



The European Social Fund in Hungary, 2007-2013

The Hungarian strategy for ESF funding will raise participation in the labour force to support continued economic growth while reducing regional disparities in employment and improving opportunities for disadvantaged groups. Further, it will modernise the education and training system to provide the skilled workers businesses need, today and for the future, and increase the performance of the public administration.

The European Social Fund in brief

The European Social Fund, created in 1957, is the European Union's main financial instrument for investing in people. It supports employment and helps people enhance their education and skills. This improves their job prospects.

Member States and regions devise their own ESF Operational Programmes, in order to respond to the real needs 'on the ground'. Over the period 2007-2013, the ESF will spend over 10 billion euros per year across all Member States. This represents more than 10% of the European Union's total budget.

These are the five priorities of ESF funding at EU level:

- Helping workers and enterprises adapt to changing circumstances in the economy
- Enhancing access to employment and participation in the workforce
- Improving training and skills, both for individuals, and through better education and training systems
- Promoting partnerships between actors such as employers, trade unions and non-governmental organisations, for reform in the fields of employment and inclusion in the labour market
- Reinforcing the social inclusion of disadvantaged people and combating discrimination in the labour market

In some Member States and regions, the ESF can also support actions to improve the capacity and effectiveness of public administrations and public services.

The socio-economic and employment situation in Hungary

Hungary was hit particularly hard by the economic crisis with GDP contracting by 6.7 % in the first quarter of 2009 and 7.6 % in the second, with a further moderate decline expected in 2010. Balancing the budget and reducing the fiscal deficit has been one of Hungary's key macro-economic challenges since 2006 and, as a result of an ongoing fiscal consolidation programme, the deficit significantly improved to 3.4 % of GDP in 2008, down from 5 % in 2007 and 9.3 % in 2006. However, as the downturn has proved more intensive in the economy than expected, the deficit is projected to increase in 2010. Employment fell in 2008 by around 1 %; and at 55.6 % in June 2009 the employment rate is far below the EU target of 70 % and the actual EU average. The employment rate for women was 49.6 % in the first half of 2009, also well below the EU average of 59.1 %.

The unemployment rate rose sharply to 9.6 % in June 2009 from an overall rate of 7.8 % in 2008. Unemployment is expected to rise to double-digit levels in the short term, despite a parallel increase in the number of inactive people.

Particular social challenges include low employment among disadvantaged groups such as the Roma, people with disabilities and the low skilled. In addition, there are strong regional disparities in wealth and employment, especially at local and micro-regional levels. At the same time, regional mobility of the workforce is low. As the economy continues to move away from agriculture and manufacturing, and towards services, it is important to help workers adapt to new jobs and new types of jobs.

Ensuring access to high-quality education and training for all is an additional challenge. Furthermore, as Hungary undertakes the transition towards a more knowledge-based economy, education and training systems must adapt more to the demands of the labour market. The need for improvement is evidenced by skill shortages and bottlenecks to growth in the most developed regions, such as the Central Hungary region which includes Budapest.

Hungary's ESF priorities

The Hungarian strategy for ESF funding is to raise the employment rate and labour force participation to support continued economic growth. At the same time, it will reduce regional disparities in employment, improve the labour market situation for the disadvantaged, modernise the education and training system to provide the skilled workers that businesses need, and increase the performance of the public administration. This strategy forms part of a coherent approach for jobs and growth contained in the National Reform Programme and is complemented by other Structural Fund spending.

Hungary's ESF priorities will be implemented through two Operational Programmes covering the whole country:

The Social Renewal Operational Programme

The Social Renewal Operational Programme consumes by far the largest part of ESF funding and aims at supporting both growth and employment through measures primarily focused on improving the quality of human resources.

The main priorities are as follows:

- Improving employability and promoting entry into the labour market through training, help for job-seekers, the development of better employment services and support for the social economy. Particular support will be given to increasing labour market participation among women, young people, older age groups, the Roma population and people with disabilities.

- Improving the adaptability of individuals and organisations by facilitating access to training, developing the institutional system, and providing targeted support to social partners and non-governmental organisations.
- Providing quality education and access to it for all through the implementation of the national lifelong learning strategy. Supporting the dissemination of competence-based education and decreasing the segregation of disadvantaged pupils will be given a particular emphasis.
- Developing the content and structure of higher education to support the needs of businesses and the knowledge economy. This includes the enhancement of research and development capacities.
- Strengthening social inclusion by improving access to social services for disadvantaged groups to join the labour market. Particular support will be given to the most disadvantaged regions with significant Roma populations, to youth programmes, and to the development of local communities and civil society.

