STANDARD SUMMARY PROJECT FICHE  
Project Number 2002/000-180-02-02

1. Basic Information
1.1 Désirée Number: 2002/000-180-02-02  
Twinning Number: HU/IB/2002/SO/02
1.2 Title: Modernising the Hungarian Public Employment Service (PES)
1.3 Sector: Social Development and Employment
1.4 Location: Hungary

2. Objectives
2.1 Overall Objective(s):
To improve the efficiency and effectiveness of PES
- by providing better services to all clients;
- by supporting the operation of the labour market;
- by helping regional development projects with detailed labour market information in compliance with the EU Employment Strategy Guidelines.

2.2 Project purpose:
- Computerised nation-wide information system covering all vacancies and job-seekers registered in local employment offices and meeting the requirements of individual case management, efficient handling of vacancies and EURES, and also of collecting statistical data and monitoring PES performance.
- Service model to ensure the provision of professional individual services, self-services and special services for employers.
- PES services and activities modernised and expanded taking into account the needs of jobseekers and employers.
- Organisation and management of the PES modernised and expanded.
- Professional qualification of PES staff improved enabling them to design, implement, monitor and evaluate European Social Fund-type (ESF-type) Labour Market and Human Resource Development projects and regional development projects co-ordinated through the framework established under the twinning arrangement set out in section 3.4.1.

2.3 Accession Partnership and NPAA priority
The need to modernise the Public Employment Service found its justification in the Joint Assessment Paper on Employment (JAP) recently signed between the Commission and the Hungarian Government.
The development and modernisation of the Public Employment Service is a central objective of the JAP (section 3.5.3).
In particular, the Government is committed to strengthening its role in matching labour supply and demand and in ensuring equal access to high quality services throughout the country. Under the PES development process, there is also a commitment to strengthen the interface between
its unemployment benefit systems and its role in brokering a more effective response to labour market requirements.

The modernisation of the national labour organisation (the Public Employment Service) is also covered in section 5.4 Employment and Social Affairs of NPAA 2001.

“Development of appropriate labour market structures” is a medium term objective of the Accession Partnership, 1999 under 3.2., Employment and social affairs.

2.4 Contribution to National Development Plan:

The contributions of the project are detailed in the NDP Chapter 5. – Development priorities and measures; 5.3 Employment and Education; 5.3.1 Employment and Social Inclusion Priority 6, Modernising the Public Employment Services.

2.5 Cross Border Impact: Not applicable.
3. Description

3.1 Background and justification:

The National Labour Centre (Employment Office), county labour centres, and local employment offices were created in accordance with Act IV of 1991. Over the past ten years, this structure has undergone frequent adjustments in line with the changing economic environment. As a result, the provision of unemployment benefits and employment promotion subsidies are stable and operate smoothly. This has contributed to a significant decrease of unemployment, and to a modest rise of overall employment in Hungary.

In the spring of 2000, the Government decided that it would address employment as part of economic policy, and that this decision should be reflected in the cabinet structure. This required a modification of the objectives of the organisation in charge of employment and labour market policy. As a result, the resources of the Labour Market Fund should be used even more intensively to foster job creation and the acquisition of marketable skills. The effectiveness of resources allocation also needed to be improved while the flow of integrated labour market information had to be reorganised to ensure up-to-date information for all actors concerned with the planning of regional development programmes.

As public administration is becoming more modern, the role of local labour market management will be gradually transferred from the level of counties to NUTS 2-level regions defined from the planning/statistical point of view. Nevertheless, the local offices also need significant development if clients are to receive a standardised, high quality service.

(See Annex 6 - The structure and functions of PES in Hungary and Annex 8 - Strategic objectives of PES)

3.2 Linked activities:

- HU0008-02 Employability and long-term employment of social groups with compound disadvantages (ESF type project),
- Carrying on with the EURES and the EUROFIT (European Occupational Information Counselling Centres) projects and creating National Career Information Centres,
- VS/1999/0013 Promoting Equal Opportunities for Women and Men in the Labour Market (with the National Labour Centre) a project co-financed by the European Commission (DG EMPL) and Hungarian authorities (National Labour Centre, Budapest University of Economic Sciences).

