with more than 50 employees are required, and municipalities can decide to adopt their own equal opportunities programme based on the local needs and the priorities defined by the Programme. The EQUAL Community Initiative by promoting equal opportunities and combating discrimination at the labour market will contribute to the implementation of the Act.

4 PROGRAMME PRIORITIES

4.1 CHOICE OF THEMES

Thematic approach is one of the basic principles of EQUAL. This means that Member States must select the themes to be supported in the framework of the EQUAL Community Initiative from among the nine thematic fields specified in Guidelines for the second round of the Community Initiative EQUAL.⁴¹ These are the following:

- A) Facilitating access or return to the labour market for those who have disadvantages in terms of the labour market;
- B) Combating racism and xenophobia in relation to the labour market;
- C) Opening up the business creation process to all by providing the tools required for setting up in business and for the identification and exploitation of new possibilities for starting a business and creating employment;
- D) Strengthening the social economy (the third sector), in particular the services of interest to the community, with a focus on improving the quality of jobs;
- E) Promoting lifelong learning and inclusive work practices that encourage the recruitment and retention of those suffering discrimination and inequality in connection with the labour market;
- F) Supporting the adaptability of firms and employees to structural economic changes and the use of information technology and other new technologies;
- G) Facilitating the reconciliation of family life and work, as well as the re-integration of women and men who have temporarily left the labour market, by developing more flexible and effective forms of work organisation and support services;
- H) Reducing gender gaps and supporting job desegregation.
- I) Supporting the social and vocational integration of asylum seekers.

The objective of the Community Initiative EQUAL is to eliminate discrimination and create equal opportunities in the labour market through testing innovative methods within the framework of the national and European employment strategies. Equal opportunities in the labour market imply that equal and discrimination-free employment conditions are created for all, and equality is ensured in terms of access to work and training opportunities.

⁴¹ Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions establishing the guidelines for the second round of the Community Initiative EQUAL (COM(2003) 840 final)

The analysis of the Hungarian labour market highlights different factors, such as the low schooling level, lack of qualifications, the lack of ability to adapt to continuous change, homelessness, poor health condition, living in areas or settlements lagging behind, discrimination on the basis of gender, ethnicity, disabilities or age, the attitudes of employers, which lead to significant disadvantages in the labour market and may hinder employment. At the same time, the analysis also pointed out some groups, including the Roma, people with disabilities, who are particularly affected by the disadvantages mentioned above. In addition, women also face disadvantages in the labour market due to the stereotypes related to gender roles, as well as the traditionally uneven distribution of burdens related to the family/household limiting their career opportunities. Therefore, in the framework of the EQUAL Community Initiative, along with focussing on addressing disadvantages in accessing or participating in the labour market, special emphasis will be put on improving the labour market opportunities of these groups.

The Roma population is characterised by an especially high percentage of unemployment and long-term unemployment, low schooling, early school leaving or no vocational training at all. Early school leaving is a decisive factor underlying training insufficiencies. In addition, discriminative attitudes of employers also hinder the participation of Roma people in the labour market. Improving their employment opportunities is made difficult also by the fact that a significant part of the Roma population is concentrated in small, backward settlements, which are cut off from the labour market of nearby cities. The accumulation of various disadvantages highlights the fact that the enhancement of Roma employment chances and possibilities presupposes a comprehensive approach and combined means of several different services. Improving their employability requires promoting participation in education and training, supporting the vocational training of early school leavers and assisting the long-term unemployed to access the labour market. Experiences of previous programmes indicate that, from among the initiatives aimed at improving the Roma's position, those proved to be successful that identified their target group by focussing on a given problem (e.g. early school leaving, long-term unemployment), without considering ethnic backgrounds. Nevertheless, the highest possible number of Roma beneficiaries must be guaranteed by involving both Roma and Roma-supporting organisations into the enforcement of such measures. This is also in line with the thematic principle of EQUAL implying a problem-oriented approach when addressing labour market inequalities.

The labour market activity of people with disabilities is low; therefore many of them live from various allowances or are supported by their family members. However, it is important to see while developing a strategy that this is a highly heterogeneous group comprising sub-groups with different needs and capacities according to their disability. All this justifies a twofold strategy: on the one hand, integrated employment and access/return to the open labour market should be primarily promoted in cases where this is possible or desired. This requires, on the one hand, support and rehabilitation services and, first of all, training opportunities adapted to the special needs of people with disabilities. The last is especially justified by the fact that the qualification level/structure of people with disabilities significantly differs from the average; typically, they have outdated qualifications that can hardly be utilised in the labour market. On the other hand, the institutional structure of sheltered employment must be modernised as well. This would include the elaboration of new types of employment forms and the expansion of the functions of already existing institutions (specialised organisations), a reinforcement of their rehabilitation character. An "intermediate" labour market ought to be created where skills and experiences can be acquired that comply with the requirements of the open labour market.

The aspects of women's employment and equal opportunities in the labour market constitute a horizontal goal within all priorities. When planning and implementing the activities, the special position and needs of women within the disadvantaged groups must be considered. In addition to that, the opportunities and position of women in the labour market must be promoted by specific measures as well. Until now, the labour segregation of women has been given insufficient attention in labour market programmes, thus innovative initiatives may have an especially great importance in this area. The labour market segregation of women is indicated by the fact that female labour force is concentrated and/or is over-represented in occupations with wages below the average.

In addition to the above, asylum seekers represent another high-priority group. In the EU policies related to asylum seekers and refugees have been given an increasing emphasis recently (in connection with labour market policies as well). In agreement with this fact, all Member States must elaborate measures regarding asylum seekers in the framework of EQUAL. Although the number of asylum seekers is low, it would be important to elaborate pilot programmes that enhance the employability of asylum seekers, and to prepare for a greater influx of asylum seekers after EU accession. The legal/regulatory and institutional framework encompassing refugees and asylum seekers must be surveyed and reviewed (whereas the expected impacts of EU accession must also be considered), and an appropriate co-operation framework must be established among various institutions, authorities and organisations which get into contact with asylum seekers.

In accordance with the Guidelines for the second round of the Community Initiative EQUAL, it will also promote the social and vocational integration of the victims of human trafficking. Under the Hungarian EQUAL Community Initiative, a comprehensive and multidisciplinary approach will be adopted to prevent and combat trafficking in human beings, in particular women. EQUAL will support activities in the field of prevention and rehabilitation of victims of trafficking that are connected to the world of labour.

The priority themes of the Hungarian EQUAL Community Initiative are as follows:

- **Facilitating access or return to the labour market for those who have disadvantages in terms of the labour market (*Theme A*)**
- **Promoting lifelong learning and 'inclusive' work practices which encourage the recruitment and retention of those suffering discrimination and inequality in connection with the labour market (*Theme E*)**
- **Reducing gender gaps and supporting job desegregation (*Theme H*)**
- **Supporting the social and vocational integration of asylum seekers (*Theme I*).**

In order to enable concentrated programming and flexible implementation, the programme relies on a limited number of thematic priorities. However, some elements of other themes may also be included under the chosen thematic fields. When identifying the priorities of the Hungarian EQUAL Community Initiative, the strategy and objectives specified in the Joint Assessment Paper, the related Progress Reports as well as the key challenges identified in the Joint Inclusion Memorandum have been taken into account. In addition to these, attention has been given to ensure the complementarity with other ESF supported programmes (Human Resources Development Operational Programme, Operational Programme for Regional

Development).⁴² The theme *Combating racism and xenophobia in relation to the labour market (1B)* constitutes an integral part of activities belonging to theme A. The presentation and dissemination of good practice developed in this area help to combat the discrimination of disadvantaged (first of all Roma) people.

Promoting enterprises and help to become an entrepreneur (C) is an important element of the National Development Plan and these activities will be supported under the Economic Competitiveness Operational Programme, the Human Resources Development Operational Programme, as well as the Operational Programme for Regional Development. *Strengthening the social economy (D)* is a measure included in the Operational Programme for Regional Development; in order to avoid overlaps, this activity does not constitute part of the EQUAL Community Initiative.

Certain elements of the theme *Supporting the adaptability of firms and employees to structural economic changes and the use of information technology and other new technologies (F)* are included in theme E; in the case of several target groups such as women, older workers and people with disadvantages, an especially great emphasis is put on upgrading ICT skills, which is also a horizontal priority of the ESF.

Activities related to the theme *Facilitating the reconciliation of work and family life, as well as the re-integration of women and men who have temporarily left the labour market, by developing more flexible and effective forms of work organisation and support services (G)* are included in the Human Resources Development Operational Programme (Measure 1.3).

When measures connected to the individual themes are specified, an especially strong emphasis must be given to components of the Community Initiative EQUAL that differentiate it from the framework of development activities implemented as part of the operational programmes; this must be done in order to avoid parallelisms and to ensure an appropriate number of applications.

The EQUAL Community Initiative will be distinguished from 'mainstream' ESF programmes by supporting innovative approaches and activities and by the fact that partnership and trans-national co-operation are decisive elements of its implementation. This partnership-based co-operation has a strategic importance by facilitating the disadvantaged people's access to the labour market, as it enables the elaboration of innovative approaches that consider the complexity and aggregation of disadvantages resulting from the economic and social situation, and accordingly rely on the connected activities of various professional areas and institutional systems. When specifying the contents of the priorities and related activities, it is an important criterion to maximally utilise the potentials inherent in the co-operation of organisations of various profiles.

The following sections will describe the selected measures and the scope of activities to be supported under the various measures.

4.1.1 FACILITATING ACCESS TO THE LABOUR MARKET FOR DISADVANTAGED PEOPLE (THEME A)

The objective of this priority is to facilitate the integration of unemployed and inactive persons to the labour market through supporting initiatives based on a combination of the

⁴² Coherence and complementarities with these documents are presented in Chapter 3.

tools of education and training, employment and social services. Improving the employability of the most disadvantaged, including Roma people, should be based on an integrated approach that will take into consideration the complexity and accumulation of problems arising from social and economic disadvantages. Special attention should be given to the participation of women and equal opportunities.

Unemployment (especially long-term unemployment) influences the individual's family and social environment as well. In addition to the poverty accompanying long-term unemployment, some other psycho-social problems are also likely to arise that have an impact on the people living with the unemployed, and might deteriorate their labour market opportunities, too (e.g. the probability of school failures and early school leaving is aggravated by social/cultural disadvantages and lack of motivation). In this respect, young people are especially vulnerable. Since the late 1980s a generation has grown up including many young people who had already been born into long-term unemployment. For this reason, integrated approaches must be elaborated for managing unemployment that reckon with the fact that such situations have an effect on the family as a whole, and try to seek solutions that – in addition to promoting the labour market inclusion of the parent – provide a multi-directional help to the other members of the family, too.

Access to the labour market for young people is often hindered by their 'non-marketable' vocational qualification or a lack of qualification; in this field, early leaving of formal training is a decisive factor. Early school leaving may result of various reasons such as school failures, lack of motivation, family and social background. We see an especially high proportion of early school leavers among the young Roma and young people living in institutional foster homes. At present, formal education has no appropriate answers to these complex problems. There are no adequate interfaces among the educational system, social services and services helping the young; as a consequence of this fact, early school leavers are often finally excluded from formal training and, accordingly, from the labour market, too. This means that education/training forms must be developed that offer a new chance for young school-leavers to accomplish their studies and to acquire a marketable qualification. In recent years, several non-formal, alternative training programmes were launched for disadvantaged young people that rely on training programmes fitted to the individual developmental needs of the participants and are implemented as an integral part of employment and accumulation of work experiences.⁴³ However, it would be important (similarly to the 'Second Chance Schools' operating in several EU Member States) to introduce such methods and training forms into the formal training as well, relying on the co-operation of the educational system and organisations/enterprises etc. providing social services.

Access to the open labour market and integrated employment of people with disabilities – including people with mental disabilities and chronic illnesses – is hindered by several factors and improving their situation calls for a comprehensive approach. Individuals must acquire new skills and learn technologies and thus become more competitive in the labour market. Efforts to improve employability should make use of modern technologies. Another goal is to map the professional, methodological and financial aspects of the repertoire necessary for (re-)integration. This includes various active labour market measures and supplementary services that facilitate access to the labour market (i.e. personal assistance, transportation service etc.). Based on the conclusions, a comprehensive labour market integration model can be elaborated that relies on a strict methodological and quality assurance background and, at

⁴³ For details see Chapter 2.4.

the same time, enables the development of a nation-wide network, the co-ordination and connection of the already existing services.

Homelessness, living without a constant shelter hinders participation in the labour market, as this implies a lack of the basic conditions that would enable employment and regular access to work. Another important factor of employability is the significant deterioration of health conditions, being another consequence of homelessness. All this necessitates services that comply with the complexity of labour market disadvantages resulting from homelessness and, in line with these, create adequate means and methods to promote the employment of homeless people.

Developing and testing new ways to prevent and combat trafficking in human beings will also be supported under this priority. Preventive activities should raise awareness of the problem of trafficking and of ways of assistance among professionals, most importantly teachers, authorities and young women. Also, services are needed to provide women with adequate information to make well-informed decisions before taking up employment abroad. As regards the rehabilitation of victims, activities should focus on the vocational and social integration of victims by creating comprehensive services providing counselling, psycho-social support, and training programmes to facilitate labour market integration, promote social inclusion and prevent re-victimization.

Activities under this measure could include the following:

Helping disadvantaged people to access the labour market:

- Enhancing employability through creating new integrated services (training, skills upgrading, psychological assistance), by connecting and co-ordinating already existing services.
- Creating new services that seek solutions for tackling unemployment and other related problems in a way that considers the whole family, as the unemployment of the parent has an impact on the situation of other family members as well.
- Complementing the already existing labour market, human resources and enterprise development services with target-group specific service components designated for disadvantaged groups.
- Developing new methods to improving the employability of homeless people and to promote their employment.

Developing new forms of education and vocational training for early school leavers on the basis of the “Second Chance School” model:

- Developing and testing flexible training methods based on practical experience.
- Promoting the active learning of individuals by new forms of education and guidance that rely on individual needs and capabilities.
- Providing social support services for people participating in trainings in order to help them combat disadvantages resulting from their social status.

- Close co-operation with enterprises to ensure practical training and work experiences.
- Training to facilitate the acquisition of skills and individual learning abilities connected to ICT.
- Training for teachers and trainers to develop their expertise in teaching disadvantaged young people.

Experimenting new forms of integrated training and employment of people with disabilities:

- Developing and adapting flexible and practice-oriented training methods adjusted to the special needs of people with disabilities.
- Promoting trainings that are connected to the application of new technologies.
- Creating new jobs enabling the integrated employment of people with disabilities.
- Developing a comprehensive labour market integration model with an appropriate methodological background and quality control.
- Co-ordinating already existing services that promote the labour market integration of people with disabilities, develop a nation-wide network, elaborate new methods and adapt best-practice models.

Combating labour market discrimination:

- Developing and adapting new work practices and non-discriminative procedures intended as preparatory steps for employers receiving (especially Roma) employees affected by labour market discrimination; adapt pertaining best-practice models.
- Establishing new services promoting the integration of new labour market entrants into the working communities (e.g. with the help of labour mentors etc.).
- Training and awareness raising for trainers and teachers, and also employers.

Preventing and combating trafficking in human beings:

- Awareness raising of the problem of trafficking and of ways of assistance among professionals, most importantly teachers, authorities (e.g. police, consular services etc.) and young women;
- Developing new services providing women with adequate information related to taking up employment abroad;
- Developing and adapting new ways of rehabilitating victims of trafficking through promoting their vocational and social integration (including counselling, psycho-social support, training, prevention of re-victimization).

4.1.2 PROMOTING LIFELONG LEARNING AND DEVELOPMENT OF INCLUSIVE WORK PRACTICES WHICH ENCOURAGE THE RECRUITMENT AND RETENTION OF PEOPLE QUALIFYING AS DISADVANTAGED IN THE LABOUR MARKET (*THEME E*)

The objective of this priority is to ensure equal opportunities for disadvantaged people within the labour market through promoting, on the one hand, “inclusive” work practices and flexible forms of employment and assigning new functions to already existing organisations or creating new forms of work organisation. On the other hand, the priority will support testing new ways to improve the adaptability of disadvantaged people, including low-skilled workers, people working in declining industrial sectors, older workers, by promoting their access to training and re-training, with special regard to the development of basic competencies (e.g. literacy, communication, etc.) and ICT skills indispensable in the information society. To encourage the recruitment and retention of disadvantaged people by enterprises, developing and adapting “inclusive” human resources policies will be supported.

New forms of employment may include the connection of occasional and seasonal jobs and their combination into a continuous employment opportunity for disadvantaged people, including the Roma and those living in backward areas. At the same time, such actions help in transforming unregistered work into declared employment, and meet the seasonal labour demand of the enterprises.

Although the employment level of the older age groups has recently been improving, further efforts must be taken to enhance their position in the labour market in accordance with the priorities specified in the Employment Guidelines on active ageing. The recruitment and retention of older workers are made difficult by the discriminating attitudes of employers, their poor health conditions and the difficulties of adaptation to rapidly changing technologies and labour market expectations. In order to improve their adaptability and retain their labour capabilities, the training of the older workers and health promotion services could be made part of the human resources policies of enterprises. Initiatives must be launched that call the attention to the values of the work experiences of older workers. This group has significant disadvantages regarding computer and Internet literacy, first of all due to the lack of knowledge and skills connected to the use of such tools. Nowadays, IT literacy is an important component of employability; for this reason trainings must be provided enabling the older workers to use ICT.

At present, sheltered organisations constitute an important scene of employment for people with disabilities in Hungary. The great majority of the people employed there perform monotone activities of a low professional level and requiring no qualifications. Although the primary goal is to promote the integration of people with disabilities into the open labour market, the system of sheltered employment must also be developed, with due respect to the social integration of people with disabilities and independent living. New methods and approaches should be developed or adopted within sheltered organisations to create the opportunity of promotion and advancement for people with disabilities either from sheltered to open employment or to more challenging positions within sheltered employment. This task requires comprehensive and coordinated approach from DPs bringing together various activities such as survey of individual job-expectations, capacities, training needs, counselling, social services, personal assistance etc.

Activities under this measure could include the following:

Promoting the employment and training of disadvantaged people through:

- Investigating new employment opportunities, or developing new forms of employment that facilitate the inclusion of disadvantaged people in the labour market.
- Ensuring continuous employment opportunities based on a combination of occasional/seasonal jobs.
- Innovative work practices (e.g. job-rotation) and training or retraining for people threatened by unemployment or people working in declining industrial sectors.
- Promoting the development of key competences of people with low levels of education and promoting their participation in life-long learning of.
- Creating training programmes for women returning to the labour market after long period of absence to upgrade and renew their skills and knowledge.

Promoting the employment and job retaining of older workers (including women):

- Developing “inclusive” human resources policies aimed at promoting the employability and adaptability of older workers.
- Upgrading of knowledge and skills related to the use of ICT.
- Providing trainings on the application of new technologies and procedures.
- Improving their health conditions through health promotion services within the work places, and providing services that are connected to the retaining of working capacities.
- Awareness raising to influence the attitudes of employers regarding older workers.

Experimenting new work and organisational forms facilitating the employment of people with disabilities and working in sheltered jobs:

- Establishing flexible forms of employment and training and inclusive work practices adapted to the different types of disability.
- Elaborating new procedures and methods at the level of work organisations that ensure that people with disabilities get wages of an appropriate level, may change their activities and have the possibility of a professional career.
- Creating an “intermediate” labour market through upgrading the existing organizational framework ensuring sheltered employment for disabled people with the aim of helping the integration to the open labour market.
- Upgrading knowledge and skills related to the use of ICT.

4.1.3 REDUCING GENDER GAPS AND SUPPORTING JOB DESEGREGATION (*THEME H*)

The objective of this priority is to ensure equal opportunities for women and men in the labour market through reducing gender gaps and fighting horizontal and vertical segregation. In order to strengthen women's position on the labour market, to decrease gender-based labour market disparities and segregation, efforts must be taken in several areas. Horizontal and vertical segregation of women is evident in all age groups and schooling levels, maintained and re-produced by stereotypes and prejudices specifying traditional, social gender roles. All actors of the labour market (employees, employers, family members etc.) must be made aware of these, and segregating practices must be changed by introducing new tools and approaches.

Combating horizontal segregation in the labour market calls for a long-term approach: activities should target young people, parents and teachers and introduce comprehensive techniques that encourage young people to try out/get engaged in professional activities traditionally dominated by the other gender. Moreover, efforts are also needed to promote women's access to participation in R&D activities, first of all in areas connected to technology and natural science.

As regards vertical segregation, a variety of activities are required at various levels: non-discriminative admission and promotion procedures should be elaborated and introduced, awareness-raising and information campaigns are needed to change existing stereotypes and attitudes concerning the gender roles in the labour market and division of work and family tasks.