- As part of a major reform the provision of health services in Hungary, support will be given to improving human-resources development in the health sector, including their organisation. This will increase the quality and efficiency of health service provision and contribute to addressing the relatively poor health and low life expectancy in Hungary compared to other EU countries.

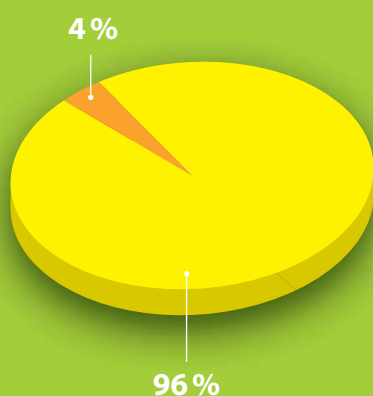
The State Reform Operational Programme



Support under this programme aims to increase the quality of administrative and judicial services' operations and improve the functioning of government as well as those non-governmental organisations with administrative functions.

Supported activities will include:

- Implementing better processes and organisational development in public administration.
- Improving the quality of human resources in public administration.

Financial plan for the European Social Fund in Hungary, 2007-2013 (euro)



	 Community funding	 National counterpart	
Operational Programme			Total funding
Social renewal	3 482 518 044	614 562 011	■ 4 097 080 055
State reform	146 570 507	25 865 384	■ 172 435 891
Total	3 629 088 551	640 427 395	4 269 515 946

Some earlier ESF projects in Hungary, 2004-2006

- The Hand-in-Hand Foundation in Budapest led the 'Active Workshop' project to address the challenges of employment among people living with mental disabilities. The objective was to develop a manageable system of rehabilitation and qualification for mentally disabled people to enhance their employment opportunities. Six organisations active in the field of employment for the mentally disabled took part in activities to improve training opportunities for carers, searching for new opportunities for suitable employment, harmonising methods among themselves, and widening communication on the availability of suitable jobs.
- A project in the small region of Szekszárd-Tolna set out to help women who have been away from the labour market for a long time to get back to work. After years of bringing up children, some mothers may find that their qualifications are too low, or out of date by the time they want to go back to work. Using a psychosocial approach, the project identified the participants' motivation and capabilities. Then they were offered the opportunity to acquire nationally recognised specialist qualifications in the fields of social work, health and supermarket operations. The project helped them to find work locally, close to their towns and villages, to suit their particular work/home situation.
- The Boardwalk project in Budapest brought IT competences to people using adult public education institutions to help them in their self-improvement efforts and give them confidence in using new technologies. The objective was to spread IT abilities more widely, especially among job-seekers, and to lower drop-out rates from adult education. The project targeted those returning to work, the young, returning parents and older workers. Adult education tutors were given accredited e-learning courses, and a centralised website and helpdesk were developed to guide participants in their learning process.

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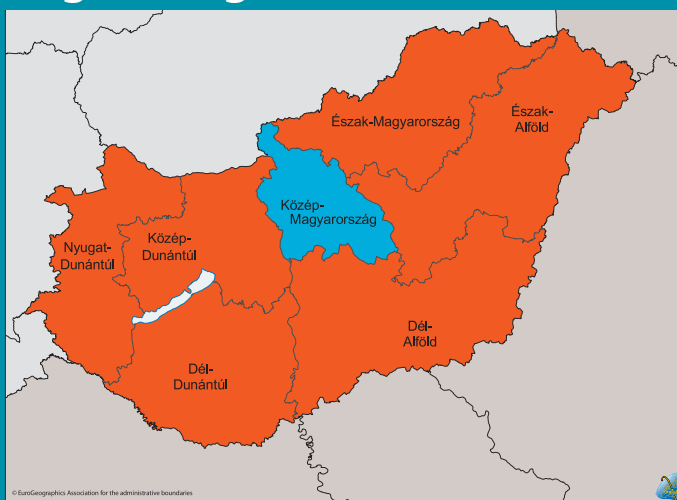
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Eligible regions 2007-2013



The level of ESF funding differs from one region to another depending on the relative wealth.

- Central Hungary region is a phasing-in region, with a GDP per head of less than 75 % of the EU-15 average in the period 2000-2006 but of more than 75% of the EU-15 average in the period 2007-2013.
- All the remaining regions with a GDP per head of less than 75 % of the EU-25 average are eligible under the convergence objective.