3.3 Results:

The project will help to develop a new service model, which will be implemented as a pilot scheme in three local offices in each of the seven regions of Hungary (or one in each county). With this approach, the Hungarian PES will be much more effective in its double role of offering vacancies to job-seekers and different services to employers on the one hand and as a registering system taking care of the different groups of the unemployed on the other. The project concentrates on the local level and here only on a relatively small number of offices. The following results will be accomplished:

- 21 local offices selected for piloting a new service model for labour market policies (see Selection Criteria in Annex 5)
- New service model developed, introduced in the 21 local offices, evaluated and ready to be implemented nation-wide. The service model will include the following features:
• Regional and local area labour market information provided to help regional development projects and ESF-type projects, and to better inform employers and employees of a given region.

• Improved personal services helping complex schemes of the labour market institutions. The new services will include: case management, individual action plans for the clients, self-service workstations (KIOSKs), etc. These new features will be part of the new service model to be developed under this project and will be implemented together with it.

• More successful prevention of LTU by implementing profiling. Profiling is a classification method of the long-term unemployed in which not only the basic data (place of residents, level of schooling, previous job, length of unemployment period, region of previous employment, etc.) are recorded, but also other data which make possible further categorisations of LMUs and more personalised services offered to them. This practice – i.e. profiling - is already used in some EU member States.

• As an organic part of the new service model an appropriate set of employment instruments adjusted to the needs of social groups under different levels of threat (prior to 12 months of being unemployed, or 6 months in the case of school leavers). This will be achieved by using labour market forecasts on possible trends; by encouraging employers to notify labour offices on their expectations as to the future situation of their companies, the resulting changes in staff number and their composition; by keeping relations with schools to help them create training courses more in tune with economic demands, etc.

• Better trained staff of the employment service capable of providing the right services to a wider range of clients within the framework of the new service model; system of internal training established, as well as further developed; and the PES staff prepared to design, implement, monitor and evaluate European Social Fund-type Projects.

• Computerised information system installed in 21 local employment offices and in the National Employment Office (NEO) covering all vacancies and jobseekers registered in all the 176 local offices. The data system will meet the requirements of individual case management, efficient handling of vacancies and the requirements of EURES, and also of collecting statistical data and monitoring PES performance.

• New office environment created in 100 labour offices selected on the bases of client turnover (see Selection Criteria in Annex 5).

3.4 Activities:
The project activities include the preparation and implementation of one twinning arrangement, two supply contracts, and one service contract as detailed in the following part.

3.4.1 Twinning

Broad objective
The twinning arrangement will provide the framework for the successful implementation of the project by virtue of the professional and institutional experience of the Member State twinning partner. The expected results of the twinning are:

• new service model created
• monitoring system developed
• structure of PES modernised
new office environment created
training for the trainers and the staff launched
communication system necessary for the development of LMI of PES upgraded

Scope of twinning assignment

The secondment of one pre-accession advisor is envisaged for 12 man-months (however, the covenant will have a duration of 18 months, with additional 6 months for the work of short and/or medium-term experts if necessary) starting from June 2002. The PAA will be available to assist and monitor implementation, and make recommendation for the assignments of short and medium-term experts. He will also be involved in the development of a service model, the upgrading of the data processing and communication system, in the design, organisation and delivery of a complex staff training programme and he will participate in the elaboration of the tender documentations for the supply and service contracts. These latter tasks will be carried out together with the National Employment Office and the short and medium-term experts. The National Public Employment Service will host the PAA.

Required inputs of the twinning institution

• The twinning institution has to be experienced in planning and implementing positive measures in the field of employment strategies and professional advising and training regarding these;
• The twinning institution should have wide relations in the Member States;
• The twinning institution should be linked to the structures of the governmental administration of the EU member states.

Profile of the PAA

An ideal PAA should know the 'ins and outs' of a well functioning placement system and the use of labour market information in an effective way. He/she should know the structure and functioning of a Public Employment Service organisation and must be familiar with staff-training needs within an employment organisation. He/she should communicate in English fluently and have good organisational skills.