Furthermore, an important element of these actions can be the introduction of flexible forms of employment and in-company training that help the reconciliation of family life and work. In addition, improving the labour market position of women will require, among others, training related to ICT skills and knowledge.

Until now, the training of family members employed by family business has hardly appeared in labour market programmes. Therefore launching pilot programmes targeting this special group is topical and justified. By providing training to those working in family business (e.g. to equip them with competitive business knowledge or upgrade their ICT skills), their work within the family enterprises will become more valued, family businesses might become more competitive and their labour market position might strengthen as well.

Activities under this measure could include the following:

Promoting women's employment and supporting job desegregation:

- Introducing new forms of employment and in-company training that enable the reconciliation of family life and work.
- Training for women to upgrade knowledge and skills that are related to the use of ICT.
- Developing and introducing new tools in the human resources policy of the companies that promote the women's work career.

- Promoting women's participation in R&D activities, first of all in areas connected to technology and natural science.
- Training for the helping family members employed in family enterprises so as to equip them with modern business (e-business, marketing etc.) knowledge and skills related to the application of ICT.
- Elaborating comprehensive strategies building on a variety of activities (for example legal counselling, advocacy, publicity etc.) to raise awareness and change attitudes of employees concerning segregation and discrimination of women in the labour market.
- Creating support networks for women in non-traditional occupations.
- Ensuring wider job selection opportunities for young people through introducing new career orientation techniques and elaborating/adapting new methods that stimulate young people to try professional activities and practices traditionally dominated by the other gender.

4.1.4 SUPPORTING THE SOCIAL AND VOCATIONAL INTEGRATION OF ASYLUM SEEKERS (THEME I)

The currently valid statutory background ensures extremely disadvantageous labour market opportunities for people applying for a refugee status. Despite the legal harmonisation that must take place parallel to EU accession, the conditions of people applying for a refugee status will be characterised by significant disadvantages in the future as well. With regards to their employment opportunities, the provisions made by the Council Directive 2003/9/EC on the minimum reception standards, the long-term perspectives may somewhat improve with the foreseen conditional access to the labour market after a maximum one year spent as being an asylum seeker.⁴⁴ Regarding the immediate labour opportunities, however, it must be stated that the present domestic legislation provides higher standards than those of the Reception Directive with making asylum seekers possible to work within reception centres. Efforts should be made to preserve this opportunity for the future.

In the case of asylum seekers it would be expedient to increase the motivation for and efficiency of their employment at the reception centres, what is actually allowed by present-day statutory provisions as well; this could be achieved through targeted employment programmes that are more in compliance with the actual market situation.

Another achievement of the Reception Directive is that it explicitly mentions the possibility for member states to offer access to vocational training to asylum seekers, regardless whether they have access to the labour market.⁴⁵ The labour market programmes provided for the target group can operate with an appropriate efficiency in the framework of an integration programme package offering both language trainings, general orientation and vocational training programmes that constitute one system.

It would be expedient if programmes targeting asylum seekers were fitted into the already existing national labour market and employment policy structures instead of operating these separately, under the administrative control of the Ministry of Interior and some international,

⁴⁴ Article 11

⁴⁵ Article 12

non-governmental organisations. On the one hand, this would significantly improve the integration chances of the affected persons by decreasing social distances and, on the other hand, present-day project-based and isolated initiatives could be replaced by stable, sustainable and efficient services. Of course this would not imply a “replacement” of the previous participants but would require their involvement and integration into the service system. There is a high fluctuation among people applying for refugee status; most of them spend only a few weeks or maximum some months in the country; for this reason, it would presumably not be an efficient solution if long-term programmes aimed at integration into the Hungarian labour market were elaborated. It could be a viable solution to provide them labour market knowledge that could be used either in a third country or after returning home (including e.g. general job hunting techniques, entrepreneurial information, vocational skills that can be acquired on a short run).

In the case of people ready to return to their home country or facing expulsion from Hungary, it would be expedient to base programmes on communication with organisations and services operating in their home country; in this way they could be followed-up and helped after returning home. Both in such and secondary migration cases (transition to a third country), program components facilitating and stimulating regional co-operation are of a key importance. Special attention should be given to the equal opportunities and special needs of women asylum seekers.

The present physical environment of the refugee reception centres is not suitable for implementing inclusion-promoting programmes that rely on a new approach. These places have been designed for mass accommodation, with a hosting capacity from 400 to 1.200 persons. These facilities have only very limited capacity to offer space and infrastructure to learning (vocational/language training) events. The centres are located in the outskirts of country towns, usually in economically less developed regions. The access of asylum seekers to mainstream employment/vocational services available for nationals live in the localities is hindered by the linguistic barriers as well as the limited absorption capacity of the existing programmes. Accordingly, the implementation of programmes aimed at improving the employability of asylum seekers and promoting their inclusion in the labour market presupposes the establishment of an integration centre offering an appropriate physical environment.

Activities under this priority will be complementary to the activities supported by the European Refugee Fund (ERF). Close co-ordination with the employment and integration schemes supported under the ERF will be essential in order to maximise the effect of the DPs funded by EQUAL, as well as to avoid any potential overlaps with similar programmes. The ERF will support and encourage the efforts made by Member States in receiving and bearing the consequences of receiving refugees and displaced persons. With regard to asylum seekers and particularly the conditions for reception and access to asylum procedures, actions under the ERF will provide for infrastructure or services for accommodation, supply of material aid, health care, social assistance or help with administrative and judicial formalities, including legal assistance. At the same time, EQUAL will focus on promoting the vocational and social integration of asylum seekers.

Activities under this measure could include the following:

Elaboration of new methods and services enhancing the employability and inclusion of asylum seekers:

- Providing language and vocational training for asylum seekers.
- Experimenting new integrated services for asylum seekers that rely on a connection of labour market, training, social and psychological support and enhance employability.
- Promote the inclusion of asylum seeking families by establishing new services based on linking activities of organisations of various profiles.
- Training of trainers, support staff and officials working in the asylum system (e.g. inter-cultural training).
- Research and studies regarding the statutory regulations and practice applied in connection with the vocational training and employment opportunities of asylum seekers, with special regard to EU accession and the following legal and institutional harmonisation.
- Developing the capacity of the NGO sector, and enabling it to work effectively in partnership with the relevant authorities.
- Developing networks to share information between the NGO sector.

4.2 EVALUATION OF THE EXPECTED IMPACT

The expected impacts of the programme can be evaluated from various aspects. On the one hand, we can survey direct impacts on the disadvantaged group's position in the labour market; on the other hand, some other impacts are evident on the level of organisations participating in the implementation of the programme. In addition to that, it is important to consider programme impacts at the policy level.

In line with its basic principles, the EQUAL Community Initiative will contribute primarily to improving the labour market position of the most disadvantaged people. In terms of the various priorities the following impacts are expected:

- New methods or services helping the inclusion of disadvantaged people to the labour market are developed and tested.
- New forms of employment offering jobs to disadvantaged people are experimented.
- Innovative approaches to fight horizontal and vertical segregation in the labour market are developed or tested.
- New methods and services are developed to enhance the employability of asylum seekers and to promote their inclusion.

The implementation of the programme implies a learning process for the participating organisations. When implementing the innovative activities, the organisations acquire and disseminate experiences in the framework of mainstreaming and trans-national co-operation,

what will become part of their future activities and induces qualitative changes in their operation. The new methods and procedures developed will be disseminated, and will be incorporated in the activities of similar organisations, too.

The enforcement of the partnership principle will also have an impact on the future operations of the organisations participating in the implementation process. Organisations of various profiles will recognise the opportunities inherent in co-operation and the complementarity of their activities, what may become another drive stimulating co-operation on the long run. Partnership and the involvement of smaller organizations, including Roma organizations, will reinforce these organizations and “empower” them to play an active role in the implementation of activities promoting social and labour market inclusion. Trans-national co-operation will reinforce partnership between organizations operating in the various Member States, and will ensure that successful methods and innovative approaches are disseminated at European level.

Innovative methods that prove to be successful will have an impact on labour market policies, too, that will allow for disseminating best practices and promoting these in wider areas, e.g. through transferring these to “mainstream” ESF activities.

4.3 FINANCIAL ALLOCATION

An indicative allocation of EQUAL Community Initiative funds is shown in the following table. In the case of all priorities, national contribution amounts to 25%.

Table 4.1: Indicative allocation of funds by priorities and themes

Theme	Share within programme budget
Facilitating access or return to the labour market for those who have disadvantages in terms of the labour market (<i>Theme A</i>)	42 %
Promoting lifelong learning and 'inclusive' work practices which encourage the recruitment and retention of those suffering discrimination and inequality in connection with the labour market (<i>Theme E</i>)	39 %
Reducing gender gaps and supporting job desegregation (<i>Theme H</i>)	8 %
Supporting the social and vocational integration of asylum seekers (<i>Theme I</i>)	3 %
Technical assistance	8 %
Total	100 %

With a view to ensure the maximum absorption of funds, the allocation by priorities indicated in the table above might be revised jointly by the Commission and the Managing Authority by the end of 2004.

A detailed financial table of the programme is included in Annex A.

5 LEADING PRINCIPLES OF EQUAL

5.1 PARTNERSHIP

One of the basic values of the EQUAL Community Initiative is the principle of partnership, manifest in all phases and on all levels of implementation, including the national and European levels of management and implementation.

The activities will be implemented by Development Partnerships (DPs). DPs are essentially strategic alliances bringing together actors with relevant competence in the given issue for the implementation of a jointly developed work programme. EQUAL partnerships will necessitate the involvement of a wide range of actors on the basis of a commonly agreed work programme.

Development Partnerships should be inclusive, ensuring that all relevant actors – with no limitations concerning the organisational form – are included. Nonetheless, efficiency-considerations should also be taken into account when setting up partnerships. Therefore the number of partners involved in a given DP is advised not to exceed 8. A given organisation can be involved in more than one DP tackling different issues. DPs should furthermore be capable to develop an integrated approach, a common and coherent strategy, and a detailed work programme to tackle the selected issue. One of the partners in a DP is the so-called lead partner responsible for steering and coordinating the partnership. Each partner in a DP is equally responsible for the outcomes of the DP. Good governance will require the active participation of all interested stakeholders, not only to increase effectiveness of policy development and implementation, but also to enhance and improve governance of the process, thereby contributing to a better mainstreaming of the outputs of EQUAL into policy at national and European level.

The principle of partnership is also manifest in the work of Trans-national Co-operation Partnerships based on the joint activity of at least two Development Partnerships from different Member States or associated partners.

Partnership is also fundamental in the implementation of EQUAL on the national level. It is reflected by the composition and operations of the EQUAL Monitoring Committee and the forums for mainstreaming (*see also Chapter 7*).

5.2 EMPOWERMENT

The principle of empowerment is closely related to partnership. Under the Community Initiative EQUAL empowerment has a double meaning:

- On the one hand, it means that those involved in the implementation of the work programme are also involved in decision-making as equal partners. Or differently, all partners of a DP should be given the opportunity to contribute to and participate in the activities on an equal basis.
- Empowerment, on the other hand, means the involvement and active participation of those targeted in the course of planning and implementing the work programme. Development Partnerships must make efforts to actively involve those associated with the disadvantaged groups and must take into consideration their needs. Active participation of the disadvantaged groups should be encouraged in the evaluation of the activities and as well as in mainstreaming. Empowerment will be positively

assessed in the selection for the setting up of Development Partnerships and Trans-national co-operation and the implementation of the work programmes of Development Partnerships. Proposals with clear commitment and description of methods to implement the principle of empowerment will enjoy priority.

Special emphasis will be laid on developing the capacities of Roma organisations and to promoting their participation in the work of the Development Partnerships with the aim of helping these organisations to become able at a later stage to initiate and coordinate similar activities.

5.3 TRANS-NATIONAL CO-OPERATION

The experience of earlier Community initiatives has proven that trans-national co-operation can be the source of significant value added activities and innovation. Therefore, in the EQUAL Community Initiative, trans-national cross-border co-operation plays a fundamental role. There are two forms of trans-national co-operation: between DPs operating in different Member States and in the framework of the Thematic Networks.

Trans-national co-operation between Development Partnerships will be intrinsic to the implementation of EQUAL and will bind together Development Partnerships from several Member States through their common work programme. To achieve results, trans-national co-operation will require sharing a common approach to tackling specific problems, developing similar and/or complementary strategies, approaches and objectives, and agreeing on priorities for joint action. Development Partnerships will base their common work on their knowledge and experience. The joint activities will be organised in such a way as to achieve a significant added value for the strategies and work plans of each Development Partnership. Trans-national co-operation should not merely mean an exchange of information, but jointly implemented activities, for example the adaptation of models of good practice, the joint elaboration of new methods, organising of joint events, etc. Trans-national Partnerships are nevertheless more flexible than DPs; it is possible to add new trans-national members during the implementation phase or in some cases members might leave the partnership.

The process of sharing information and exploiting the results of innovation is at the heart of EQUAL. To achieve this, networks structured around a thematic focus have been established in Member States and at European level. These networks bring Development Partnerships together, to discuss and evaluate the most promising practices and outcomes of the work, and to prepare their dissemination and integration into policies and practice. Other actors, from outside the Initiative, such as political decision-makers, researchers, associations, social partners are also implicated in these activities.

Development Partnerships validate, disseminate and share their experience and results both within the framework of national thematic networks and at European level through the European Thematic Groups. Co-operation at national and European level supports:

- thematic reviews of the strategic approaches and the results achieved;
- identification of good practice, particularly relevant to the Employment Strategy and Social Inclusion Strategy;
- dissemination of good practice solutions into Europe-wide discussion fora.

Through technical assistance, both Managing Authorities and the European Commission support the thematic review process. In particular this includes hosting conferences, seminars, and working groups in order to advance the assessment, benchmarking, delivery and

implementation of good practices from EQUAL. Development Partnerships, as part of their commitment to trans-nationality and as an integral part of their work programme, participate and contribute to these networks and events (for which participation costs, travel and subsistence, are considered as eligible expenses).

5.4 INNOVATION

EQUAL supports the elaboration and application of innovative approaches to policy design and delivery, thereby providing an opportunity for testing and adapting new approaches or methods successfully applied elsewhere. In most cases innovation does not mean the invention of something entirely new, but it represents a novelty in a given environment or area. Already from the outset, Development Partnerships must be able to define clearly the innovative elements of their work programme as against current practice.

In the EQUAL Community Initiative, three types of innovation should be distinguished:

1. Process-oriented innovation is focused on the testing and adaptation of new methods, tools or approaches.
2. Goal-oriented innovation aims at formulating new objectives, developing new qualifications or opening up new areas of employment.
3. Context-oriented innovation contributes to the development of the labour market system and adaptation of institutional structures.

5.5 THEMATIC APPROACH

The EQUAL Community Initiative is built around nine priority themes (*for a detailed description of thematic fields and priorities, see Section 4*). In the course of planning, Member States identify the priority themes under which activities will be supported. The purpose of thematic approach is to allow a problem-oriented approach in addressing inequalities and discrimination in the labour market in addition to the conventional target group oriented approach.

The thematic approach is also supported by the European Thematic Networks established in relation to the priorities. European Thematic Networks bring together Development Partnerships and other relevant actors and experts with the primary aim of mainstreaming, dissemination and exchange of experience (*see also chapter 7*).

5.6 MAINSTREAMING

Innovation is not self-contained in EQUAL. Mainstreaming – both horizontal and vertical – of the results and experiences of activities is another cornerstone of the Programme. Mainstreaming has a prominent role throughout the implementation of the programme (*for details see section 6.3*). Mainstreaming is carried out both at the national and at the European level by thematic networks (National Thematic Networks and European Thematic Networks) and the Monitoring Committee. Nonetheless, individual DPs have also an important role and responsibility in mainstreaming through the dissemination of information on their activities in the form of brochures, web sites, conferences etc.

5.7 GENDER MAINSTREAMING

In accordance with the regulations of the Structural Funds, the principle of equal opportunities of women and men will be a horizontal principle under the EQUAL Community Initiative Programme. Gender mainstreaming will require a comprehensive approach and the systematic consideration and monitoring of the differences between the conditions, situations and needs of women and men in all policies and measures, at the point of planning, implementation and evaluation. Gender mainstreaming should go beyond ensuring parity of women and men involved in activities. It should – in accordance with the basic principles of EQUAL – promote changes in gender roles, institutional practices and the organisation of work and leisure time across the whole programme.

To ensure proper implementation of the gender mainstreaming principle Development Partnerships will receive a more detailed guidance in the EQUAL Programme Complement and they can also make use of technical assistance (*see also Section 7.6.2.2*).

5.8 GOOD GOVERNANCE

Good governance requires the active participation of all interested stakeholders, not only to increase effectiveness of policy development and implementation, but also to enhance and improve governance of the process, thereby contributing to a better mainstreaming of the outputs of EQUAL into policy at national and European level.

The architecture of EQUAL has integrated essential features good governance as it addresses crosscutting policy issues, and works across and beyond institutional boundaries. As an innovative programme, EQUAL questions established ways of dealing with situations and encourages new and creative ideas. Learning is based on experience of what works and what does not, through systematic evaluation and using sound evidence for assessing and implementing policy and delivery alternatives whilst also learning from peers and taking full account of national and European experience.

EQUAL Development Partnerships include a wider range of partners and ‘potential user’ bodies such as employers’ organisations, training or public employment bodies or economic development agencies in their partnerships and their activities. Not only is the partnership wider, but all key stakeholders, especially the people and organisations directly or indirectly affected by discrimination and inequality, are included throughout the whole development and mainstreaming process.

6 PHASES UNDER EQUAL

The implementation of the EQUAL Community Initiative consists of the following three phases:

- Setting up Development Partnerships and Trans-national co-operation (*Action 1*): Elaborating the work programme of Development Partnerships (DPs), finalising the composition of the DPs, concluding the Development Partnership Agreements and the Trans-national Co-operation Agreements;
- Implementing the work programmes of Development Partnerships (*Action 2*);
- Mainstreaming (*Action 3*): Thematic networking and dissemination of good practice and making an impact on national policy;

The setting up of Development Partnerships and Trans-national co-operation and the implementation of the work programmes of Development Partnerships represent consecutive phases, while thematic networking, dissemination of good practice and making an impact on national policy, as well as Technical Assistance are activities that accompany the implementation of the whole programme.

6.1 CALL FOR PROPOSALS AND SELECTION

In accordance with the Guidelines for the second round of the Community Initiative EQUAL⁴⁶ there will be a single selection procedure for funding. It will be based upon an application submitted jointly by a number of organisations (Development Partnership initiators).

The call for proposals will be published by the Managing Authority (*see Sub-section 7.1.1.*). Jointly with the EQUAL National Support Structure, in the framework of an information campaign, the Managing Authority will inform the potential applicants on the objectives of the EQUAL Community initiative, the themes and implementation of the Hungarian EQUAL Community Initiative Programme, the application procedures, etc. In the course of the information campaign, the widest possible range of local, regional and sectoral level organisations will be informed.

The application should include:

- the partners to be involved in the Development Partnership at the outset;
- the arrangements for ensuring that all relevant stakeholders can become involved during the life of the partnership including, in particular, appropriate small organisations;
- the arrangements for handling the administrative and financial responsibilities;

⁴⁶ Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions establishing the guidelines for the second round of the Community Initiative EQUAL concerning transnational co-operation to promote new means of combating all forms of discrimination and inequalities in connection with the labour market. COM(2003) 840 final

- an outline of the rationale for the partnership, a diagnosis of the problem to be addressed, and an outline of the objectives of the partnership;
- an assessment of the relevance of the problem addressed and of the solution to be tested, an explanation of how discrimination and inequality will be tackled, and an outline of how the results could be disseminated and transferred to policy and practice;
- the expectations from trans-national co-operation;
- an outline of the activities foreseen for developing and testing the innovative approach for the entire period, including an indicative budget (estimate);
- a detailed work plan, methodology and management tools for developing and finalising the Development Partnership Agreement, including budget.

The selection of DPs will be carried out by the Managing Authority based on the recommendations from the Project Selection Committee. Once selected, Development Partnerships will be required to achieve milestones in the operating of their work programmes. The achievement of milestones will be monitored and assessed by the National Support Structure, to be validated by the Managing Authority. Failure to meet the initial milestones will lead to de-selection, after which expenditure will no longer be eligible. The Development Partnerships selected together with the Managing Authority will sign a grant contract. This grant contract (Contract 1) will determine the amount of support granted to the Development Partnership for the implementation of the work plan. Unsuccessful applicants will be given reasons for their non-selection and will be informed of the appeal procedures.

Subsequent milestones relate to a review of the implementation of the work programme as set out in the Development Partnership Agreement. Where there is a financial consequence to the non-performance of activities, the Managing Authority may realign the budget accordingly. These reviews will be conducted regularly by the National Support Structure, at least at 12 month intervals.