Short and medium-term experts

Areas not directly covered by the PAA will be taken over by short- and medium term experts within the limit of the twinning budget as stated in section 5 of the present fiche. The concrete assignments will be subject to the Twinning Covenant and the joint recommendations of the PAA and the Hungarian counterparts. They are likely to include the following.

The medium-term experts should be well familiarized with different PES service models, monitoring activities of institutions providing services to large number of clients, have experience in institution development and restructuring.

The short-term experts should have experience in designing and organising training for the staff of PESs, should know the current trainings needs of other PES in EU member states and have experience in this field, be able to develop curricula, be a good lecturer who can lead training courses.
Activities carried out by medium-term experts

- Assisting the PAA in developing a service model together with the National Employment Office to be implemented in 21 local offices chosen on the basis of selection criteria developed by NEO (see Selection Criteria in Annex 5) (one expert for two months involved in developing KIOSK software).
- Developing a monitoring system to control the effectiveness of active measures and employment services (indicators) (one expert for two months participating in developing LMI software and data gathering process).
- Assisting the PAA in upgrading the data processing and communication system (hardware, software) based on a professional assessment of the labour market information needs in Hungary (with the help of the same expert mentioned in the above point).
- Advising on the new office environment (one expert for 2 months).

Activities carried out by short-term experts:

- Assisting the PAA in designing and delivering a complex staff-training programme based on a professionally conducted needs assessment (1 expert for one month and two experts for two months each involved in developing the training materials).
- The training of 20 trainers in a 4-week-training course (2 experts for two weeks each).
- Assisting the PAA in the organisation and launch of the training of the staff of 450 labour offices in a 2-week training course spread in time to minimize extra workload on local offices as a result of temporary staff shortage due to the training (10 experts for one month each).

Results of the twinning activities:

Development and introduction of a new service model

- With the selected labour offices, NEO, and the Member State twinning partner a new service model is developed, which addresses labour market needs more efficiently. The labour market needs are assessed while selecting the 21 pilot offices.
- The new service model is to be introduced and indicators to measure its effectiveness are to be established.

Tasks closely related to the development of a new service model

- Statistical data are gathered from different sources (NEO, Central Statistical Office, municipalities, other partner organisations, etc) to create the core database for developing the Labour Market Information (LMI) system.
- On the basis of local office managers’ input and a labour market needs analysis new ways of client service and new measures for tackling ‘bottlenecks’ (e.g. individual case management for the long-term unemployed) are developed.

New office environment

- Design plans including the selection of furniture, interior colour schemes, and logical client route arrangement within the office (smooth client flow from the registering place to the first interview desk, and then to the counsellor, etc.) are created by NEO, local office managers together with a twinning partner.
**Training**

- Curriculum and training material are developed; learning software is selected and purchased for the training schemes.
- Teaching material is developed.
- Training for trainers is prepared and carried out.

The twinning covenant will also include a small amount to be sub-contracted to the private sector for the purchase and preparation of the necessary teaching material.

**3.4.2 Supply component**

(For equipments to be purchased see Annex 7 – *Indicative equipment list*)

The equipment supply will cover:

**Contract 1**

- The procurement and installation of 21 servers (one in each local office chosen for the pilot) for data handling between the KIOSKs, the new workstations and the central database;
- 420 workstations for the staff of the 21 local offices;
- 63 KIOSKs touch-screen self-service application for clients (3 KIOSKs in each pilot local office);
- Learning-software licence fee as part of the creation of a staff training system.

**Contract 2**

- The procurement of furniture and design kits for 100 local offices selected on the basis of client-turnover;

**3.4.3 Service component**

The service component will cover the following:

- The development of software necessary to run the KIOSKs,
- The development of the Labour Market Information system,
- Development of teaching materials.

**3.5 Lessons Learned**

No relevant previous reports.

**4. Institutional Framework**

(See Annex 6 - *The structure and functions of PES in Hungary*)

The project will be co-ordinated by the headquarters of the Hungarian Public Employment Service (the National Employment Office). The project is operated in the framework of the Hungarian Public Employment Service, including all the regional centres and local offices.

**Beneficiaries:** the National Employment Office, regional centres, and local offices of the Public Employment Service.
5. Detailed Budget (€ Million)

<table>
<thead>
<tr>
<th>Component</th>
<th>Phare Support</th>
<th>National Co-financing</th>
<th>Co-</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
<td>Total Phare (=I+IB)</td>
<td>IFI</td>
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<tr>
<td>Supply (IT)</td>
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<td>0.7</td>
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<tr>
<td>Supply (Office Environment)</td>
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<td>1.2</td>
</tr>
<tr>
<td>Services</td>
<td>0</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
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<tr>
<td>Twinning</td>
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<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
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<tr>
<td>Total</td>
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<td>0.9</td>
<td>1.9</td>
<td>3.0</td>
</tr>
</tbody>
</table>

The Government co-financing for the twinning activity is an estimated indicative amount and will not be part of the budget of the Twinning Covenant. It provides an indication of the resources in cash or in kind that the beneficiaries will have to mobilize to cover the necessary counterpart expenses arising from the implementation of the twinning.

The supply and service contracts will be co-financed between Phare and Government resources through jointly financed tenders. The Phare amount is binding as a maximum amount available for the items. The ratio between Phare and the national amount is also binding and has to be applied to the final contract price.

6. Implementation Arrangements

6.1 Implementing Agency

**PAO:** Judit Rózsa
Address: H-1052 Budapest
Deák Ferenc utca 5.
Telephone: +36 (1) 327-3652
Fax: +36 (1) 327-3572
e-mail: judit.rozsa@ahh.gov.hu

**SPO:** Dr. Judit Székely, Deputy Secretary of State
Address: H-1051 Budapest
Vigadó u. 6
Telephone: +36 (1) 235-4648
Fax: +36 (1) 235-4411
e-mail: judit.szekely@gmv.gov.hu

The Central Finance and Contracts Unit will manage the contractual and financial implementation of the project.

The programme will be carried out under the responsibility of the National Employment Office. To ensure efficient co-ordination of the programme, a Steering Committee will be set up. It will act as advisory and decision making body for the programme and will exercise profes-
sional policy and institutional supervision over programme planning and implementation. The Deputy Secretary of State of the Ministry of Economic Affairs will chair the Steering Committee as SPO. Its members will be the authorised representative of the Ministry of Social and Family Affairs appointed by the Administrative Secretary of State of the Ministry of Social and Family Affairs, and the authorised representative of the Ministry of Education who will participate as observer at the meetings of the Steering Committee. The EC Delegation and the CFCU will also be invited as observers in the Steering Committee.

The National Employment Office will be responsible for technical co-ordination and will act as interlocutor for all parties involved.

6.2 Twinning

- The Hungarian twinning partner is the National Employment Office, the headquarters of the Hungarian PES
- Task manager at the beneficiary organisation will be appointed and will act as the institutional counterpart of the PAA.
- The contracting authority and financial management of the twinning component will be the responsibility of the CFCU

6.3 Non-standard aspects

The Practical Guide for Phare, ISPA and SAPARD contract procedures and Twinning Manual will strictly be followed.

6.4 Contracts

The project shall be implemented through one twinning arrangement (€ 0.6 Million), two jointly co-financed supply contracts (1.5 and 1.6 M€ respectively) and one service contract (€ 0.6 Million in total).
7. Implementation Schedule

<table>
<thead>
<tr>
<th>Contract</th>
<th>Start of Tendering</th>
<th>Start of Project Activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>09/2002</td>
<td>03/2003</td>
<td>12/2003</td>
</tr>
<tr>
<td>Supply (both contracts)</td>
<td>09/2002</td>
<td>04/2003</td>
<td>12/2003</td>
</tr>
</tbody>
</table>

8. Equal Opportunity

The Hungarian PES is equal opportunity employer. No discrimination of whatever nature will be applied.