A detailed description of the selection criteria will be included in the Programme Complement. There will be three main categories of criteria which are the following:

Policy-related criteria:

- relevance of the work programme from the point of view of the European Employment Strategy and Social Inclusion Strategy and related national strategies),
- coverage of disadvantaged groups.

Horizontal criteria - Guiding principles of EQUAL:

- innovation,
- partnership,
- trans-national co-operation,
- dissemination, networking and impact,
- empowerment,
- gender mainstreaming.

Operational criteria:

- DP structure and operational arrangements,
- budget,

- arrangements for the implementation of the work programme.

The number of criteria will be limited to avoid complexity in the selection process. The selection criteria will be presented as part of the call for proposals.

The Managing Authority will ensure that there is no conflict of interest in the selection procedure. Preliminary checks on applications will be undertaken by the National Support Structure and the assessment and proposals for selection will be carried out by the Thematic Selection Committees. The final decision on the Development Partnerships selected will be made by the Managing Authority. Further details on the selection procedures and the selection criteria will be included in the Programme Complement.

6.2 SETTING UP DEVELOPMENT PARTNERSHIPS AND TRANS-NATIONAL CO-OPERATION (ACTION 1)

The purpose of this phase is establishing and strengthening of Development Partnerships suitable for durable co-operation and able to ensure a successful implementation, defining a comprehensive work programme for Development Partnerships and establishing trans-national partnerships.

Once selected, expenses become eligible and Development Partnerships will be required to achieve 'milestones' in the operation of their work programme. The initial milestone (Action 1) is the creation or consolidation of a sustainable, effective Development Partnership and its strategy including trans-national co-operation which will have a real added value. The time period available for this will be determined by the quality and speed at which each Development Partnership achieves agreement with all partners on the draft Development Partnership Agreement (*see details below*).

The draft Development Partnership Agreement should immediately be submitted to the Managing Authorities. Upon receipt of the draft Development Partnership Agreement, Managing Authorities will confirm, normally within 8 weeks, the initial selection of the Development Partnership. Based on this conformation, a second grant contract (Contract 2) will be signed by the Managing Authority and the Development Partnership including the multi annual budget available to implement the work programme. Failure to submit a draft Development Partnership Agreement will lead to de-selection, after which expenditure will no longer be eligible.

Subsequent milestones relate to a review of the implementation of the work programme as set out in the Development Partnership Agreement. Where there is a financial consequence to the non-performance of activities, Managing Authorities may realign the budget accordingly. These reviews will be conducted regularly, at least at 12 month intervals.

6.2.1 TRANS-NATIONAL CO-OPERATION

In the course of the setting up Development Partnerships and Trans-national co-operation, each DP will have to select at least one partner from a different Member State and conclude a trans-national co-operation agreement. In addition, the co-operation may be extended to similar projects supported in the framework of the PHARE, TACIS, or MEDA programmes, operating in a non-Member State. In exceptional and appropriately justified cases it is also possible to involve another partner external to EQUAL provided that the value added is clearly ascertained and this associated partner brings the proof of its capacity to cover its own

expenditure carried out within the framework of this co-operation. Partners outside EQUAL will be called 'associated trans-national partners', and their participation will be submitted for approval by the Managing Authorities of the Member States responsible for the various partners.

Within the framework of the trans-national co-operation, each Development Partnership is in a contractual relationship with its own national Managing Authority, to which it gives account. Nevertheless, the various Development Partnerships (trans-national partners) are connected among themselves by a trans-national co-operation agreement (TCA) which specifies the objectives and common work methods of their "co-operation network". The TCA will form part of the Development Partnership Agreement (*see section 6.2.2*).

This agreement mixing partners of different countries brought together around a joint activity, exceeds the national scope of each partner and requires methods of management at European level. To this end, the TCA must be presented on the basis of the common format described in the Guide on Trans-nationality, and must be entered into the common database 'EQUAL trans-national co-operation internet module' (ETCIM). A paper version of the database entry should be annexed to the draft Development Partnership Agreement. The data of the trans-national partners and agreements are loaded into the database by the Development Partnership performing the secretariat tasks of the co-operation network. This must be approved by the other contractual parties and the involved Managing Authorities electronically. Each co-operation network selects a name, which is used for its identification.

The Managing Authority will ensure that data on Development Partnerships will be entered into the ECDB before January 1 2005, so that when the "trans-nationality window" is opened all Development Partnerships have an equal chance to find trans-national partners and finalise their Development Partnership Agreement.

The ratio of resources devoted to trans-national co-operation within the budget of the Development Partnership may not be less than 15 per cent of the budget. All costs can be offset as a cost of the activity related to trans-national co-operation that is associated with the trans-national aspect of the programme, including travel, subsistence and keeping in touch with trans-national partners, as well as the costs arising at home in relation to trans-national co-operation (for example, the wages, costs related to meeting the national tasks of trans-national co-operation, rents, translation costs etc.).

6.2.2 THE DEVELOPMENT PARTNERSHIP AGREEMENT

The draft Development Partnership Agreement documents the consensus of the partners and presents their common strategy in a structured, concise and coherent way, and identifies the main factors for success of the Development Partnership. Therefore it should contain:

- a diagnosis and an assessment of the specific problems in relation to labour market exclusion, discrimination and inequality, to be tackled;
- a stakeholder analysis; identifying and discussing the interest and expectations of people, groups, or organisations that may influence or be influenced by the solution to be developed and tested, and a description of the roles of relevant stakeholders in the work of the Development Partnership;
- objectives and the strategy to attain them, reflecting learning from the first round of EQUAL and any other relevant action;
- a description of the assumptions, risks and flexibility requirements;

- a detailed work programme accompanied by a realistic budget, both broken down by national and trans-national activities/costs;
- a clear identification of the role of each partner, including the arrangements for steering and managing the partnership and administering the financial support preferably using a commonly agreed system;
- a Trans-national Co-operation Agreement specifying:
 - the common interests, the added value of the trans-national activities, and the trans-national work plan and budget;
 - the contributions and roles of each trans-national partner, the methods of decision making and the organisational arrangements for implementing the common work programme as well as the methodologies for monitoring and assessment of joint activities should be set out.
- the methodology and mechanism for on-going assessment of activities and achievements, including a description of verifiable indicators which demonstrate how the objectives, outputs and results will be measured and assessed ;
- the corresponding methodology and mechanisms for monitoring and assessment of joint activities in the trans-national co-operation;
- the commitment of the Development Partnership including their trans-national partners to collaborate on mainstreaming activities at national and European levels;
- the strategy and mechanisms for implementing a gender mainstreaming approach.

The draft Development Partnership Agreement must also demonstrate that the Development Partnership fulfils the following conditions:

- *Financial viability*: the availability of the necessary co-financing.
- *Transparency*: Public access to the results obtained (products, instruments, methods, etc.).
- *Capacity-building and empowerment*: The Development Partnership has the capacity to mobilise and enable different actors to work together effectively around their common strategy. Particular attention will be given to the arrangements for ensuring that all relevant actors, such as: public authorities; the public employment service; NGOs; the business sector (in particular small and medium sized enterprises); and the social partners, can become involved during the life of the partnership. The Development Partnership must show that all partners have fully participated in the planning and development of the Development Partnership Agreement.
- *Learning spirit*: the capacity and willingness to learn from others, and to actively co-operate in networking, dissemination and mainstreaming activities at both national and European level.

The Managing Authority and the National Support Structure will provide on-going assistance to the Development Partnerships in the establishment of the Development Partnership Agreements through specific consultancy in thematic field, legal counselling, guidelines, information services, training, seminars, workshops, etc.

6.3 IMPLEMENTATION OF THE WORK PROGRAMMES OF DEVELOPMENT PARTNERSHIPS (ACTION 2)

The period of implementing the work programmes of the DPs commences immediately after the setting up Development Partnerships and Trans-national co-operation and the period may range from 24 months to 36 months. The coordination and monitoring of implementing the work programme are provided by the Managing Authority with the contribution of the EQUAL National Support Structure, which also has the task of coordinating the implementation of the work programmes, as well as the activities related to exchange of experience and to participation in the work of the thematic networks (*see Section 6.3*).

In the period of implementing the work programme, the Managing Authority is responsible for regularly collecting monitoring information and for loading the data into the EQUAL Common Database (ECDB). The monitoring information is collected and forwarded to the Managing Authority by the EQUAL National Support Structure.

In the framework of the EQUAL Community Initiative Programme, it is expected that approximately 50-80 DPs will be selected. The minimum amount of grant is 300,000 euros.

6.4 MAINSTREAMING – THEMATIC NETWORKING, DISSEMINATION OF GOOD PRACTICE AND MAKING AN IMPACT ON NATIONAL POLICY (ACTION 3)

One of the basic principles of EQUAL and an important element in implementing the programme is mainstreaming⁴⁷ regarding the experience obtained during the implementation of the work programmes, the dissemination of results and the integration of good practices into the policies. In the framework of EQUAL, hence mainstreaming has two directions: on the one hand towards similar organisations specialising in the same area ('horizontal mainstreaming') and on the other towards the policy makers ('vertical mainstreaming'). Mainstreaming, that is the dissemination of good practice in both directions must be ensured on both national and Community levels.

The activities related to mainstreaming must be commenced simultaneously with the implementation phase, and this activity is completed simultaneously with the closing of the programme.

Activities associated with mainstreaming could be the following:

- Revealing the reasons for labour market disparities and discrimination;
- Examining the impact or potential impact of the activities of Development Partnerships regarding the priorities identified in the National Employment Action Plan and concerning groups at a disadvantage in the labour market;
- Examining and assessing the factors that influence the efficiency of good practice and well established methods, setting up the means suitable for measuring the output;
- Dissemination of good practice on an on-going basis following the setting up Development Partnerships and trans-national co-operation;

⁴⁷ The general meaning of the expression 'mainstreaming' refers to a process in the course of which a given principle, procedure, method etc. becomes part of the mainstream of the policy. In the case of the EQUAL Community Initiative, this represents an element of the implementation which ensures via mainstreaming, thematic network co-operation, and dissemination of results and experience the proliferation of the good practice and their integration in the policies and practice. The expression 'mainstreaming' does not have a Hungarian equivalent, therefore in the framework of the EQUAL Community Initiative the expression 'tapasztalatátadás' (hand-over of experience) is used, to include all of the activities mentioned above.

- Publishing the results in the press and on the Internet;
- Organising conferences, information events and seminars;
- Participation in the work of national level and EU level thematic networks.

In order to enhance mainstreaming of innovations, and upon receipt of a proposal from Development Partnerships acting either singly or in groups, or ad hoc consortia of Development Partnership partners, multipliers and experts, Managing Authorities may fund additional activities for assessing, presenting and promoting the evidence for good practice at national or European level including

- validation of the innovation;
- benchmarking innovation against existing approaches nationally and in other Member States;
- dissemination of the innovation to additional actors concerned with the discrimination tackled;
- demonstration and transfer of good practice including mentoring;
- and integration of experience and lessons learnt from outside EQUAL.

Managing Authorities may also fund additional mainstreaming activities by Development Partnerships as part of the collaboration within European thematic groups.

6.4.1 MAINSTREAMING AT DP LEVEL

Each Development Partnership is obliged to participate in activities related to mainstreaming. The related obligation must be included in the Development Partnership agreement.

Regarding their activities related to mainstreaming, the Development Partnerships receive further financial grants in addition to the financial support obtained for the implementation of the project.

6.4.2 MAINSTREAMING AT NATIONAL AND EUROPEAN LEVEL

In the course of mainstreaming, efforts must be made to ensure that the effect of the programme is manifest as fully as possible on the level of employment policy. To this end, an increasing number of organisations – including the decision makers, the policy makers, the Public Employment Service, the non-governmental organisations, the civil sector and the social partners – must be mobilised and involved in the activities. The Managing Authority will develop and implement the strategy on mainstreaming with the assistance of the National Support Structure. The primary environment for national level mainstreaming comprises the National Thematic and Innovation Committee which will be primarily made up of policy makers and national actors who do not participate in various Development Partnerships or in implementing the programme but whose activities are related to the labour market and employment. The thematic networks are basically organised in subjects identified in the EQUAL Community Initiative Programme, and so-called horizontal thematic working groups are also established which allow an exchange of experience between Development Partnerships related to the various thematic areas. In controlling, monitoring and assessing the work of thematic networks, the horizontal thematic working groups will channel information to the National Thematic and Innovation Committee, which will work as a sub-committee attached to the Monitoring Committee (*see Sub-section 7.2.2*).

The Managing Authority will draft a Mainstreaming Strategy and submit it to the Monitoring Committee for approval. The Mainstreaming Strategy will be implemented jointly by the Managing Authority and the NSS and its activities and achievements will be monitored.

Operating and coordinating the activities of the national level thematic groups are the responsibilities of the EQUAL National Support Structure. The representatives of all involved ministries – including the Ministry of Employment and Labour, the Ministry of Education, the Ministry of Health, Social and Family Affairs, and the Ministry of Interior – as well as the representatives of the relevant trade organisations are requested to contribute to the work of thematic groups via the National Thematic and Innovation Committee and the Monitoring Committee.

The purposes of mainstreaming on a European level are the dissemination of good practices and models in as wide a range as possible, examining them from the aspect of European policies. The European level mainstreaming primarily involves the European Thematic Groups (*ETG*) in which each Member State is represented.

6.5 TECHNICAL ASSISTANCE

Technical Assistance means the on-going support to the implementation of the programme, which helps the activities of the Development Partnerships on the one hand and ensures the appropriate technical background for implementing the tasks of the Managing Authority on the other. In view of the innovative and complex character of EQUAL, technical assistance is of key importance for the success and efficiency of the programme.

The technical assistance which accompanies the whole programme includes among other things contribution to preparing and arranging the call for proposals, supporting and facilitating the creation and consolidation of the Development Partnerships, assisting and monitoring on an on-going basis the operations of the Development Partnerships and the implementation of the work programme, organising and co-ordinating the activities related to mainstreaming and contribution to the thematic groups. The resources to be earmarked for activities related to Technical Assistance will represent 8 per cent of the total budget of the programme.

7 CIP IMPLEMENTATION

7.1 MANAGING ARRANGEMENTS

7.1.1 MANAGING AUTHORITY

In Hungary, the EQUAL Community Initiative Managing Authority (hereinafter EQUAL MA) has been set up within the framework of the Human Resources Development Operational Programme Managing Authority (hereinafter HRD OP MA). The HRD OP MA will share responsibilities and tasks in the following areas between the implementation of HRD OP and the EQUAL CIP. These areas will be the followings: financial procedures, internal audit, internal evaluation, IT support, database operations. The Operational Handbook of EQUAL CIP will specify the actual time-share rates for each managerial area. Inside the HRD OP and EQUAL MA an EQUAL Unit will be set up and will consist of five designated, full time positions: Head of Unit, Financial Manager, Thematic Networking Manager, Operational and Monitoring Manager, Programme Coordinator. The Director General of the HRD OP MA assumes the function of the EQUAL Head of Mission.

The EQUAL Managing Authority shall be responsible for the efficiency and correctness of management and implementation of the EQUAL Community Initiative Programme (CIP), and it shall, in particular:

- Set up a system to gather reliable financial and statistical information on implementation of the CIP and ensuring the transparency, efficiency and clarity of programme implementation;
- Plan and administer the Technical Assistance measures and, in this context, define the objectives of the National Support Structure, approve its annual work plan and supervise the quality and final delivery of its work;
- Design, set up, and operate the EQUAL Community Initiative monitoring and evaluation system, in accordance with the relevant regulations;
- Load and update in the information system the data collected on the implementation and necessary for monitoring indicators and evaluation;
- Forward the data mentioned above to the European Commission by computer-based data exchange;
- Adjust the Programme Complement, if necessary, and after approval by the Monitoring Committee it shall inform the Commission of the adjustment within one month;
- Set up, operate and chair the EQUAL Community Initiative Monitoring Committee, fulfil secretarial functions;
- Ensure the regulated and controlled management of the activities financed within the EQUAL Community Initiative, especially by the application of internal regulations that guarantee sound financial management and proper programme implementation;
- Forward payment requests to the Paying Authority in line with the related legal and other regulations;

- Ensure that the organisations participating in the delivery and implementation of the EQUAL Community Initiative use independent accounting systems and apply proper accounting rules in all transactions related to the EQUAL Community Initiative;
- Arrange for the ex-ante and on-going evaluation of the Programme;
- Draw up and submit the Annual Implementation Report to the European Commission following its approval by the Monitoring Committee;
- Ensure the correctness of operations financed under the CIP, particularly by implementing internal controls in keeping with the principles of sound financial management;
- Ensure compliance with Community policies and rules, notably on equal opportunities, state aid and public procurement;
- Send the Reports prepared in the format and chronological order specified by the European Commission to the Community Support Framework Managing Authority for information,
- Ensure compliance with the obligations concerning information and publicity, elaborate and provide for the conditions to implement the Communication Strategy;
- Arrange for the publication of the public procurement tender announcements;
- Elaborate and provide for the conditions to implement the Mainstreaming Strategy;
- Carry out tasks related to the EQUAL Community Initiative as defined in the Operational Handbook of the Human Resource Development Operational Programme, as well as the Operational Handbook of the EQUAL Community Initiative.

The Operational Handbook of the EQUAL Community Initiative will serve as the everyday manual during the implementation. The contents will be as a minimum: implementation structure, audit and control arrangement, system of storing and managing data, the management of the Monitoring Committee, provisions for ensuring compliance with community policies, the list of eligible activities and costs, equal opportunities, management of the application procedure, financial management, monitoring procedures, control arrangements, procedures in the case of irregularities and fraud, evaluation, communication and publicity.

7.1.2 CONTROL ARRANGEMENTS

The EQUAL Managing Authority is responsible for ensuring that the auditing and control of the programme implementation is transparent, effective, and reliable. Therefore it will implement the tasks listed below, based on the appropriate sections of EC Regulations 1784/99, 1260/99, 1685/2000, 438/2001, 2355/2002 and 448/2001 and the Hungarian legal statutes in force. The EQUAL Managing Authority:

- Develops an audit trail and an audit system for the EQUAL Community Initiative as part of the control and audit system of the HRD OP MA;
- Ensures that according the control system specified by the above mentioned audit trail and audit system will operate at three distinct levels;
- The three levels of the control system will be as follows: (i) Internal audit of the NSS (ii) External audit for sample checks based on article 10 of the Commission Regulation (EC) No. 438/2001 performed by the Control Department of Ministry of

Employment and Labour (iii) External audit for winding-up of assistance based on article 15 of Council Regulation (EC) No.438/2001. performed by the Government Audit Office (KEHI);

- Report irregularities and fraud based on an independent control system as part of the internal audit system of the EQUAL MA and part of the internal audit system of the NSS;
- Includes, in agreement with the European Commission, a summary of the control and audit reports in the Annual and Final Reports required by the Commission;
- Ensures that the Development Partnerships (DP) and the National Support Structure have the necessary knowledge based on the EQUAL Operational Handbook about the sharing of responsibilities concerning the financial management ;
- The EQUAL MA will coordinate the implementation of controls and the audit system in the implementation structure over the EQUAL MA bears full and exclusive responsibility, in the case of coordination of the external audit and control system, the inter-ministerial committee, created by the Ministry of Finance has full responsibility;
- The EQUAL Managing Authority shall act in accordance with point 1 of section 38 of EC Regulation 1260/1999, and agrees to submit to the Commission a final audit statement prepared by an organisation functionally separated from the Managing Authority after the close of the Programme implementation period. This audit statement will summarise the findings of the controls conducted during the implementation of the EQUAL Community Initiative in Hungary, and it will make a judgement regarding the validity of the request for final payment, as well as the legality and regularity of the transactions listed in the final certification of expenditure.

7.2 MONITORING ARRANGEMENTS

The Monitoring Committee is responsible for monitoring and controlling the implementation of the EQUAL Community Initiative Programme. The Monitoring Committee will be set up within three months as of the date of the approval of the Community Initiative Programme.

7.2.1 THE PRINCIPLES OF OPERATION OF THE MONITORING COMMITTEE

Partnership is a key principle of EQUAL that will be reflected also in the operation of the Monitoring Committee, in accordance with EC Regulation 1260/1999.

The Monitoring Committee develops its own rules of procedure and Organisational and Operational Regulations, including all necessary and recommended constitutional and organisational forms. Members of the Monitoring Committee receive the monitoring and other reports on the implementation at regular intervals in paper and electronic form. As a rule, the Monitoring Committee shall meet at least twice annually. The secretarial tasks of the Monitoring Committee shall be taken up by the EQUAL MA. When convening the Monitoring Committee, the EQUAL MA will strive for equal gender representation.

With a view to avoid any potential conflict of interest, Monitoring Committee members representing organisations participating in a Development Partnership will not be involved in the selection of DPs.