9. Environment

The project has no discernible effect on the environment

10. Rates of return: Not applicable

11. Investment criteria: Not applicable

12. Conditionality and sequencing

The 21 local offices that will be assisted in the pilot phase will be selected before the FM is signed on the basis of the criteria agreed in the project fiche.
Annexes to project Fiche
1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)
4. List of relevant laws and regulations
5. Selection criteria and method used to select 21 local offices for piloting the new service model
6. The structure and functions of PES in HUNGARY
7. Indicative Equipment list
8. Strategic objectives of PES
**ANNEX 1**

**LOGFRAME PLANNING MATRIX FOR**

Modernising the Hungarian Public Employment Service

<table>
<thead>
<tr>
<th>Programme name and number</th>
<th>Public Employment Service 2002/000-180-02-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting period expires:</td>
<td>31/12/2003</td>
</tr>
<tr>
<td>Disbursement period expires:</td>
<td>30/11/2004</td>
</tr>
<tr>
<td>Total budget: € 4.9 million</td>
<td>Phare budget: € 1.9 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Hungarian Public Employment Service operates in compliance with the EU Employment Strategy Guidelines, - PES contributes to the better operation of the labour market</td>
<td>- unemployment and employment rates by region, (Quantify) - production of EU compatible indicators</td>
<td>- Labour Force Survey - Statistical reports of PES - EU common indicators</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing, testing and evaluating a new service model operated by local labour offices which provides better services to job-seekers and employers</td>
<td>- number of jobseekers helped with placement and other services increased by 5% for the year 2004 (compared to 2003), - the number and ratio of successfully filled vacancies increased by 5% for the year 2004 (compared to 2003)</td>
<td>- placement statistics of PES - the further developed vacancy statistics</td>
<td>• Both the government and the Social partners will identify with the EU Employment Strategy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 21 local offices selected for piloting a new service model, - New service model developed, - Regional and small area labour market information provided, - Improved human resources and personal services, - More successful of prevention of LTU by implementing profiling, - Appropriate set of employment instruments adjusted to the needs of social groups, - Better trained staff of the employment service, - Computerised information system installed, - New office environment is created,</td>
<td>- 21 agreements obtained by December 2003 - 450 Staff trained by December 2003 - 100 offices redesigned by December 2003 - long-term unemployment decreased in number and ratio: by 5% /year starting from 2004 - regional differences in employment and unemployment rates decreased - inflow to LTU decreased to half of he ratio of 2001 by the year 2004 (understood in the meaning of the Guidelines #1, i.e. after 12 months for adults and after 6 months for youngsters) - 20 trainers trained, number of different training courses developed, - number of local offices equipped with new ICT and new office environment</td>
<td>- LFS plus register based statistics - indicators showing inflow rates to LTU by groups of profiling - number of participants successfully completed the train the trainers program - number of new staff training courses and teaching materials - number of newly installed work stations - project monitoring and evaluation reports</td>
<td>• Efficient project management and coordination will be ensured by NEO and MEA with the help of twinning partner</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</table>

13
- Designing and implementing the new service model in 21 local offices,
- Testing the new service model and monitoring the results,
- Evaluation of the operation of the pilot offices,
- Modernising the organisational structure and management of PES,
- Development of LMI to provide better information to all actors of the labour market,
- Designing and delivering a new staff training system and train the trainers
- Upgrading the ICT system of PES to improve brokerage and services to all clients

<table>
<thead>
<tr>
<th>Service contract</th>
<th>Progress reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply contracts</td>
<td>Final report on the result of the project</td>
</tr>
<tr>
<td>Twinning covenant</td>
<td>Financial report</td>
</tr>
<tr>
<td>1.9 MEuro PHARE support and a co-financing contribution of 3.0 MEuro from the Labour Market Fund</td>
<td></td>
</tr>
</tbody>
</table>

**Preconditions**

Financial Memorandum will be signed by 31 March 2002; Co-financing will be available when required

• One or two of the most successful PESs of EU will be able and willing to help the project with their knowledge and experience as efficient and capable twinning partners
## ANNEX 2
### DETAILED IMPLEMENTATION CHART

<table>
<thead>
<tr>
<th>Components</th>
<th>2002</th>
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</tr>
<tr>
<td>Service</td>
<td>D</td>
<td>D</td>
<td>D</td>
</tr>
<tr>
<td>Twinning</td>
<td>T</td>
<td>T</td>
<td>T</td>
</tr>
</tbody>
</table>