7.2.2 THE TASKS OF THE MONITORING COMMITTEE

According to EC Regulation 1260/1999 and EQUAL Communication No. COM 2003/840, the Monitoring Committee shall:

- confirm or adjust the Programme Complement, including financial and physical indicators to be used to monitor the programme;
- approve the selection criteria for applications to be financed;
- review in regular intervals the progress in the achievement of programme objectives (with the aid of interim and on-going evaluation) and examine the possible need for modification of the measures, performance indicators and selection criteria;
- monitor the implementation, with special regard to implementation of objectives adopted related to the different thematic areas, data collection and use of data, as well as the implementation of horizontal objectives, and make recommendations for the most productive and effective implementation based on the data and the results received;
- approve the re-allocation of financial resources among the Actions of EQUAL ;
- examine and approve the Annual and Final implementation reports prior to their submission by the EQUAL MA to the European Commission;
- examine and approve the proposals for modifications to the contents of the European Commission decision on the CIP;
- make recommendations to the Managing Authority for any review or possible modification which promotes more effective programme implementation and the objectives of the CIP including in respect of financial management;
- approve the communication and publicity strategies relating to the CIP;
- approve strategies and work plans relating to Technical Assistance, National and European Thematic Network activities and Mainstreaming;
- make recommendations for convening sub-committees, and among these, the EQUAL National Thematic and Innovation Committee.

An indicative list of the bodies and organisations to be represented in the Monitoring Committee:

- EQUAL Managing Authority – Chair person
- Ministry of Employment and Labour
- Ministry of Education
- Ministry of Health, Social and Family Affairs
- Ministry of Children, Youth and Sport
- Ministry of Informatics and Communications
- Ministry of Economy and Transport
- Ministry of Environment and Water
- Ministry of Interior

- Government Office for Equal Opportunities
- National Support Structure
- Employers' organisations
The National Interest Reconciliation Council employer's side delegates one representative
- Trade Unions
The National Interest Reconciliation Council employees' side delegates one representative
- Adult Training Organizations
The Association of Adult Training Organizations delegates one representative
- Women' Organisations
The non-governmental side of the Council for Representation of Women delegates one representative
- Roma organisations
The non-governmental side of the National Roma Affairs Council delegates one representative
- Environmental protection organisations
The National Congress of Environment and Conservation Civil Organisations delegates one representative
- Organisation representing the disabled
The non-governmental side of the National Disabled Affairs Council delegates one representative
- Organisation representing asylum seekers
The IOM Hungary delegates one representative
- Organisation assisting the unemployed
The NGO Forum comprising non-governmental organisations active in the field of employment delegates one representative
- Educational non-governmental organisations
One representative of the Associations of educational NGOs
- Regional partners
One representative from one of the seven Regional Development Councils, rotating on a regular basis.
- Representative of the Paying Authority (Ministry of Finance) (in an advisory capacity),
- Representative of the Governmental Control Office (KEHI) (in an advisory capacity),
- Representative of the Hungarian State Treasury (MÁK) (in an advisory capacity),
- Representative of the European Commission (in an advisory capacity),

- Representative of the Community Support Framework Managing Authority (in an advisory capacity),
- Representative of the Managing Authority Operational Programme for Regional Development (in an advisory capacity),
- Representative of the Managing Authority of the Economic Competitiveness Operational Programme (in an advisory capacity),
- Representative of the Managing Authority of the Agriculture and Rural development Operational Programme (in an advisory capacity).

7.2.3 MONITORING INDICATORS

The Managing Authority will collect, among others, the following minimum indicators:

Setting up partnerships

- Total and Average Amounts spent to set up DP/TC,
- Themes,
- Average Time spent to set up DP/TC,
- Average Number of partners in DP/TC.

Implementing work programmes

- Amounts spent with distribution by core activities (list to be agreed) and separation for trans-national co-operation activities (e.g. meetings with trans-national partners),
- Where applicable, number of beneficiaries (persons/companies/other) in the core activities and distribution by gender and status in the labour market, asylum seekers (persons), size and sector (companies),
- Number of trans-national meetings attended/time spent in events.

Thematic networking, dissemination of good practice and making an impact on national policy

- Amounts spent for specific preparation and participation,
- Number of events attended/Time spent in events,

DPs' participation in European level networking, dissemination and mainstreaming

- Amounts spent for preparation and participation,
- Number of events attended/Time spent in events.

Further indicators, related to the thematic priorities and measures (including result, output and impact indicators specific to each activity) will be included in the Programme Complement.

7.3 FINANCIAL ARRANGEMENTS

The Head of Mission of the EQUAL Managing Authority is responsible for effective and productive professional implementation in conformity with the contents of the EQUAL

Community Initiative Programme, and thus is also responsible for operation of the financial payment system and setting up the connected control system, including operational rules for launching the call for applications and contracting.

7.3.1 THE PAYING AUTHORITY

The Ministry of Finance is designated by Government Decision No 2187/2002. (VI. 14.) as the single Paying Authority (PA) for the four Structural Funds (ERDF, ESF, EAGGF Guidance Section, FIFG) and the Cohesion Fund, and will therefore have the responsibility for drawing up and submitting payment applications and receiving payments from the Commission. The Paying Authority is institutionally and functionally independent from the EQUAL Managing Authority and the National Support Structure.

Financial tasks of the Paying Authority:

- Managing the liquidity of payments receipts from the European Social Fund (payment on account, interim payments, final balances);
- Drawing up and submitting to the Commission the certified payment applications (declaration of certification of expenditure, statement of expenditure, application for payment) on the basis of the statements prepared by the managing authority and expenditure actually incurred by the DPs. The Paying Authority has set up the Certification Unit, which is functionally independent from the other units of the paying authority.

In support of the certification activity of the paying authority and to fulfil the requirements of Art. 9 of the Commission Regulation (EC) No. 438/2001 a bottom-up verification reporting system will be functioning as it is prescribed by Chapter VI of the Government Decree 233/2003 for other Structural Fund programmes. The Paying Authority will be entitled by Bilateral Agreement (to be concluded with the managing authority) to receive the approved operational manuals of the Managing Authority and the NSS together with its appendices and the audit trail, also any audit report prepared in the control system of the Managing Authority or the NSS, or any other audit report prepared by organisations authorised to conduct audits (including the 5% controls) for information, immediately after the approval of the report or after receiving the final report. The Paying Authority will be also entitled to have free access – upon notification – to documents and data related to certification held in electronic or paper form at the Managing Authority or the NSS.

- Summing up and submitting not later than 30 April of each year forecasts of applications for payment to the Commission for the current and following year on a basis of the forecasts compiled by the Managing Authority;
- Recovering sums due to the Fund re-paid (re-transferred) by the Managing Authority and the application of financial corrections where they arise, as a result of the discovery of administrative errors, or from events arising from the management of the programme or from the occurrence of irregularities;
- Summing up and submitting to the Commission once a year a statement of the amounts awaiting recovery at that date, classified by the year of initiation of the recovery proceedings;
- The Paying Authority supplies the monitoring system with the appropriate data and information in accordance with the applicable Government decree, as well as

continuously informing the Managing Authority regarding financial processes belonging to its area of responsibilities.

7.3.2 FINANCIAL IMPLEMENTATION AND FINANCIAL CONTROL BODIES

7.3.2.1 *Financial implementation body*

The Hungarian State Treasury (HST) will perform financial implementation related tasks for the activities funded by EQUAL Community Initiative as a special financial “intermediary” body.

Tasks and responsibilities of the HST will include but not be limited to the following:

- checking the amount of public debt for each Development Partnership to be funded;
- monitoring the cumulated level of subsidies for each DP;
- checking availability of allocated grant budget;
- effecting transfers following a review of invoices and summary statements submitted, as well as of settlement confirmation issued by the National Support Structure;
- financial monitoring during draw-down of funds and upon closing, final audit if liability is undertaken;
- collecting money in the case of non-eligible draw-downs or funds to be repaid.

7.3.2.2 *Financial control body*

In accordance with Regulation No. 438/2001, the organisation responsible for financial control shall be an organisation independent from the Managing Authority, the Paying Authority and the National Support Structure. A unit of HST, functioning independently for the aforementioned financial implementation unit of HST will perform first level (100%) financial control duties as defined in Article 4 of Regulation No 438/2001. The financial control unit of the Hungarian State Treasury performs the 100% level financial control including periodical physical visits at the project sites.

7.3.3 FINANCIAL FLOWS TO DEVELOPMENT PARTNERSHIPS (DPs)

The Managing Authority (MA) will issue a contract (grant letter) to the Development Partnership. This contract will be concluded with the DP partners, one of whom can be entitled to act on behalf of the other DP partners as lead partner.

All DPs will have appointed an organisation⁴⁸ which will administer the public funds. The MA will provide guidance and detailed description of the tasks of such an organisation. This organisation will aggregate all expenditures and verify their eligibility. It will submit statements of expenditure and payment claims to the HST on a regular basis as specified in the contract (grant letter).

⁴⁸ If this organisation is not one of the DP partners, DP will have to select it by applying the public procurement rules.

The claims for interim and final payments must be supported by a statement of expenditure and corresponding invoices as specified in Art. 32 (3 and 4) of Regulation 1260/1999, as well as monitoring reports.

The HST will receive and verify the statements of expenditure⁴⁹ and the payment claims from the DPs and it will cross-check these documents with the NSS which is examining and validating the monitoring reports. If the performance of a DP can be verified by the examinations of both NSS (activities and results) and HST (eligible expenditure), the payment claims are approved and sent to the MA. If not, the HST or NSS clarify the open questions with the DP.

On the basis of the documentation received, the MA approves the verification of the DPs performance and statement of expenditure, and approves the payment claim. It will also check and approve the payment claims of the NSS for their own expenses.

For approved payment claims, the MA initiates the payment procedure by making a payment request to the HST to transfer payments directly to the DPs from the EQUAL account of the MA as quickly as possible and in full amount. .

Payments from the EQUAL account to the DPs will not be dependant on the reimbursement from the Commission. After the payment claims of DPs have been settled, the corresponding amounts will be transferred from the EQUAL account (HUF) of the PA to the EQUAL account of the MA.

7.3.4 FINANCIAL FLOWS FROM EC TO PA

In order to claim the ESF contributions, the PA will make the conversion from the national currency to euro by applying the Commission Regulation 643/2000. The PA will aggregate all verified claims and submit a payment claim to the European Commission (EC). The Commission checks the application for payment and pays the corresponding ESF contribution to PA.

Details of the financial flows outlined in sections 7.3.3 and 7.3.4 will be described in the Programme Complement, and in the document submitted by the MA according to Art. 5 of Reg. 438/2001.

7.4 NATIONAL SUPPORT STRUCTURE

In the context of the Community Initiative EQUAL, the National Support Structure (NSS) is the organisation responsible for providing technical assistance. Technical assistance (hereinafter referred to also as TA) means continuous technical support of programme implementation through helping the activities of the Development Partnerships on the one hand and ensuring the proper professional background for the Managing Authority for fulfilling its tasks on the other. Considering the innovative and integrated approach of the EQUAL Community Initiative, successful and efficient technical assistance by the National Support Structure will be of key importance during the CIP implementation.

The National Employment Public Foundation (Országos Foglalkoztatási Közalapítvány, OFA) was established jointly by the Hungarian Government and the Ministry of Employment as a non-profit organization. This Foundation has been entrusted with the task of providing

⁴⁹ DP may need to provide additional private co-finance some of their activities (due to State aid requirements).

the services of a national support structure for the Community Initiative EQUAL, carrying out most of the technical assistance functions.

The National Employment Public Foundation was designated as National Support Structure by the Government Decision No. 1002/2004 of 8 January 2004, in compliance with Art. 6 of Council Directive 92-50. This designation has given an exclusive right to the National Public Employment Foundation to carry out specific activities related to Technical Assistance as described, except programme external evaluation, pursuant to an administrative provision compatible with the Treaty. Furthermore, a new Decree of the Minister for Employment has been approved and will be issued in the very near future, which will designate the organisations or bodies involved in the implementation of the European Social Fund in Hungary. This decree will also confirm the role of the National Employment Public Foundation as the National Support Structure for the Community Initiative EQUAL in Hungary.

If technical assistance services need to be carried out by other experts or organisations, under subcontract from the National Support Structure, the rules for public procurement will be applied.

7.4.1 NSS ACTIVITIES AND BUDGET

Successful and efficient technical assistance by the National Support Structure will be of key importance during the CIP implementation. When providing technical assistance, the National Support Structure will be supporting both the Managing Authority and the Development Partnerships.

The specific features of EQUAL reflected in its principles (trans-nationality, innovation, mainstreaming, empowerment, partnership) and thematic approach require a broad range of skills and competencies for the staff in charge of administering the EQUAL CIP, including:

- Generic skills and competencies related to the roles and tasks of a support structure, enabling staff members to conduct negotiations and group moderation, to handle public administration procedures, to liaise with mainstream policy actors and delivery mechanisms, and to manage communications with other Member States;
- Specific skills and competencies related to the administration of the ESF, which will include carrying out financial procedures, monitoring and controls in compliance with EU legislation, notably the Structural Funds regulations (eligibility rules, payment procedures, audit trail) as well as the rules for public procurement and state aid;
- EQUAL specific skills related to the administration and capitalisation of an experimental programme, such as assisting in trans-national cooperation, assisting in developing effective partnerships, communicating and mainstreaming results and policy messages, or managing calls for proposals and organising thematic networks.

The NSS will assume tasks including but not limited to the following:

- a) supporting the work of the Managing Authority, the National Support Structure shall:
 - take part in the elaboration of the Programme Complement, the Calls for Proposals, the Selection procedure and selection criteria, the Communication Strategy and the Mainstreaming Strategy;
 - implement the measures / Calls for Proposals;
 - take part in the selection procedure, prepare the decisions on selection;

- assist with contracting with the DPs;
 - help operate and update national and European Union databases;
 - promote the organization of Thematic networking activities, recruit and train EQUAL experts and provide expertise with vertical mainstreaming activities;
 - support the National Thematic and Innovation Network, dissemination and mainstreaming during implementation, support horizontal and vertical mainstreaming and successful integration into the European level Thematic work by helping to ensure an adequate flow of information towards the European Commission;
 - Co-operation in European networking and ensuring the sharing of all relevant information with other Member States and the Commission;
 - take part in the preparation of the Annual and Final Reports;
 - provide assistance with evaluation activities;
 - support, when the DPAs and the TCAs are completed, the procedure of confirming the initial selection of the Development Partnerships within 8 weeks following the submission of the TCA.
- b) supporting the work of the Development Partnerships (DPs), the National Support Structure shall:
- provide potential applicants and DPs with all the information and documentation necessary for successful application and project implementation, including the Calls for Proposals, the Application package, contract formats, monitoring report formats etc.;
 - help set up DPs, especially in the search for national and trans-national partners (Preparatory Phase), assist with making the Trans-national Co-operation Agreements (TCAs);
 - provide help to DPs during the period of time when the “trans-nationality window” will be open;
 - assist to those DPs where it is more difficult to identify partners, especially through the “Clearing House” process which will be provided by the Commission and the Managing Authorities;
 - supporting DPs with training, provision of information and on-going consultation, counselling, dissemination, the preparation and execution of public procurement procedures, monitoring activities and the preparation of reports;
 - offer to DPs and commission a pool of experts to provide expertise with project management, including monitoring, evaluation and communication activities, as well as horizontal and vertical mainstreaming;
 - provide help for DPs with summarizing and disseminating their experience and results, with organizing the Thematic and Innovation Fora and participation in Thematic networking activities at both the national and the European level;
 - supporting successful integration into the activity of European Thematic Groups by ensuring an adequate flow of information for the DPs in Member States;
 - give expert feedback to DPs at the project level;

- enable DPs to participate and contribute in the work of the national and European thematic networks, at working groups, events, seminars and conferences organised within EQUAL;
- promote ICT infrastructural investment and assist DPs with using, feeding and updating databases (EQUAL database, ECDB, ETCIM).

The activities eligible under Technical Assistance shall take up 8% of the budget of the Programme. Detailed eligibility provisions concerning the technical assistance are laid down in Rule No 11 in the Annex to Commission Regulation (EC) No 1145/2003 amending Regulation (EC) No 1685/2000. The funds will be used in accordance with these provisions and along the following two measures:

Description of Technical Assistance measures and indicative budget

Category	Legal reference	Possible support actions	Indicative % within total budget of TA priority
TA Measure 1 Basic financial and project administration	(EC) No 1145/2003, Rule 11, Point 2	Management, monitoring and control of the EQUAL CIP; notably activities related to tendering, selection and evaluation, arrange Monitoring Committee meetings, perform audits and on-the-spot checks of operations. The salaries of civil servants seconded to carry out such basic administrative tasks can be included.	2%
TA Measure 2 EQUAL specific Technical Assistance	(EC) No 1145/2003, Rule 11, Point 3	<ul style="list-style-type: none"> ▪ Information activities and seminars aimed at assisting the DPs with special regard to the policy context, partnership and trans-national co-operation; ▪ Support in national and trans-national thematic networking, dissemination of results and mainstreaming through the operation of the National Thematic and Innovation Network; ▪ Professional analysis of work programme implementation data received from DPs and examination of professional innovation, identification of innovative methods, comparison of similar approaches (as part of mainstreaming); ▪ Operation of a network for counselling and expert help to facilitate the elaboration and implementation of successful DPs; ▪ Counselling and on-going technical assistance activities to help DPs with project management; ▪ Preparation of needs analyses to establish professional activities and the publication of these; ▪ Identification and professional study of and providing access to best practice which has relevance at the Community level; ▪ Prepare and order studies, seminars, information campaigns, assessments, the acquisition and installation of a computerised system for management, monitoring and evaluation. For these activities, salaries of civil servants are not eligible. 	6%

TA Measure 1: Basic financial and DP administration

- preparation, selection, appraisal and monitoring of the assistance and of operations (excluding the acquisition and installation of computerised systems for management, monitoring and evaluation). This may cover activities required for improving the skills necessary for carrying out these tasks, subject to the provisions of paragraph 2.2 of Rule No. 11;
- expenditure relating to the preparation, selection, appraisal and monitoring of DPs co-financed under the Programme, including support to project generation activities. However, the costs related to the preparation of operations which are themselves co-financed by the Structural Funds will be part of the DP costs co-financed under the relevant measure;
- expenditure on meetings of the Programme's Monitoring Committee (and, if relevant, its sub-committees or working groups), including costs for translation and interpretation. This expenditure may also include the costs of experts and other participants in such committees;
- audits and on-the-spot checks of operations, expenditure relating to audits and on-the-spot checks of DPs.

TA Measure 2: EQUAL-specific Technical Assistance

EQUAL-specific Technical Assistance shall cover, among others:

- general communication activities targeted at potential applicants and – at a later stage – DPs;
- information campaigns explaining the specific elements of EQUAL;
- professional and methodological assistance provided for DPs (with a special focus on thematic networking, partnerships, empowerment and trans-national co-operation) by means of professional fora, seminars, workshops, the EQUAL website;
- training schemes including the training of EQUAL-trainers and experts, training on EQUAL methodology and DP management, self-evaluation, IT, thematic networking, financial and legal matters, public procurement and quality management;
- assisting DPs with thematic networking activities, identifying, analysing and disseminating innovative methods and best practices
- needs assessment and analyses prior to implementation and on an on-going basis;
- support provided for DPs with mainstreaming activities;
- promoting research activities and the making of studies;
- organizing information campaigns;
- IT background support, including the acquisition and installation of computerised system for management, monitoring and evaluation, as well as the procurement and installation of hardware and Internet connections necessary to run the programme, creating networks and integrated databases involving EQUAL project promoters.

The EQUAL Community Initiative is a programme to be started just now, a system to be built up in Hungary. EQUAL projects have several components and the programme sets

requirements which are new and uncommon in programme implementation in Hungary, including Development Partnerships, obligation for innovation, co-operation in networks, trans-national co-operation agreements, analysis of the environmental effects of activities, mainstreaming, self-assessment etc. Since EQUAL is a new programme in Hungary, the support structures established must serve not only implementation, but preparatory and project generation activities, too. Capacities must be built to facilitate the elaboration of work programme proposals, the identification and dissemination of innovative methods and trans-national co-operation. Beyond that the EQUAL Community Initiative focuses on special groups and concentrates on the labour-market reintegration of disadvantaged people, who need special care and individual solutions. These factors explain why the quality and quantity of professional and technical assistance must exceed the level that would be common and sufficient for an ESF-project. The identification of extra values, which is one of the guiding principles of EQUAL, can be achieved only through increased professional and technical assistance. The novelty of tasks including application procedures, support schemes, as well as a computerized monitoring system and the expected difficulties of mainstreaming the results achieved justify an 8% allocation of funds in the budget for Technical Assistance purposes.

The rules governing Technical Assistance are stipulated by the EQUAL Managing Authority and the National Support Structure in their respective Operational Manuals and rules of procedure. The Co-operation Agreement between the EQUAL MA and the National Support Structure shall specify the principles of programme implementation, the detailed description and sharing of tasks and the necessary resources.

7.4.2 THE RELATIONSHIP BETWEEN TECHNICAL ASSISTANCE ACTIVITIES AND ACTIVITIES RELATED TO “DISSEMINATION AND MAINSTREAMING”

In order to ensure compliance with the objectives of the EQUAL Community Initiative the implementation system to be put in place must ensure adequate utilization of the innovative ideas and new methods tried by the DPs and addressed in the CIP. The results of the EQUAL Community Initiative will be effective and useful only when these results could mature and emerge from the pilot-level laboratory phase and incorporate into higher decision-making levels, into employment, training and other policies and practices. Therefore, the methodology of Technical Assistance should include solutions which ensure the fulfilment of the above-mentioned needs during national and European dissemination.

During the implementation of Phase 3, “Mainstreaming, thematic networking, dissemination of good practice and making an impact on national policy” the EQUAL Managing Authority will perform actions including but not limited to the following:

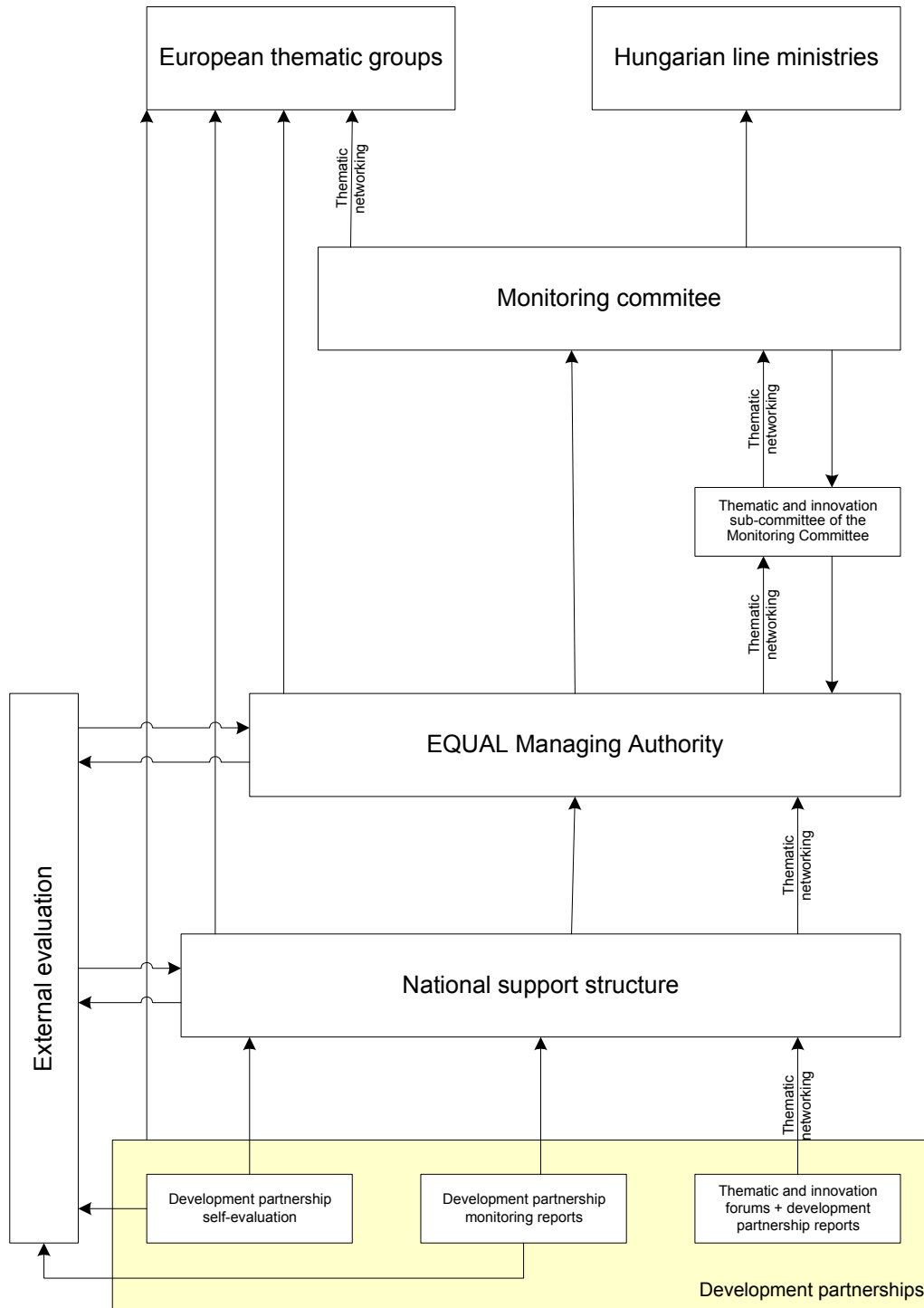
- The EQUAL Managing Authority has overall responsibility for organizing the thematic networking, dissemination of good practice and making an impact on national policy;
- In order to achieve better results, the Managing Authority shall prepare a Mainstreaming Strategy. The Mainstreaming Strategy must be approved and can be amended by the Monitoring Committee on an annual basis. The results of mainstreaming activities will be approved by the Monitoring Committee and its subcommittee. The National Support Structure will coordinate and execute all the necessary technical, logistical and professional tasks specified by the Mainstreaming Strategy.
- The key elements of the Mainstreaming Strategy will include the following:

- (i) Identifying factors leading to inequality and discrimination and monitoring and analysing the impact or potential impact of the Development Partnerships on the policy priorities and on the different grounds of discrimination and inequality in connection with the labour market;
- (ii) Identifying and assessing the factors leading to good practice and benchmark performance;
- (iii) Disseminate good practice from Development Partnerships;
- (iv) Methods should be developed for the measurement, validation and benchmarking innovation against existing approaches nationally and in other Member States, assessment and utilization of innovation, and dissemination of best practices, with regard to the DPs and all other professional bodies involved;
- (v) Each DP should establish a Thematic and Innovation Forum comprising institutions in its own partnership, technical environment and region, where the DP should regularly report on the results achieved;
- (vi) The National Support Structure shall regularly forward the reports proposed and adopted by the Thematic and Innovation Fora of the DPs to the Managing Authority, in the frame of Thematic Networking;
- (vii) The EQUAL MA working together with the NSS will complete the methodological summary of the submitted reports prepared by the Thematic and Innovation Fora of the DPs and prepare these summaries according to the Mainstreaming Strategy for submission to the sub-committee of the Monitoring Committee, the National Thematic and Innovation Committee;
- (viii) The Managing Authority will submit the proposals which were approved and supported by the National Thematic and Innovation Committee to the Monitoring Committee for approval;
- (ix) According to the decision made by the Monitoring Committee, the EQUAL Managing Authority submits the proposals to the appropriate bodies of the national line Ministries and to the European Thematic Groups:
 - all the DPs specifically selected to actively participate in the work of a Thematic and Innovation Forum as members or organizers can participate in the mainstreaming dissemination process including the participation in the European Thematic Groups, and may receive additional financial support related to thematic networking, dissemination of good practice and making an impact on national policy;
 - the selected DPs will perform the following tasks: conduct technical research, organise team work, prepare comparative technical surveys on the reasons for discrimination and inequality, organize peer reviews with regard to successful implementation and efficient operation of the DP, demonstrate and transfer good practice including mentoring;
 - horizontal dissemination for similar organisations and DPs through Thematic and Innovation Fora, conferences, publications, Internet-based information campaigns, etc;
 - vertical dissemination should be implemented in line with specific interests and needs, in a way that adds value to the dispute on future employment and training policies, and that provides information on the operating methods tried by DPs for the appropriate organisations, institutions, fora, committees or general meetings. Such dissemination process may represent the commencement of integration of technical achievements of

the EQUAL Community Initiative into the decision-making practice, both on a national and regional level, enabling all social partners to benefit from the achievements;

- the National Support Structure (NSS) shall assist DPs in the work described above with professional services, experts and analyses.

Monitoring, Evaluation and Mainstreaming Plan Hungarian CIP



7.5 DEVELOPMENT PARTNERSHIPS

Development Partnerships (DPs) are the basic organizational units of implementation and the most important platforms for implementing the principles relating to partnership, empowerment and decision-making. It is essential to try to establish real partnerships within the DPs, between the DPs and outside support organisations, as well as between the DPs and other organisations and DPs in charge of implementation management and control. In order to

make sure that the DP partners are able to comply with the principles established under Section 8 of Regulation No. 1260/1999 and under the Partnership Section of the National Support Structure with regard to partnership, the National Support Structure and the EQUAL Managing Authority will pay special attention to the above. Consequently, during the process of setting up the DPs, the following indicative structural arrangements will be implemented:

- The expected number of DPs will be in the range of 50 to 80
- The smallest available grant will be EUR 250,000
- The maximum amount of grants will be EUR 1,500,000
- The number of DP partners will be advised not to be higher than 8
- The organisations participating in the DPs may include, among others, the following: government budget organisations, local governments and municipalities and organisations financed from their budget, local minority governments, the State Employment Service, non-governmental and civil organisations, enterprises including micro, small and medium sized enterprises, social partners, educational and training organizations. Special attention must be paid to the involvement of smaller organisations facing growth, in accordance with Articles 33 and 35 of the EQUAL Guidelines.

Further detailed regulations and the selection criteria related to the individual thematic areas will be included in the Programming Complement.

7.6 CONTRIBUTION TO AND COMPARABILITY WITH COMMUNITY POLICIES

7.6.1 ESF POLICY CO-ORDINATION COMMITTEE

The Managing Authority will promote complementarity between EQUAL and other programmes, including other ESF supported programmes.

In order to ensure the co-ordination of the various ESF supported programmes (HRD OP, OPRD, EQUAL), the Ministry of Employment and Labour set up the ESF Policy Co-ordination Committee. The purpose of policy co-ordination is to ensure the following in respect of the utilisation of ESF assistance:

- conformity with the priorities of the European Employment Strategy and the Joint Assessment of the Employment Policy Priorities (respectively, the National Employment Action Plan),
- coherence of the actions under the various ESF supported programmes, and elimination of potential overlaps,
- facilitating the implementation of a unified information and monitoring system,
- developing an assessment methodology in line with the specific features of the policy area,
- providing professional and methodological support on ESF-specific questions (e.g. eligibility, implementation, rules for state subsidies etc.).

Members of the ESF Policy Co-ordination Committee represent all the ministries involved in the implementation of ESF supported programmes: Ministry of Employment and Labour (MoEL), State Secretariat for Regional Development under the Prime Minister's Office, Ministry of Education, Ministry of Health, Social and Family Affairs, Ministry of Child, Youth and Sports, Office for the National Development Plan and EU Assistance, Ministry of Justice, Ministry of Informatics and Communications, Ministry of Finance, Ministry of Foreign Affairs, Government Office for Equal Opportunities. The ESF Policy Co-ordination Committee is chaired by the deputy state secretary of the MoEL responsible for the elaboration of the national employment strategy.

7.6.2 COMPLIANCE WITH COMMUNITY POLICIES

According to Articles 12 and 34, Section 1., subsection g) of the General Regulations, the operations financed by the Structural Funds meet the provisions of the Contract; the legal instruments taken over from the former one and to the Community policies and procedures, the allocation of state contracts, the public procurement procedures, environmental protection, the regulations on the establishment of equal opportunities and the equality of genders. The harmony referred to above is checked when investigating applications for grants and when the instructions are implemented. The control is exercised by the EQUAL Managing Authority and National Support Structure will execute the tasks related to the above mentioned control. The EQUAL Community Initiative is being executed in full conformity to the Community policies.

7.6.2.1 Public Procurement

During the implementation of measures financed by Structural Funds, the Managing Authority must make sure that the Hungarian Public Procurement Act and the related implementation decrees are complied with.

For this purpose the Managing Authority will make sure that the National Support Structure monitors that:

- The requirement of national treatment is enforced in the area of public procurement in line with our international treaties.
- A separate chapter in support agreements contains provisions on verifying the public procurement procedure.
- The reports compiled by beneficiaries contain a description of how public procurement rules were enforced. No payment shall be done in lack of the required public procurement procedure.
- In the course of the multilevel controlling process experts of proper competencies will review the documents certifying compliance with public procurement rules.
- The announcement on the public procurement procedure shall be published in the Official Journal of the European Union and its electronic daily publication (TED database), if required.

The issuer calls the attention of the tenderer to enforcing aspects to secure the protection of the environment and equal opportunities for men and women in public procurement procedures even if the value of the given public procurement does not reach the community value limit.

7.6.2.2 Gender mainstreaming

Gender mainstreaming is a tool which will be applied in the Hungarian EQUAL Community Initiative Programme to achieve equality between women and men which goes beyond promoting equality through the implementation of specific measures to help women, and mobilises all general policies and measures specifically for the purpose of achieving equality by actively and openly taking into account, at the planning stage, their possible effects on the respective situation of men and women (gender perspective). This means systematically examining measures and policies and taking into account such possible effects when defining and implementing them (COM (96) 67final: Incorporating equal opportunities for women and men into all Community policies and activities).

The Hungarian EQUAL Community Initiative Programme supports both specific measures to improve women's access to and participation in the labour market, as well as gender impact assessment in order to take into account, within all measures, equal opportunities for women and men as part of the mainstreaming approach.

The Managing Authority will take steps to ensure that gender perspective and promotion of equal opportunities will be taken into consideration when planning, selecting, implementing and evaluating the DPs, as well as when the good practices will be mainstreamed. National expertise on gender mainstreaming will provide guidance for example to DPs, the selection committee, Managing Authority, NSS and evaluators when implementing gender mainstreaming. DPs will be advised to take gender perspective into account in their work plans. In the selection process, DPs contributing to gender equality will be given priority under all themes. Gender balance will be sought in the composition of the Monitoring committee, and other supporting structures to EQUAL. Indicators used to evaluate the impact of the interventions will be split by gender. When mainstreaming the results, special attention will be paid to good practices promoting gender equality.

7.6.2.3 Sustainable growth

In addition to ensuring that the developments implemented within the frameworks of the Structural Funds cause no damage to the environment, it is significant that the financial resources available are planned to be used for the purpose of achieving a wider range of environmental effect, but adapting the changes to the mode of operation of the industries and the regional actors, and thus Hungary's sustainable growth can be supported.

Although there are no specific environmental measures in the EQUAL Community Initiative Programme, sustainable growth is a cross-cutting principle in the EQUAL Community Initiative which will be implemented through the following implementing arrangements:

- The work programmes are assessed from the aspect of environmental impact before approved to ensure that environmental considerations are taken into account in the selection;
- Work programmes which have more to offer from the environmental aspect, which rationally utilise natural resources, promote environmental products and services, etc. will be prioritised during the evaluation;
- Higher value is given to DPs targeting brown field investments and derelicted buildings will be preferred;
- Guidance on promoting sustainable growth will be provided to applicants;

- The invitation of policy and interest group representatives into the Monitoring Committees;
- Using of technical assistance for performing monitoring tasks related to sustainable growth;
- Reporting on environmental operations in the annual reports.

7.6.2.4 Compliance with State aid legislation

General framework

Within the EQUAL Initiative, activities are carried out by Development Partnerships (DP) which are consortia, or legal entities consisting of several partners that might also include private undertakings, or by the individual partners of a DP. In the framework of the Structural Funds, the Development partnerships are final beneficiaries in the meaning of Regulation 1260/1999.

Article 87 of the EC Treaty prohibits any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods. The EC Treaty, however, allows exceptions to the ban on State aid where the proposed aid schemes may have a beneficial impact in overall Union terms.

Therefore, pursuant to Articles 12, 17.1 and 19.2 of Council Regulation (EC) No 1260/1999, the Managing Authority will hold the overall responsibility for ensuring the compliance of all operations financed under this EQUAL CIP with the provisions of the Treaty as regards State aid.

By and large, grants awarded to undertakings under EQUAL do not constitute any State aid within the meaning of Art. 87.1 of the Treaty, because most of them fall under the "de-minimis" rule⁵⁰. Where they constitute State aid, as they are intended to facilitate access to work, or reducing risky employment situations for disadvantaged people, they would mostly fall under the block exemption for aid to SMEs⁵¹, employment aid⁵² or training aid⁵³.

Responsibilities

Compliance with Community policies will be checked on five levels:

- 1) All undertakings participating financially in EQUAL keep track of all respective public funding they have received, and of its respective justification. They are therefore aware of checking compliance with the "de-minimis" rule, if needed.
- 2) For each Development Partnership, the body in charge of administering the public funds, will identify if undertakings are intended to receive financial support under

⁵⁰ Commission Regulation (EC) No 69/2001 of 12 January 2001 on the application of the Articles 87 and 88 of the EC Treaty to de-minimis aid.

⁵¹ Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of the Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises as amended by the Commission Regulation (EC) No 364/2004 of 25 February 2004.

⁵² Commission Regulation (EC) No 2204/2002 of 5 December 2002 on the application of Articles 87 and 88 of the EC Treaty to State aid for employment.

⁵³ Commission Regulation (EC) No 68/2001 of 12 January 2001 on the application of the Articles 87 and 88 of the EC Treaty on training aid as amended by the Commission Regulation (EC) No 363/2004 of 25 February 2004.

EQUAL, collect the relevant information from them, make a first check of compliance with State aid rules (block exemptions) and include a justification for the envisaged grant(s) in any financial proposal made to the Managing Authority.

- 3) The Managing Authority, as required under Article 34(1)(g) of Council Regulation No. 1260/1999, will ensure that grants to Development Partnerships are only issued if
 - a) all relevant information needed for a compliance check has been submitted by the Development Partnership as part of its proposals for funding, or for any modification of the grant under EQUAL;
 - b) the conditions under which the grant is awarded to an undertaking comply with the rules on State aid to employment, to SMEs, to training, or to *de minimis* or the measure has been formally approved as existing aid under the mechanism laid down in Annex IV.3 of the Accession Treaty where applicable or by the Commission as laid down in Article 88 EC and Regulation 659/1999,
 - c) in case the *de minimis* rule needs to be applied, the individual undertaking must be informed, before issuing the grant letter, that the support is of a *de minimis* nature and the firm has to verify and confirm that all other *de minimis* aid received by them will remain within the threshold provided by the relevant EC legislation. The Managing Authority has to check that this will not raise the total amount of *de minimis* aid received during the relevant period of three years to above the threshold set out.
- 4) The Managing Authority will, as part of its monitoring system, collect all information as regards grants to enterprises for checking compliance with the *de minimis* rule and the block exemptions. In case the latter cannot be applied, i.e. if individual grants represent aid in accordance with Art. 87(1) the EC, such funding will need to be notified as State aid and submitted to the European Commission for approval.
- 5) The Managing Authority will, in addition, establish a formal consultation mechanism with the Hungarian State Aid Monitoring Office which is the designated national authority for State aid control, and which has established the adequate mechanisms for control of the cumulation of State Aid.

Funding under EQUAL granted to undertakings not covered by an exemption regulation or Commission approval is illegal and subject to the consequences set out in the procedural regulation for State aid, and its part-financing would be treated as an irregularity within the meaning of Articles 38 and 39 of Regulation (EC) No 1260/1999.

Consequently, the Commission will not accept requests for interim and final payments under Article 32 of the Regulation for measures being part-financed with new or altered aid, as defined in the procedural regulation for State aid, granted under aid schemes or in individual cases, until such aid has been notified to and formally approved by the Commission.

Relevant State Aid rules

The following rules are the most relevant rules for checking compliance with State aid legislation.

The table below summarises the main provisions only; details have been specified in the actual legal documents referred to above.

Block exemption	Company characteristics	Scope and EQUAL specific activities exempted	Maximum aid intensity for EQUAL Hungary exempted	Maximum amount of aid exempted	Further conditions for exemption
"De minimis" rule	All companies, except for the transport sector and the production, processing or marketing of certain agricultural and fisheries products	no restrictions	100%	€ 100,000 over a rolling 3-year period	No need for notification to the Commission. Hungary has to set up a register of de minimis aid, or to inform companies of and check whether an additional aid does not raise the total amount above the ceiling.
Training aid	All companies	training activities which favour firms by reducing costs of training of their employees for acquiring new skills. Costs covered: trainers' personnel costs, travel costs or trainers and trainees, other current expense (material, supplies, etc.), depreciation of tools and equipment used exclusively for mentioned training, guidance and counselling and trainees' personnel costs	Specific training: 35% ⁵⁴ Further increases for: SME : 10% Disadvantaged workers:10% General training: 60 % ⁵⁵ Further increases for: SME : 20% Disadvantaged workers:10%	€ 1,000,000	Commission needs to be informed within 20 working days

⁵⁴ 25% + 10% (Art. 87 (3) (a) regional increase).

⁵⁵ 50% + 10% (Art. 87 (3) (a) regional increase).

Block exemption	Company characteristics	Scope and EQUAL specific activities exempted	Maximum aid intensity for EQUAL Hungary exempted	Maximum amount of aid exempted	Further conditions for exemption
Aid for employment	All companies	<p>Creation of jobs, recruitment of disadvantaged or disabled people, employing disabled people (additional costs only). Disadvantaged people include young persons below 25 or within 2 years from completing full-time education, migrant workers, members of ethnic minorities, long-term unemployed, unskilled and under-educated, elderly, women absent from working life or ex-prisoners.</p> <p>For conditions include net increase in No. of jobs, maximum duration of aid</p>	<p>Job creation: Regional aid ceiling Recruitment of disadvantaged people: 50% Recruitment of disabled people: 60% Aid for additional costs of employing disabled people: 100%</p>	€ 15,000,000 over 3 years for a single enterprise	<p>Commission needs to be informed within 20 working days.</p> <p>Other types of job related support are not exempted (aid for job sharing, aid for other types of disadvantaged workers, ...)</p>
The aid for small and medium-sized enterprises	SMEs with less than 250 employees	Tangible (land, buildings, plant/machinery) and intangible investment (expenditure entailed by technology transfer) and soft aid in SMEs. The costs of services provided by outside consultants and the costs of the first participation of an enterprise in a fair or exhibition are also eligible.	<p>Services by outside consultants and participation in fairs: up to 50%</p> <p>Investment: Regional aid ceiling + 15%;</p> <p>Maximum aid intensity: 75%</p>		Commission needs to be informed within 20 working days

State Aid Table

This EQUAL CIP provides public funding for measures. To the extent that undertaking participate in a Development Partnership, the Managing Authority will ensure that any grant to such an undertaking will comply with the State aid rules in the following table.

Measure description	Block exemptions			Other cases	
Theme A (Measure 1): Facilitating access and return to the labour market for those who have difficulty in being integrated or re-integrated into a labour market which must be open to all	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Existing aid measure
Theme E (Measure 2): Promoting lifelong learning and inclusive work practices which encourage the recruitment and retention of those suffering discrimination and inequality in connection with the labour market	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Existing aid measure
Theme H (Measure 3): Reducing gender gaps and supporting job desegregation	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Existing aid measure
Theme I (Measure 4): Supporting the social and vocational integration of asylum seekers.	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Existing aid measure

In conformity with its duties under Article 34(1)(g) of Council Regulation No 1260/1999, the Managing Authority will keep the above State aid table up-to-date and will inform the Commission of any modification of the table.

7.7 REPORTING

In accordance with Section 34(2) of Regulation No. 1260/1999, each member state shall agree with the European Commission on the scheduling and contents of final and annual programme reports. Each annual and final report will be examined and approved by the Monitoring Committee of the EQUAL Community Initiative before it is sent on to the Commission.

A certain homogeneity in the annual reports of the various member states is desirable for the appropriate monitoring of the overall implementation of the Initiative and to co-ordinate the networking efforts at a European level. The unified monitoring system and the unified system of annual reports would largely support the proper implementation of the EQUAL Community Initiative.

The quantitative minimum common data concerning implementation, to be transmitted at the time of submitting the annual report, will be covered by the transmission to the ECDB (Annex B). The other relevant indicators of situation, result or impact, as anticipated by this CIP, will also be communicated, by means of the annual report.

As the implementation of EQUAL is progressive, a common format for the annual reports cannot be determined in advance. Each year, in good time, before the deadline for submission, a common structure for the annual reports will be determined in close co-operation between the Commission and the representatives of the Managing Authorities. This common structure by

no means prevents the Managing Authority and the Monitoring Committee from adding to the annual report any further element that it will judge relevant.

7.8 INFORMATION AND PUBLICITY

The EQUAL Managing Authority will be responsible for setting up an information system relating to the EQUAL Community Initiative, in compliance with Regulations No. 1260/1999 and 1159/1999. Therefore the EQUAL Managing Authority, in conjunction with the National Support Structure, will ensure that participants are supplied with preliminary, on-going and subsequent information through a properly developed Communication Strategy in the process of tender management in order to comply with publicity requirements.

Each document published and each public appearance through any communication channel should transmit the identity of the Hungarian EQUAL Community Initiative in a unified and accepted language and through visual means. This provision will be set out in the Communication Strategy and in the Development Partnership Agreements to be entered into with the DPs at the level of the Managing Authority, the National Support Structure and the DPs.

During the tendering process, by ensuring preliminary, on-going and subsequent information supply, the Managing Authority will guarantee compliance with the principle of equal access to information and transparency. The National Support Structure will be responsible for notifying the selected DPs, also disclosing the scores of participants, as well as for informing winners and non-winners alike about their opportunities relating to the proposals subsequent to the evaluation and decision.

Further information and implementation rules on publicity, including the detailed EQUAL Communication Strategy, will be included in the Programme Complement.

7.9 CO-OPERATION WITH THIRD COUNTRIES

In the context of the implementation of the EQUAL Community Initiative, co-operation may also extend to similar projects supported in a non-EU-member state eligible for funding under the PHARE, TACIS, MEDA or CARDS programmes.

8 FINANCIAL ISSUES

8.1 FINANCIAL PLAN

In the period between 2004 and 2006, Hungary will use ESF resources at the amount of 30,292,135 euros in the framework of the Community Initiative EQUAL, which amount will be supplemented with Hungarian co-financing at the amount of 10,097,378 euros.

The indicative split-up of financial resources by each priority and theme is described in Section 4.3.

A detailed financial table is included in Annex A. The amounts included in the indicative Financial Table represent commitment levels in all cases while actual payments will be established on the basis of expenditure incurred.

8.2 CO-FINANCING

All seven regions of Hungary will be eligible for Objective 1 of the Structural Funds for the period up to the end of 2006. Accordingly, the ratio of national co-financing regarding each priority of the programme is 25 per cent. The total amount of national co-financing will be provided by the Ministry of Employment and Labour (on a separate budget line) and will be granted to the Development Partnerships together with the assistance from the ESF. Development Partnership will not have to contribute to the operations from their own resources, apart from cases when State aid rule require it.

8.3 ELIGIBILITY OF ACTIVITIES

The range of activities that can be supported from the European Social Fund is determined by Article 3 of the ESF Regulation⁵⁶. However, in order to achieve the maximum effectiveness of activities EQUAL may fund action normally eligible under the ERDF, EAGGF Guidance or FIFG rules⁵⁷.

With the aim of promoting economic and social cohesion and the creation of sustainable jobs the scope of eligible activities under EQUAL may extend to the following activities eligible for ERDF or EAGGF contribution:

- Support to local development and employment initiatives and the activities of small and medium-sized enterprises, including:
 - the provision of infrastructure on a scale appropriate to local and employment development,
 - aid for structures providing neighbourhood services to create new jobs;
- Elimination of barriers of the built environment to ensure equal access for all people;
- Creation and development of infrastructure or services enabling the reconciliation of family and working life (e.g. day-care services for children or other dependant persons);
- Promotion and development of employment and social services aimed at improving the employability of disadvantaged persons;

⁵⁶ (EC) No 1784/1999

⁵⁷ (EC) No 1260/1999

- Investment in the infrastructure of education and training with a view to ensure an appropriate physical environment for the implementation of education and training activities;
- Activities promoting the creation and reservation of jobs in rural areas, including:⁵⁸
 - creation of services for the rural economy and population (e.g. promoting access to the information society),
 - diversification of agricultural activities and activities related to agriculture to provide alternative incomes for the rural population,
 - promotion of craft activities.

The financing of the above activities will be subject to an assessment of individual work programmes by the Managing Authority. In all work programmes under EQUAL, emphasis should be placed on supporting the activities corresponding to the objectives of the ESF. Activities eligible under ERDF and EAGGF may only have a complementary role and should have an added value.

⁵⁸ Regarding the activities concerning the agricultural sector, the provisions of Council Regulation (EC) N° 1257/1999 and Commission Regulation (EC) N° 445/2002 will be respected.

9 SHARING OF MONITORING DATA

9.1 SHARING OF DATA AT THE EUROPEAN LEVEL

Hungary will share specific monitoring data by participating in the common electronic system of data collection set up by the Commission for the specific management of the EQUAL Initiative called: "EQUAL Common Database" (ECDB). The objective of this database is to facilitate the trans-national co-operation of the DPs, to stimulate thematic co-operation between key actors at European level and to indicate results and achievements.

Based on an agreement between the Commission and the Member States, specific fields were identified. Set out in Annex B, they constitute the exhaustive⁵⁹ list of the common quantitative data to be transmitted at the European level. In addition to monitoring data shared at European level, the DPs are required to transmit further monitoring data needed for programme management at the national level, as described in section 7.2 'Monitoring'. The set of data shared at EQUAL level is summarised in the Annex B.

The Managing Authority will make the necessary provisions in order that the open fields (text fields) are translated at least into English (in addition to the Hungarian language).

The Managing Authority will collect the physical data from the Development Partnerships on the basis of Hungarian methods of data collection. It will transfer the data concerning the Development Partnerships as well as those collected at the level of the programme to the ECDB on the basis of the technical protocols defined by the Commission. These data will be updated continuously by the Managing Authority and will be transferred to the Commission at least once per week.

The Managing Authority will transmit the data relating to the CIP annual report at least once a year and at the latest on 30 June following the reference year.

The Commission, by means of suitable IT system, will make available on the Internet the information⁶⁰ transmitted by the Member States.

⁵⁹ Except financial information included in the "Vademecum for the Plans and Programming documents of the Structural Funds" which will be collected by the SFC database.

⁶⁰ On the basis of decisions taken in a concerted way, access to certain fields could be restricted.

10 EVALUATION

Articles 40-43 of Regulation (EC) 1260/1999 set out the requirements for evaluating the Hungarian EQUAL Community Initiative Programme. The evaluation of the Hungarian EQUAL CIP needs to reflect the experimental approach of this Community Initiative and therefore covers not only the classical evaluation dimensions such as relevance, efficiency, effectiveness, utility and sustainability, but also focuses on the processes, support structures and policy delivery systems.

10.1 EX ANTE EVALUATION

For its part, the EQUAL Community Initiative Programme has already been subject to an ex-ante evaluation in accordance with the provisions of Article 41 of the General Regulation 1260/1999/EC.

This ex-ante evaluation contains a judgement as well as an assessment of the programme's logic, content and rationale. In addition, it provides the basis for preparing the assistance which has been allocated in respect of the planned operations to be carried out under the programme. At the same time, based on the situation analysis, it justifies the sequentiality of the chosen themes. Based on this approach, it appraised the social and economic basis for the proposed priorities.

The terms of reference for the ex ante evaluation were drafted by the EQUAL Managing Authority and French experts within the framework of a PHARE Twinning programme. (Furthermore, they also contributed to the planning of the CIP with valuable comments on the structure and consistency of the document.) This document comprised the exact requirements regarding the content of the evaluation report.

The purpose of the ex-ante evaluation was giving support to the process of planning and programming. It was an interactive process involving independent and external experts and giving feedback and comments on both the structure and content of the draft programming document. The findings of the evaluation were incorporated in the final draft. The ex-ante evaluation of the EQUAL CIP covered:

- the assessment of the analysis of the situation,
- the internal and external coherence of the programme,
- the assessment of the choice of themes, and
- the financial allocation.

The ex-ante evaluation of the EQUAL Community Initiative Programme was carried out by the Institute of Economics of the Hungarian Academy of Sciences. The assessment of the situation concerning asylum seekers was prepared by an external expert specialised in this field. The evaluators worked in close co-operation with the officials of the ESF Planning Unit responsible for the planning of the CIP. The evaluators were provided all information necessary for carrying out ex-ante evaluation.

10.2 MID-TERM EVALUATION

The mid-term evaluation of the programme shall be carried out by Member States on the basis of Article 42 of Council Regulation 1260/1999 in two stages. The evaluation procedure of the EQUAL Initiative stipulates that present Member States carry out their mid-term evaluation.

Since the first stage of mid-term evaluation will take place in the year 2003, prior to the date of accession, the Acceding Countries, including Hungary, are not obliged to make an mid-term evaluation with regard to the shortened programming period. Nevertheless, the Managing Authority will manage an interim evaluation of the programme. Although there will be a procedure for getting continuous feedback on the operation and progress of the programme by the monitoring system, there is a distinct demand to provide justifiable input for future strategic planning and to facilitate the implementation of the present programme.

The Managing Authority is responsible for execution of the interim evaluation. The evaluation will be based on Article 42 of Regulation 1260/1999/EC, the process line and evaluation plan of the Managing Authority. The particular requirements of the evaluations and the procurer's expectations will be described in the terms of reference.

The evaluation methodology should consist of the exact contextual requirements of the evaluation and of the requirements of the Managing Authority.

10.3 ON-GOING EVALUATION

In order to effectively extract the good practice generated and tested under EQUAL and mainstream it, it is essential to maintain an evaluation function in all actions of EQUAL, and an observatory function to integrate experience and evidence generated elsewhere.

The Managing Authority will therefore:

- request that all DPs develop a methodology and apply appropriate mechanisms for on-going assessment of their activities and achievements, including a description of verifiable indicators which demonstrate how the objectives, outputs and results will be measured and assessed, as well as the corresponding methodology and mechanisms for monitoring and assessment of joint activities in the trans-national co-operation;
- carry out an independent on-going evaluation at CIP level, beyond the formal requirements of the Regulation, with a focus on identifying factors contributing to the success (or failure) of innovation, the mainstreaming of results, and sustainability.

EQUAL is about learning. With EQUAL, Hungary will be entering new ground in terms of governance, policy issues and policy development. An on-going evaluation will facilitate learning processes amongst all national stakeholders involved, and contribute to capacity building within the public sector. In an innovative, trans-national programme like EQUAL it is important to make use of the 2004-2006 period to build and develop capacity to carry out evaluation of the programmes and to draw lessons for the 2007-2013 programming period.

The Managing Authority will therefore design and carry out an on-going evaluation for the whole period, focussing on the lessons learnt for capacity building, networking, gender mainstreaming, inclusion of minorities, and trans-national co-operation. Details will be described in the programming Complement.

In defining the terms of reference for the on-going evaluation, the Management Authority will apply the Guidelines for monitoring and evaluating EQUAL⁶¹, synchronise delivery dates, follow a common methodological approach, and focus on common issues in order to exploit synergies between national and EU evaluations.

The evaluation should look both at the policy side, notably the impact of the programme on the labour market context, its policies and practices and the effectiveness of the implementation mechanism in the country. The results from the Development Partnerships evaluation are an important source of information for evaluation.

The first step of the on-going evaluation at CIP level will update the baseline audit presented in this Programming Document. The evaluation will focus on management systems, programme implementation dynamics, monitoring systems, selection procedures and the implementation of the setting up of Development Partnerships and Trans-national co-operation. A report on these should be foreseen by the end of 2005. The fact that Member States participating in the first round have already carried out an evaluation of the first round could provide some useful lessons for Hungary to follow. A particular focus on the initial phase of the on-going evaluation will be providing lessons for the future programming period.

The Hungarian evaluation system for EQUAL will ensure that the results from the EQUAL Community Initiative will be developed to ensure a continuous feed-back to programme implementation and as a vehicle to contribute to the validation experiences and results from the EQUAL DPs, and to their transfer to the relevant stakeholders and decision-makers.

The on-going evaluation will be trusted to independent external experts. These will be selected in compliance with national and EU rules for public procurement. The Managing Authority will issue the call for tender for the on-going evaluation at national level immediately after the adoption of the CIP by the Commission and the adoption of the Programming Complement.

The Managing Authority will also be responsible for collecting of data from DPs for actions 1, 2 and 3, and will make these data available to the evaluators.

The Managing Authority will establish an Evaluation Steering Group to monitor the evaluation process and results at national level. This Steering Group will be composed of representatives of the Managing Authority and the key stakeholders/ members of the Monitoring Committee, and will also include leading national labour market and social inclusion experts. The European Commission will also participate in this Steering Group in the spirit of partnership.

The mandate and composition of this Steering Group will be described in the Programming Complement, as well as the thematic focus, milestones, reporting dates, and the interfaces and linkages between evaluation activities at the level of DPs, and of the EU.

⁶¹ "Guidelines for systems of monitoring and evaluation for the Human Resources Initiative EQUAL in the period 2000 – 2006". DG Employment and Social affairs, July 2000; Updated version of key issues for the mid-term evaluation of EQUAL CIP in the Member States, DG Employment and Social Affairs 03/09/2001,

10.4 EX-POST EVALUATION

It is the responsibility of the Commission that Member States implement an ex-post evaluation of the programme on the basis of the results of previous evaluations.⁶² The ex-post evaluation of the Hungarian EQUAL Community Initiative shall be carried out by external evaluators in co-operation with the Managing Authority and will be carried out not later than three years after the end of the programming period.

The ex-post evaluation shall cover the utilisation of resources and the effectiveness and efficiency of the assistance and its impacts. It shall draw conclusions regarding policy on economic and social cohesion. It shall cover the factors contributing to the success or failure of implementation and the achievements and results, including their sustainability.

The principal objective of the ex post evaluation is the analysis of the impact of the programme and to what extent the results achieved correspond to the objectives of the programme.

⁶² See Article 43 of Council Resolution 1260/1999.

ANNEX

ANNEX A INDICATIVE FINANCIAL TABLE

euro, current prices

Priority/years	Total expenditure (2+9)	General public funding (3+4)	ESF contribution	National public funding					Private funding
				Total (5+6+7+8)	State budget	Regional funding	Municipality budgets	Other sources	
	1	2	3	4	5	6	7	8	9
Priority 1 (Theme A) 42%									
TOTAL	16,963,596	16,963,596	12,722,696	4,240,900	4,240,900	0	0	0	0
2004	4,018,854	4,018,854	3,014,140	1,004,714	1,004,714	0	0	0	0
2005	5,675,859	5,675,859	4,256,894	1,418,965	1,418,965	0	0	0	0
2006	7,268,883	7,268,883	5,451,662	1,817,221	1,817,221	0	0	0	0
Priority 2 (Theme E) 39%									
TOTAL	15,751,910	15,751,910	11,813,933	3,937,977	3,937,977	0	0	0	0
2004	3,731,793	3,731,793	2,798,845	932,948	932,948	0	0	0	0
2005	5,270,440	5,270,440	3,952,830	1,317,610	1,317,610	0	0	0	0
2006	6,749,677	6,749,677	5,062,258	1,687,419	1,687,419	0	0	0	0
Priority 3 (Theme H) 8%									
TOTAL	3,231,161	3,231,161	2,423,371	807,790	807,790	0	0	0	0
2004	765,496	765,496	574,122	191,374	191,374	0	0	0	0
2005	1,081,116	1,081,116	810,837	270,279	270,279	0	0	0	0
2006	1,384,549	1,384,549	1,038,412	346,137	346,137	0	0	0	0
Priority 4 (Theme I) 3%									
TOTAL	1,211,685	1,211,685	908,764	302,921	302,921	0	0	0	0
2004	287,061	287,061	215,296	71,765	71,765	0	0	0	0
2005	405,419	405,419	304,064	101,355	101,355	0	0	0	0
2006	519,205	519,205	389,404	129,801	129,801	0	0	0	0
Technical Assistance 8%									
TOTAL	3,231,161	3,231,161	2,423,371	807,790	807,790	0	0	0	0
2004	765,496	765,496	574,122	191,374	191,374	0	0	0	0
2005	1,081,116	1,081,116	810,837	270,279	270,279	0	0	0	0
2006	1,384,549	1,384,549	1,038,412	346,137	346,137	0	0	0	0
Total expenditures in division for years									
2004	9,568,700	9,568,700	7,176,525	2,392,175	2,392,175	0	0	0	0
2005	13,513,950	13,513,950	10,135,462	3,378,488	3,378,488	0	0	0	0
2006	17,306,863	17,306,863	12,980,148	4,326,715	4,326,715	0	0	0	0
TOTAL	40,389,513	40,389,513	30,292,135	10,097,378	10,097,378	0	0	0	0

Intervention rate for 2004-2006 is 75%. Technical Assistance is also at 75% intervention rate for all years.

ANNEX B DATA SHARED THROUGH THE EQUAL COMMON DATABASE (ECDB)

A. General information (ongoing information)

FIELDS		Type of data / Items...
A1.	Id Codes	European = Country + national ID <i>Each DP receives a unique code at European level. It is made up of a maximum of 4 letters identifying the Member State and x characters as decided by the Member State.</i>
A2.	Status of the application	<i>Indicate the status of the application in MS</i> Multiple choice <input type="checkbox"/> in selection process <input type="checkbox"/> selected <input type="checkbox"/> trans-national cooperation completed <input type="checkbox"/> DP ended

B. Set up of the Development partnership (action 1 - ongoing information)

B1.	Dates	<input type="checkbox"/> Application date : date field <input type="checkbox"/> Selection date : date field
B2.	Title of the DP National language	Text field – max 80 characters <i>Simple & short</i>
B3.	Title of the DP International characters	Text field – max 80 characters <i>Latin alphabet without accented letters...</i>
B4.	Applicant partners	<i>For each Item, click in the list of the members</i> Concerns DP initiators <input type="checkbox"/> Partner 1 <input type="checkbox"/> Partner 2 <input type="checkbox"/> Partner ...n
B5.	DP managing organisation	One choice in the table of the partners <i>Concerns the partner who has administrative and financial responsibility within the DP. If the DP has its own legal constitution, that structure will be identified in the list of partners. Click in the list of the members</i>
B6.	Other responsibilities	<i>For each item, click in the list of the members</i> <input type="checkbox"/> Design of the DP strategy and planning <input type="checkbox"/> Co-ordination of experimental activities <input type="checkbox"/> Monitoring, data collection <input type="checkbox"/> Evaluation <input type="checkbox"/> Coordination of Trans-national partnership
B7.	EQUAL Theme – Measure	Max 1 choice <input type="checkbox"/> Employability - Access to the labour market <input type="checkbox"/> Employability - Combating racism <input type="checkbox"/> Entrepreneurship - Business creation <input type="checkbox"/> Entrepreneurship - Social economy

		<input type="checkbox"/> Adaptability - Life long learning <input type="checkbox"/> Adaptability - Information technology <input type="checkbox"/> Equal opportunities – Reconciling family and professional life <input type="checkbox"/> Equal opportunities - Reducing gender gaps <input type="checkbox"/> Asylum seekers
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B9.	Geographical/sectoral	Max 1 choice <i>Size of the geographical area linked with a Nuts table</i>
	If geographical	<input type="checkbox"/> Rural area <input type="checkbox"/> Urban area <input type="checkbox"/> Other geographical
	If sectoral	Max 1 choice <ul style="list-style-type: none"> • Economic sector : <ul style="list-style-type: none"> <input type="checkbox"/> Agriculture <input type="checkbox"/> Industrial <input type="checkbox"/> Services • <input type="checkbox"/> Specific discrimination and inequality problems

B10.	DP status	Max 1 choice
	Legal form	<input type="checkbox"/> Association without legal form <input type="checkbox"/> Non-profit making organisation <input type="checkbox"/> Consortium <input type="checkbox"/>

B10b	Pre-existing partnership	Max 1 choice
		<input type="checkbox"/> No <input type="checkbox"/> Yes ≤ 2 years <input type="checkbox"/> Yes > 2 years Text field : explanation of the pre-existing partnership

B11.	DP linguistic skills	4 Scroll down menus
		1° Choice : es/cs/da/de/et/el/en/fr/it/lv/lt/hu/mt/nl/pl/pt/sk/sl/fi/sv 2° Choice : es/cs/da/de/et/el/en/fr/it/lv/lt/hu/mt/nl/pl/pt/sk/sl/fi/sv 3° Choice : es/cs/da/de/et/el/en/fr/it/lv/lt/hu/mt/nl/pl/pt/sk/sl/fi/sv 4° Choice : es/cs/da/de/et/el/en/fr/it/lv/lt/hu/mt/nl/pl/pt/sk/sl/fi/sv

B12.	DP background in CI	Max 1 choice
		<input type="checkbox"/> One partner involved in ADAPT/EMPLOYMENT/EQUAL 1 st Round <input type="checkbox"/> Two and more partners involved in A/E/E <input type="checkbox"/> Nobody involved in A/E/E

B13.	Rationale for the DP	Rationale for the partnership, assessment of the relevance of the problem addressed, of the solution to be tested. Text field:..
		Text field: Translation in English and optionally in other(s) language(s) (provided by DP or Member state).

B14.	Objectives of the DP	Response to the rationale; objectives of the partnership Text field :
		Text field: Translation in English and optionally in other(s) language(s) (provided by DP or Member state).

B15.	Nature of the experimental activities	Multiple choice.																																																		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">+</th> <th style="text-align: center;">++</th> <th style="text-align: center;">++</th> <th style="text-align: center;">++</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> Assistance to persons</td> <td></td> <td></td> <td style="text-align: center;">+</td> <td style="text-align: center;">++</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Guidance and counselling</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Training</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Training on work place</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Work placement</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Job rotation and job sharing</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> employment aids (+ for self-employment)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Integrated measures (pathway to integration)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Assistance to structure and systems and accompanying measures</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		+	++	++	++	<input type="checkbox"/> Assistance to persons			+	++	<input type="checkbox"/> Guidance and counselling					<input type="checkbox"/> Training					<input type="checkbox"/> Training on work place					<input type="checkbox"/> Work placement					<input type="checkbox"/> Job rotation and job sharing					<input type="checkbox"/> employment aids (+ for self-employment)					<input type="checkbox"/> Integrated measures (pathway to integration)					<input type="checkbox"/> Assistance to structure and systems and accompanying measures				
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<input type="checkbox"/> Integrated measures (pathway to integration)																																																				
<input type="checkbox"/> Assistance to structure and systems and accompanying measures																																																				

	<input type="checkbox"/> Employment creation and support <input type="checkbox"/> Training of teachers, trainers and staff <input type="checkbox"/> Improvement of employment services – Recruitment structures <input type="checkbox"/> Conception for training programmes - certification <input type="checkbox"/> Anticipation of technical changes <input type="checkbox"/> Work organisation, improvement of access to work place <input type="checkbox"/> Guidance and social services <input type="checkbox"/> Awareness raising, information, publicity <input type="checkbox"/> Studies and analysis of discrimination features				
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B16.	Innovation	Multiple choice				
			+	++	++	++
		<input type="checkbox"/> Process-oriented <input type="checkbox"/> Goal-oriented <input type="checkbox"/> Context oriented			+	++
		Text field				

B17.	Discriminated groups and fields of discrimination	Multiple choice in each section	<i>In percentage</i>			
		<input type="checkbox"/> Assistance to persons	M	F		
		<input type="checkbox"/> Unemployed <input type="checkbox"/> Employed <input type="checkbox"/> Others (without status, social beneficiaries...)			100	
		<input type="checkbox"/> Migrants, ethnic minorities, ... <input type="checkbox"/> Asylum seekers <input type="checkbox"/> Population not migrant and not asylum seeker			100	
		<input type="checkbox"/> Physical Impairment <input type="checkbox"/> Mental Impairment <input type="checkbox"/> Mental Illness <input type="checkbox"/> Population not suffering from a disability			100	
		<input type="checkbox"/> Substance abusers <input type="checkbox"/> Homeless <input type="checkbox"/> (Ex-)prisoners <input type="checkbox"/> Specific discrimination <input type="checkbox"/> Without specific discrimination			100	
		<input type="checkbox"/> < 25 year <input type="checkbox"/> 25 – 50 year <input type="checkbox"/> > 50 year			100	
		<input type="checkbox"/> Assistance to structure and systems and accompanying measures	+	+	+	+
		<input type="checkbox"/> Age <input type="checkbox"/> Asylum <input type="checkbox"/> Disabilities <input type="checkbox"/> Gender discrimination <input type="checkbox"/> Low qualification <input type="checkbox"/> Racial discrimination <input type="checkbox"/> Religion <input type="checkbox"/> Sexual orientation <input type="checkbox"/> Support to entrepreneurship <input type="checkbox"/> Unemployment				

B18.	Empowerment	
	1° National partners	Text field: Text field: optionally, translation in English
		Multiple choice

	2° Participants - Stakeholders	<input type="checkbox"/> Promoting individual empowerment <input type="checkbox"/> Developing collective responsibility and capacity for action <input type="checkbox"/> Participation in the DP design <input type="checkbox"/> Participation in running and evaluating activities <input type="checkbox"/> Changing attitudes and behaviour of key actors
		Text field:
		Text field: optionally, translation in English

B19.	ESF budget	Max. one choice
		Total budget for the duration of the DP (ESF + national) <input type="checkbox"/> < 250 000 € <input type="checkbox"/> 250 000 – 500 000 € <input type="checkbox"/> 500 000 – 1 000 000 € <input type="checkbox"/> 1 000 000 – 1 500 000 € <input type="checkbox"/> 1 500 000 – 2 000 000 € <input type="checkbox"/> 2 000 000 – 5 000 000 € <input type="checkbox"/> > 5 000 000 €
		% of total budget for trans-national activities

B21.	Trans-national co-operation intended or searched	Multiple choice		+	+	+	+
		- Exchange of information and experiences - Parallel development of innovative approaches - Import, export or adoption of new approaches - Joint development - Exchange of trainees/trainers/staff					
		Text field					
		Text field: Translation in English and optionally in other(s) language(s) (provided by DP or Member state).					

B22.	Trans-national co-operation – Preferences	Multiple choice
		<input type="checkbox"/> BEfr <input type="checkbox"/> BEnl <input type="checkbox"/> CZ <input type="checkbox"/> DK <input type="checkbox"/> DE <input type="checkbox"/> EE <input type="checkbox"/> EL <input type="checkbox"/> ES <input type="checkbox"/> FR <input type="checkbox"/> IE <input type="checkbox"/> IT <input type="checkbox"/> CY <input type="checkbox"/> LV <input type="checkbox"/> LT <input type="checkbox"/> LU <input type="checkbox"/> HU <input type="checkbox"/> MT <input type="checkbox"/> NL <input type="checkbox"/> AT <input type="checkbox"/> PL <input type="checkbox"/> PT <input type="checkbox"/> SI <input type="checkbox"/> SK <input type="checkbox"/> FI <input type="checkbox"/> SE <input type="checkbox"/> UKgb <input type="checkbox"/> UKni <input type="checkbox"/> no preferences

B23.	Last update	<input type="checkbox"/> Date field
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C. Members of the DP (ongoing information)

C1.	Name	Text field
C2.	Acronym	(not compulsory) Text field
C3.	Address	Text field <i>link with postcode (nuts) and country</i>
C4.	Tel	Text field
C5.	Fax	Text field
C6.	Email	Text field
C7.	Web site	Text field

C8.	Type of organisation	Max one choice
		<input type="checkbox"/> Public authority (national, regional, local) <input type="checkbox"/> Enterprise <input type="checkbox"/> Employers' organisation <input type="checkbox"/> Trade Union <input type="checkbox"/> Financial institution <input type="checkbox"/> Chamber of commerce/industry/crafts <input type="checkbox"/> Organisation providing support and guidance for disadvantaged groups <input type="checkbox"/> Employment services <input type="checkbox"/> Social economy enterprise <input type="checkbox"/> Social services <input type="checkbox"/> Education / training organisation <input type="checkbox"/> University / Research organisation

		<input type="checkbox"/> Consortium created for managing the DP <input type="checkbox"/> Other
--	--	---

C8b	Type of organisation	Description who the national partners are, what they do, their clients, the aim of the partner organisations, methodologies used etc... (not compulsory)
		Text field
		Text field: Translation in English and optionally in other(s) language(s) (provided by DP or Member state).

C9.	Legal status	Max one choice
		<input type="checkbox"/> Public organisation <input type="checkbox"/> Non-profit private organisation (including NGO...) <input type="checkbox"/> Semi-public organisation <input type="checkbox"/> Union, Confederation... <input type="checkbox"/> Co-operative <input type="checkbox"/> Private <input type="checkbox"/> Without legal status

C10.	Contact person	Responsibility	Name	Email	Tel

C11.	Size of the organisation	Max one choice	<i>Permanent staff</i>
		<input type="checkbox"/> staff < 10 <input type="checkbox"/> staff 10 – 50 <input type="checkbox"/> staff 50 – 250 <input type="checkbox"/> > 250	

C12.	Date of joining DP	Date field
C13.	Date of leaving DP	Date field

C14.	Last update on the DP's member	Date field
------	---------------------------------------	------------

D. Implementation of the work programme (trans-national cooperation completed) (action2 - ongoing information)

D1.	Dates	<input type="checkbox"/> Date of trans-national cooperation completed
D2.	Title of the DP	
D3.	Title of the DP (international)	
D4.	Partners involved	<i>For each Item, click in the list of the members</i>
		DP members <input type="checkbox"/> Partner 1 <input type="checkbox"/> Partner 2 <input type="checkbox"/> Partner ...n
D5.	DP managing organisation	
D6.	Other responsibilities	See B
D7.	EQUAL Theme – Measure	See B
D8.	Sub-themes	See B
D9.	Geographical/sectoral	See B
D10.	DP status	See B
D11.	DP linguistic skills	See B
D12.	DP's background in CI	See B
D13.	Rationale for the DP	See B
D14.	Objectives of the DP	See B
D15.	Nature of the experimental activities to be implemented	See B

D16.	Innovation	See B
D17.	Discriminated groups and fields of discrimination	See B
D18.	Empowerment	See B
D19.	Budget	See B

D25.	DP Agreement	Text field : Summary of the DP agreement and, optionally, DP agreement in annexe.
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D25 A	Trans-national partners	Multiple choice
		<i>Click in the list of the Development partnerships (cf. Id Code)</i>
		<input type="checkbox"/> Trans-national partner 1 <input type="checkbox"/> Trans-national partner 2 <input type="checkbox"/> Trans-national partner ...n

G. Other information for monitoring at DP level (annually consolidated information)

G1.	Discriminated groups and fields of discrimination	Total number of beneficiaries during the year in "person * year" equivalent (1 day=7 hours, 1 week = 5 days, 1 month = 4 weeks, 1 year = 12 month)				
		Multiple choice in each section				
			<i>In percentage</i>			
		<input type="checkbox"/> Assistance to persons	M	F		
		<input type="checkbox"/> Unemployed <input type="checkbox"/> Employed <input type="checkbox"/> Others (without status, social beneficiaries...)			100	
		<input type="checkbox"/> Migrants, ethnic minorities, ... <input type="checkbox"/> Asylum seekers <input type="checkbox"/> Population not migrant and not asylum seeker			100	
		<input type="checkbox"/> Physical Impairment <input type="checkbox"/> Mental Impairment <input type="checkbox"/> Mental Illness <input type="checkbox"/> Population not suffering from a disability			100	
		<input type="checkbox"/> Substance abusers <input type="checkbox"/> Homeless <input type="checkbox"/> (Ex-)prisoners <input type="checkbox"/> Other discriminated (religion, sexual orientation) <input type="checkbox"/> Without such specific discriminations			100	
<input type="checkbox"/> < 25 year <input type="checkbox"/> 25 – 50 year <input type="checkbox"/> > 50 year			100			
<input type="checkbox"/> Assistance to structure and systems and accompanying measures	+	+	+	+		
<input type="checkbox"/> Age <input type="checkbox"/> Asylum <input type="checkbox"/> Disabilities <input type="checkbox"/> Gender discrimination <input type="checkbox"/> Low qualification <input type="checkbox"/> Racial discrimination <input type="checkbox"/> Religion <input type="checkbox"/> Sexual orientation <input type="checkbox"/> Support to entrepreneurship <input type="checkbox"/> Unemployment						

G2.	Expenditures	Evaluation by the DP of the total amount (ESF and national) spent during the year (rounded 1 000 €):
		Alphanumeric field

G3.	Breakdown of expenditures by experimental activities	<i>Percentage</i>	
		I. National activities	
		<input type="checkbox"/> Assistance to persons <ul style="list-style-type: none"> <input type="checkbox"/> Guidance and counselling <input type="checkbox"/> Training <input type="checkbox"/> Training on work place <input type="checkbox"/> Work placement <input type="checkbox"/> Job rotation and job sharing <input type="checkbox"/> employment aids (+ for self-employment) <input type="checkbox"/> Integrated measures (pathway to integration) <input type="checkbox"/> Assistance to structure and systems and accompanying measures <ul style="list-style-type: none"> <input type="checkbox"/> Employment creation and support <input type="checkbox"/> Training of teachers, trainers and staff <input type="checkbox"/> Improvement of employment services – Recruitment structures <input type="checkbox"/> Conception for training programmes - certification <input type="checkbox"/> Anticipation of technical changes <input type="checkbox"/> Work organisation, improvement of access to work place <input type="checkbox"/> Guidance and social services <input type="checkbox"/> Awareness raising, information, publicity <input type="checkbox"/> Studies and analysis of discrimination features 	
		II. Trans-national activities	
		<input type="checkbox"/> Exchange of information and experiences <ul style="list-style-type: none"> <input type="checkbox"/> Parallel development of innovative approaches <input type="checkbox"/> Import, export or adoption of new approaches <input type="checkbox"/> Joint development <input type="checkbox"/> Exchange of trainees/trainers/staff 	
		Total	100 %

G5.	National and trans-national work	Text field
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G6.	National and European level networking	Text field
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ANNEX C LABOUR MARKET STATISTICS

Table 1 Economic development in Hungary, 1992-2002

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Indices of GDP (1989=100)	82.4	81.9	84.3	85.5	86.6	90.6	95.1	99.1	104.3	108.3	111.9
GDP growth (%) *	-3.1	-0.6	2.9	1.5	1.3	4.6	4.9	4.2	5.2	3.7	3.3
Growth of industrial production (%)*	-9.7	4.0	9.6	4.6	3.4	11.1	12.5	10.7	18.3	4.0	2.6
Consumer price growth index (%) *	23.0	22.5	18.8	28.2	23.6	18.3	14.3	10.0	9.8	9.2	5.3
Unemployment rate (ILO)	9.8	11.9	10.7	10.2	9.9	8.7	7.8	7.0	6.4	5.7	5.8
Number of employed (%) *	-	-2.3	-2.0	-1.9	-0.8	-0.1	1.4	3.1	1.0	0.3	0.0
Labour productivity (%) ^a *	-	-1.7	5.0	3.5	2.1	4.7	3.5	1.1	4.2	3.7	3.3
Growth of gross real earnings (%) *	1.7	-0.5	5.1	-8.9	-2.6	3.4	3.5	5.5	3.4	8.1	12.3
Net increase in real wages *	-1.4	-3.9	7.2	-12.2	-5.0	4.9	3.6	2.5	1.5	6.4	13.6

* preceding year = 100%

a) GDP / employee

Source: Central Statistical Office (CSO)

Table 2 Labour market indicators in Hungary, 1992-2002 (annual averages, thousands)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2001*	2002*
Men												
Total population (1 January)	4960.5	4943.4	4922.9	4903.7	4883.9	4863.3	4841.9	4817.6	4791.8	4864.0	4851.2	4839.1
Population (15-64)	3383.4	3383.6	3370.2	3374.2	3359.9	3369.4	3346.6	3334.5	3332.9	3336.2	3339.9	3337.7
Economically active (15-64)	2449.4	2364.8	2304.9	2291.1	2264.1	2245.7	2217.3	2259.9	2268.1	2262.5	2244.8	2238.2
Employed persons (15-64)	2184.6	2051.4	2033.0	2030.7	2021.4	2033.2	2029.7	2089.2	2108.8	2119.8	2102.4	2100.3
Women												
Total population (1 January)	5376.7	5366.8	5354.0	5342.0	5328.4	5311.2	5293.5	5274.2	5251.4	5333	5349.5	5339.5
Population (15-64)	3514.9	3512.1	3515.3	3517.2	3517.5	3507.1	3485.1	3468.2	3451.5	3456.1	3511.4	3512.0
Economically active (15-64)	2015.3	1929.3	1851.3	1769.4	1756.2	1727.4	1771.4	1813.8	1819.9	1811.9	1838.9	1850.5
Employed persons (15-64)	1838.4	1730.8	1679.3	1615.5	1601.1	1594.2	1649.3	1699.9	1716.9	1721.9	1747.4	1750.0
Total												
Total population (1 January)	10337.2	10310.2	10277.0	10245.7	10212.3	10174.4	10135.4	10091.8	10043	10097	10200.7	10178.6
Population (15-64)	6898.5	6895.7	6885.5	6891.4	6877.4	6876.5	6831.7	6803.1	6784.4	6792.3	6851.3	6849.7
Economically active (15-64)	4464.7	4294.1	4156.2	4060.5	4020.3	3973.1	3988.7	4073.7	4088.2	4074.4	4083.7	4088.7
Employed persons (15-64)	4022.9	3782.2	3712.3	3646.2	3622.5	3627.4	3679.0	3789.1	3825.7	3841.7	3849.8	3850.3

* Recalculated figures based on 2001 Census

Source: Labour Force Survey, CSO, 2001 Population-CENSUS

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

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2001*	2002*
Total												
Activity rate (15-64)	64.7	62.3	60.4	58.9	58.5	57.8	58.4	59.9	60.3	60.0	59.6	59.7
Employment rate (15-64)	58.3	54.8	53.9	52.9	52.7	52.8	53.9	55.7	56.4	56.6	56.2	56.2
Unemployment rate	9.9	11.9	10.7	10.2	9.9	8.7	7.8	7.0	6.4	5.7	5.7	5.8
Youth unemployment rate	17.5	21.3	19.4	18.6	18	15.9	13.5	12.4	12.1	10.8	11.2	12.6
Men												
Activity rate (15-64)	72.4	69.9	68.4	67.9	67.4	66.6	66.3	67.8	68.1	67.8	67.2	67.1
Employment rate (15-64)	64.6	60.6	60.3	60.2	60.2	60.3	60.6	62.7	63.3	63.5	62.9	62.9
Unemployment rate	10.8	13.3	11.8	11.4	10.7	9.5	8.5	7.5	7.0	6.3	6.3	6.1
Youth unemployment rate	19.3	23.6	21.5	20.7	18.0	17.4	14.8	13.2	13.0	11.5	12.2	13.2
Women												
Activity rate (15-64)	57.3	54.9	52.7	50.3	49.9	49.3	50.8	52.3	52.7	52.4	52.4	52.7
Employment rate (15-64)	52.3	49.3	47.8	45.9	45.5	45.5	47.3	49.0	49.7	49.8	49.8	49.8
Unemployment rate	8.8	10.3	9.3	8.7	8.8	7.7	6.5	6.3	5.6	5.0	5.0	5.4
Youth unemployment rate	15.0	18.2	16.65	15.6	16.4	14.5	11.6	11.3	10.9	9.8	10.0	11.9

* Recalculated figures based on 2001 Census

Source: *Labour Force Survey, CSO*

Table 4 *Employment rates in Hungary by age group 1992-2002*

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2001*	2002*
Total												
15-64	58.3	54.8	53.9	52.9	52.6	52.7	53.9	55.7	56.4	56.6	56.2	56.2
15-59	62.4	58.9	58.0	56.9	56.6	56.5	57.4	59.3	60.1	60.3	60.1	60.1
15-24	37.3	33.5	32.9	31.3	30.4	31.4	35.3	35.7	34.3	32.3	30.7	28.5
25-39	75.8	72.8	72.3	70.8	70.5	70.2	71.0	72.4	73.3	73.8	73.8	73.3
40-59	65.8	62.5	61.5	61.3	61.6	61.4	60.6	63.3	64.4	64.5	64.6	65.5
60-64	13.7	9.9	8.5	7.6	7.1	7.2	7.1	7.6	8.0	8.9	8.9	9.6
Men												
15-64	64.6	60.6	60.3	60.2	60.1	60.3	60.6	62.6	63.3	63.5	62.9	62.9
15-59	68.5	64.4	64.2	64.0	64.1	64.0	64.0	66.0	66.7	67.0	66.6	66.5
15-24	40.7	36.6	36.1	35.3	35.4	36.2	39.6	40.0	38.7	36.8	34.4	31.2
25-39	83.3	80.6	80.8	81.0	81.4	81.7	80.8	82.4	83.6	84.3	84.3	84.0
40-59	72.6	68.2	68.1	68.3	68.3	68.2	66.4	69.1	69.9	69.6	69.8	70.6
60-64	17.5	13.4	11.8	11.5	8.9	9.9	10.0	10.4	11.7	13.2	13.1	14.4
Women												
15-64	52.3	49.3	47.8	45.9	45.5	45.4	47.3	49.0	49.7	49.8	49.8	49.8
15-59	56.5	53.5	51.9	49.9	49.3	49.2	51.1	52.8	53.6	53.7	53.8	53.9
15-24	33.6	30.3	29.5	27.0	25.2	26.2	30.9	31.1	29.7	27.8	26.9	25.8
25-39	68.1	65.0	63.7	60.4	59.5	58.6	61.0	62.2	62.8	62.8	63.2	62.4
40-59	59.6	57.3	55.4	55.0	55.4	55.3	55.3	57.8	59.4	59.8	59.9	60.9
60-64	10.7	7.1	5.9	4.5	5.6	5.1	5.0	5.5	5.1	5.6	5.5	6.0

* Recalculated figures based on 2001 Census

Source: Labour Force Survey, CSO

Table 5 *Unemployment rates in Hungary by age group 1992-2002*

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2001*	2002*
Total												
15-64	9.9	11.9	10.7	10.2	9.9	8.7	7.8	7.0	6.4	5.7	5.7	5.8
15-59	1.0	12.0	10.7	10.3	10.0	8.8	7.8	7.0	6.5	5.7	5.8	5.9
15-24	17.5	21.3	19.4	18.6	18.0	15.9	13.5	12.4	12.1	10.8	11.2	12.6
25-39	9.9	11.6	10.5	10.1	9.8	8.5	7.7	7.3	6.4	6.0	6.0	6.1
40-59	7.3	9.0	7.8	7.5	7.5	6.6	5.8	5.0	4.8	4.2	4.2	4.1
60-64*	4.7	7.2	5.7	4.1	3.7	2.1	5.2	1.1	1.3	2.4	2.3	1.2
Men												
15-64	10.8	13.3	11.8	11.4	10.7	9.5	8.5	7.5	7.0	6.3	6.3	6.2
15-59	10.9	13.4	11.9	11.5	10.8	9.6	8.5	7.6	7.1	6.4	6.4	6.2
15-24	19.3	23.6	21.5	20.7	19.0	16.9	14.8	13.2	13.0	11.5	12.2	13.2
25-39	10.6	12.3	11.0	10.8	10.3	9.0	8.0	7.7	6.7	6.2	6.3	6.2
40-59	8.0	10.4	9.0	8.5	8.3	7.4	6.4	5.4	5.4	4.9	4.9	4.5
60-64*	4.4	5.3	3.3	3.8	1.4	1.3	4.7	1.4	1.8	2.7	2.6	1.8
Women												
15-64	8.8	10.3	9.3	8.7	8.8	7.7	6.9	6.3	5.6	5.0	5.0	5.4
15-59	8.9	10.3	9.3	8.7	8.9	7.8	6.9	6.3	5.7	5.0	5.0	5.5
15-24	15.1	18.2	16.6	15.6	16.4	14.5	11.6	11.3	10.9	9.8	10.0	11.9
25-39	9.1	10.7	9.7	9.2	9.1	7.9	7.3	6.7	6.0	5.6	5.6	6.0
40-59	6.5	7.3	6.4	6.3	6.6	5.7	5.1	4.5	4.0	3.4	3.4	3.7
60-64*	4.9	10.0	9.2	4.7	6.5	3.2	6.0	0.6	0.5	1.9	1.8	0.0

Source: Labour Force Survey, CSO

* Recalculated figures based on 2001 Census

Table 6 *Population (aged 15-64) by main sectors and non-employment, 1992-2002*

	Agriculture	Industry	Service	Non-employment
Total				
1992	6.6	20.4	31.3	41.7
1993	5.0	18.5	31.3	45.2
1994	4.7	17.8	31.4	46.1
1995	4.2	17.2	31.4	47.1
1996	4.4	17.2	31.1	47.3
1997	4.2	17.5	31.1	47.2
1998	4.1	18.4	31.4	46.1
1999	3.9	18.9	32.8	44.3
2000	3.7	19.0	33.7	43.6
2001	3.5	19.2	33.8	43.4
2001*	3.5	19.3	33.4	43.8
2002*	3.5	19.2	33.5	43.8
Men				
1992	9.2	26.1	29.2	35.4
1993	7.2	24.1	29.3	39.4
1994	6.9	23.5	29.9	39.7
1995	6.4	23.3	30.4	39.8
1996	6.8	23.2	30.2	39.8
1997	6.4	23.9	30.1	39.7
1998	6.3	25.0	29.4	39.4
1999	6.1	25.9	30.7	37.4
2000	5.7	25.8	31.8	36.7
2001	5.4	26.0	32.1	36.5
2001*	5.4	26.1	31.4	37.1
2002*	5.3	26.3	31.3	37.1
Women				
1992	4.0	15.0	33.3	47.7
1993	2.9	13.1	33.2	50.7
1994	2.6	12.3	32.9	52.2
1995	2.1	11.4	32.4	54.1
1996	2.1	11.4	32.0	54.5
1997	2.0	11.3	32.1	54.5
1998	1.9	12.1	33.3	52.7
1999	1.9	12.3	34.9	51.0
2000	1.8	12.5	35.5	50.3
2001	1.7	12.8	35.7	49.8
2001*	1.8	12.7	35.3	50.2
2002*	1.8	12.4	35.6	50.2

Source: Labour Force Survey, CSO

* Recalculated figures based on 2001 Census

Table 7 *Employment rates of population aged 15-64 by regions, 1992-2002*

Regions	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2001*	2002*
Central Hungary	62.7	58.8	57.6	57.5	57.2	57.0	57.	59.8	60.6	60.9	60.6	60.9
Central Transdanubia	58.0	55.6	54.8	53.4	53.0	53.8	56.1	58.7	59.3	59.9	59.3	60.0
Western Transdanubia	62.4	60.9	60.3	59.0	59.7	60.1	61.8	63.2	63.5	63.3	63.1	63.7
Southern Transdanubia	57.6	53.3	52.8	49.1	50.6	50.2	51.6	52.9	53.7	52.6	52.3	51.6
Northern Hungary	52.5	49.6	48.0	46.6	46.0	45.9	46.3	48.2	49.5	49.7	49.7	50.3
Northern Great Plain	52.8	48.7	47.9	46.7	45.8	45.4	46.6	48.9	49.1	49.7	49.5	49.3
Southern Great Plain	58.2	53.8	53.4	53.4	53.1	53.9	54.3	52.4	56.1	56.3	55.8	54.2
Total	58.3	54.8	53.9	52.9	52.7	52.7	53.9	55.7	56.4	56.6	56.2	56.2

* Recalculated figures based on 2001 Census

Source: Labour Force Survey, CSO

Table 8 *Employed and unemployed persons by highest educational attainment, 1999-2002*

%

Highest educational level	1999		2000		2001		2001*		2002*	
	Employed	Unemployed	Employed	Unemployed	Employed	Unemployed	Employed	Unemployed	Employed	Unemployed
Men										
ISCED 1+2 (<=8 grades)	16.8	34.0	16.0	32.9	15.7	36.8	15.6	36.5	14.6	36.7
ISCED 3+4 (Vocational sch., Secondary sch.)	68.3	63.3	68.3	63.7	68.7	60.3	68.8	60.7	69.5	60.0
ISCED 5+6 (Higher education)	14.9	2.7	15.7	3.4	15.6	2.9	15.6	2.8	15.9	3.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Women										
ISCED 1+2 (<=8 grades)	20.5	34.8	19.1	31.8	19.0	33.3	19.1	33.6	18.5	33.2
ISCED 3+4 (Vocational sch., Secondary sch.)	61.0	61.4	61.7	63.1	61.6	60.6	61.6	60.3	61.7	58.4
ISCED 5+6 (Higher education)	18.5	3.8	19.2	5.1	19.4	6.1	19.3	6.1	19.8	8.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total										
ISCED 1+2 (<=8 grades)	18.5	34.3	17.4	32.4	17.2	35.4	17.2	35.4	16.4	35.2
ISCED 3+4 (Vocational sch., Secondary sch.)	65.0	62.5	65.4	63.5	65.5	60.5	65.5	60.5	66.0	59.3
ISCED 5+6 (Higher education)	16.5	3.2	17.2	4.1	17.3	4.1	17.3	4.1	17.6	5.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Recalculated figures based on 2001 Census

Source: Labour Force Survey, CSO

Table 9 *Benefit recipients by income support scheme, 1995-2002*

(as per cent of working age population)*

	1995	1996	1997	1998	1999	2000	2001	2002
Unemployment insurance	3.0	2.8	2.3	2.1	2.3	2.1	1.9	1.8
Unemployment assistance	3.5	3.5	3.3	3.0	2.4	2.1	0.9	0.1
Regular social allowance							1.1	1.6
Participants in retraining programmes	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.3
Disability benefit	4.9	5.2	5.3	5.6	6.3	6.2	6.5	6.6
Other disability assistance	4.2	4.7	5.1	5.3	5.5	5.4	5.2	5.0
Sick pay	2.5	1.8	1.7	1.7	1.7	1.8	1.8	1.9
Sick leave	0.6	0.7	0.7	0.6	0.7	0.6	0.6	0.5
Early retirement	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7
Pre-retirement	0.7	0.6	0.6	0.5	0.3	0.2	0.2	0.1
Pre-pension	0.7	0.8	0.9	0.8	0.5	0.2	0.0	0.0
Child care allowance	1.7	1.8	2.7	3.4	3.6	3.1	3.1	2.6
Child care fee	1.9	1.7	0.8	0.0	0.0	0.9	0.9	1.1
Total	24.6	24.4	24.3	24.0	24.3	23.4	23.2	22.3

*annual averages, excluding early retirement figures of the end of the year

Source: CSO, Ministry of Employment and Labour, National Employment Office

Table 10 Educational enrolment ratios by gender in full-time form

	1990/91			1995/96			1998/99			1999/2000			2000/2001		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Pupils in kindergartens in % of 3-5 year-old population ^{b)}	87.1	84.0	85.5	88.0	86.3	87.2	86.3	86.8	86.5	87.0	87.6	87.3	86,0	86,8	86,4
Students in primary school % of 6-13 year-old population ^{b)}	99.4	98.8	99.1	97.7	97.1	97.4	97.2	98.4	97.7	97.3	98.7	98.0	100,0	100,0	100,0
Students in vocational school in % of 14-17 year-old population ^{b)}	37.1	23.1	30.3	31.5	21.4	26.6	26.9	18.0	22.5	24.4	15.3	20.0			93,6
Students in secondary school in % of 14-17 year-old population ^{b)}	32.5	48.4	40.2	45.5	60.5	52.8	53.7	68.0	60.7	54.0	66.9	60.3			
Ratio of all students in secondary school in % of 14-17 year-old population ^{c)}			42.4			61.0			77.5			76.7			80,0
Students in higher education in % of 18-22 year-old population ^{b)}	7.9	9.2	8.5	10.7	13.1	11.9	13.5	17.2	15.3	15.4	19.6	17.4	15,8	24,2	20,0
Ratio of all students in higher education in % of 18-22 year-old population ^{d)}			10.5			15.0			19.9			23.0			25,0
Total students as percentage of 3-22 year-old population ^{e)}	71.8	71.2	71.5	70.3	71.8	71.0	73.1	76.0	74.5	75.5	77.3	76.4	76,0	83,2	79,6

- a) enrolment ratio by gender, calculated data
- b) net enrolment ratio: ratio of students in % of the same age group
- c) gross enrolment ratio in the secondary school
- d) gross enrolment ratio in higher education
- e) all students in the indicated age group

Source: CSO

Table 12 Earnings in budgetary and competitive sectors by gender, 1999-2002

	1999				2000				2001				2002			
	Total	Male	Female	Female Male=100	Total	Male	Female	Female Male=100	Total	Male	Female	Female Male=100	Total	Male	Female	Female Male=100
Budgetary sector	62.5	68.9	60.2	87.4	65.0	73.5	61.9	84.2	64.6	72.5	62.0	85.5	71.4	79.9	68.4	85.6
Competitive sector	100.0	105.0	92.1	87.7	100.0	105.1	92.2	87.7	100.0	105.3	91.9	87.3	100.0	105.0	91.9	87.5

Source: National Employment Office, Survey of basic wages and earnings

Note: Data refer to all organizations in the budgetary sector and firms employing at least workers 10 workers (1995-2000), 5 workers (2001-) respectively.

Table 13 Expenditure on active and passive employment measures, 1992-2002

(billion HUF and million ECU/EURO* and % GDP)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Total expenditure											
billion HUF	82.8	99	79.9	74	77.4	91.4	101.6	110.1	112.8	124.7	149.9
million ECU/EUR	810.9	920.9	640.7	455.1	405	433.3	421.7	435.5	433.8	485.7	617.0
% GDP	2.81	2.79	1.83	1.33	1.13	1.07	1.01	0.96	0.86	0.84	0.90
Passive measures											
billion HUF	65	75.6	53.1	50.4	51.8	68.6	62.4	64.5	61.7	56.6	63.2
million ECU/EUR	636.6	703.2	425.8	309.9	271	325.2	259	255.1	237.2	220.5	260.1
% GDP	2.21	2.13	1.22	0.92	0.76	0.63	0.62	0.56	0.47	0.39	0.38
Unemployment compensation	2.15	2.02	1.07	0.72	0.6	0.46	0.45	0.47	0.44	0.38	0.38
Early retirement	0.05	0.11	0.15	0.19	0.16	0.17	0.16	0.09	0.04	0.01	0.00
Active measures											
billion HUF	17.8	23.4	26.8	23.7	25.5	37.8	39.3	45.7	51.0	68.1	86.7
million ECU/EUR	174.3	217.6	214.9	145.7	133.4	179.2	163.1	180.7	196.1	265.3	356.8
% GDP	0.61	0.66	0.61	0.43	0.37	0.44	0.39	0.4	0.39	0.46	0.52
PES and administration	0.15	0.15	0.15	0.13	0.11	0.13	0.12	0.11	0.11	0.11	0.12
Training	0.15	0.23	0.19	0.13	0.08	0.08	0.07	0.07	0.07	0.07	0.06
Subsidized employment	0.31	0.28	0.27	0.17	0.18	0.23	0.2	0.22	0.22	0.27	0.34
Share of active measures of total spending (%)	22	24	33	32	33	41	39	42	45	55	58

Source: Ministry of Employment and Labour

ANNEX D QUESTIONNAIRE

This questionnaire⁶³ is intended to map out preliminary interest regarding EQUAL and the scope of potential applicants. It is important that applicants are well prepared to hand in projects and implement them. Therefore Your feedback is very much appreciated in the preparation for the launch of the Programme and creating appropriate technical assistance.

Thank you for your cooperation!

Name of organisation:

Type of organisation:

Profile:

1 Would you consider handing in project proposals for EQUAL?

YES

If yes, in which theme?

- Facilitating access to the labour market for disadvantaged people
- Promoting lifelong learning and development of inclusive work practices which encourage the recruitment and retention of people qualifying as disadvantaged in the labour market
- Reducing gender gaps and supporting job desegregation
- Asylum seekers

In your opinion, what is the most difficult requirement of the project? (Please, mark the answers and explain briefly why!)

- Partnership
- Trans-national cooperation
- Innovation
- Minimum project size
- The length of projects
- Other:

NO

If not, why not?

- The field is not relevant
- Complicated implementation

- Lack of capacities
- Minimum project size
- Other:

2 In what format do you require information about EQUAL? (Please mark your answers with numbers; 1 indicating the most preferred option.)

- Printed materials
- Individual consultations
- Seminars, training
- Internet
- Other:

3 What do you think, in what aspects you would require assistance?

- Finding partner organisations
- Setting up a work plan
- Planning cooperation and division of tasks within the Development Partnership
- Assessing organisational capacities
- Guidance in public procurement
- Legal counselling
- Other:

Please, return the questionnaire to the below address not later than September 10, 2003.

e-mail: equal@fmm.gov.hu

fax: (06 1) 472 84 22

address: Renáta Tóth, Head of unit, ESF Planning Unit, Ministry of Employment and Labour, Budapest 1054, Alkotmány utca 3.

⁶³ This questionnaire was sent to the partners involved in the consultation process with the aim of mapping out their preliminary interest in applying for EQUAL.

ANNEX E LIST OF ABBREVIATIONS

ARDOP	Agriculture and Rural Development Operational Programme
CIP	Community Initiative Programme
CSO	Central Statistical Office
DP	Development Partnership
DPA	Development Partnership Agreement
EQUAL MA	Managing Authority for EQUAL
EAGGF	European Agriculture Guidance and Guarantee Fund
EC	European Commission
ECDB	EQUAL Common Database
ECOP	Economic Competitiveness Operational Programme
EES	European Employment Strategy
EIOP	Environment Protection and Infrastructure Operational Programme
ERDF	European Regional Development Fund
ERF	European Refugee Fund
ESF	European Social Fund
EU	European Union
FDI	Foreign Direct Investment
FIFG	Financial Instrument for Fisheries Guidance
GDP	Gross Domestic Product
HRDOP	Human Resource Development Operational Programme
ICT	Information & Communication Technologies
IOM	International Organisation for Migration
JAP	Joint Assessment Paper
JIM	Joint Inclusion Memorandum
LFS	Labour Force Survey
MA	Managing Authority
MoEL	Ministry of Employment and Labour
NDP	National Development Plan
NGO	Non-Governmental Organisation
NSS	National Support Structure
OPRD	Operational Programme for Regional Development
PA	Paying Authority
SME	Small and medium-sized enterprises
SPD	Single Programming Document
TA	Technical Assistance
TCA	Trans-national Co-operation Agreement
UNHCR	United Nations High Commissioner for Refugees