D  Design
T  Tendering
I  Implementation
### ANNEX 3

**CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULES**

#### CONTRACTING

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>Supply</td>
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<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Service</td>
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<td>0.30</td>
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</tr>
<tr>
<td>Twinning</td>
<td></td>
<td>0.60</td>
<td>0.60</td>
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<tr>
<td><strong>TOTAL</strong></td>
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<td>0.60</td>
<td>0.60</td>
<td>1.90</td>
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#### DISBURSEMENT

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<th>2003</th>
<th>2004</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>Supply</td>
<td>0.9</td>
<td>0.9</td>
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<td>1.0</td>
</tr>
<tr>
<td>Service</td>
<td>0.1</td>
<td>0.2</td>
<td>0.3</td>
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<tr>
<td>Twinning</td>
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<td>0.30</td>
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<tr>
<td><strong>TOTAL</strong></td>
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<td>0.24</td>
<td>0.30</td>
<td>0.33</td>
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</table>
ANNEX 4

LIST OF RELEVANT LAWS AND REGULATIONS


Regulation (EEC) no 1612/68 of 15 October 1968 on freedom of movement for workers within the Community

Commission Decision of 22 October 1993 concerning the EURES network
In order for local areas with widely different labour market situations to be represented in the pilot and for the pilot to cover the whole country the selection should be made on a **regional basis**.

PES should select **3 local offices from each region** being a representative **local office** with the most favourable, an average and the least favourable labour market situation. A further selection criterion is that each local office selected in a given region will be selected from different counties in that region. This latter can only cause problem if the local offices with the most and least favourable situation can be found in the same county. In such cases we should select a local office with the next to worst labour market situation and we should continue this process till the local office we find in that way falls into a different county. In a given region we should select the local office with an average labour market situation from a third county. In the case of the Central region we should choose an office from the capital and the other two offices from Pest County.

With the above-mentioned selection method we insure that the two offices with the most and least favourable labour market situation will be represented among the pilot offices, while the remaining pilot offices fall in the scale between these two extremes according to their unemployment rates.

Since the testing of the new service model requires expensive informatics investment we should consider, while selecting the local offices for piloting, whether in the localities the local offices chosen from there will be relocation of offices, or whether the offices we selected will end their operation. In such cases another office should be selected from the given county.

**Other criteria**

In order for local offices not to be overloaded by extra work because of the pilot, we should select local labour offices, which are not involved in other major projects. We should also take into consideration the level of interest of the local offices towards the pilot, which we could rate through a kind of tendering, in which we inform the local offices on what kind of extra work is expected from those who will be involved in the pilot. Knowing all this information local offices can decide about their participation in the project.

We should also consider the gradual implementation of the new service model nationwide, so that costs not to be covered at once but in a longer time span. For this reason, in the testing phase we should first test the most efficient localities (local areas) and than gradually the less efficient ones. In that way we can modify the service model to be implemented in localities with different employment problems and labour market situations. In all cases we should concentrate on handling the most serious labour market problems (long-term unemployment, employing gypsies, sectorial labour shortage, etc.), which require different approaches region by region.

**Further criteria for the selection of 100 local offices where office environment development will take place:**

Apart from the client turnover, the commuting conditions (geographical location is considered to insure easy accessibility to clients), the physical and estate conditions of buildings are also regarded as criteria for selection.
The Public Employment Service belongs to the Ministry of Economic Affairs in Hungary. The headquarter of PES – since 1 July 2001 – is the National Employment Office (NEO).

There are 20 Labour Centres (the capital, Budapest and 19 counties) under the control of NEO. The local labour offices – they are now 176 in number – belong to the 20 Labour Centres. The local labour offices operate in Hungary as “one-stop” service centres because all the active and passive measures are handled in Hungary by the local labour offices.

The main functions of the local labour offices are:

- registration of unemployed persons,
- detailed first interviews and agreement on individual action plans,
- the collection of job vacancies,
- brokerage between job seekers and vacancies,
- vocational orientation and counselling for young and adult job-seekers,
- the handling of active labour market programmes, matching of active programmes and job-seekers,
- the handling of passive measures (unemployment benefit, unemployment assistance, UB before retirement, etc),
- organising job clubs, job search training programmes and complex labour market programmes,
- labour market services for the employers of the region,
- the provision of labour market information for all the participants of the labour market,

In the long run the 20Labour Centres will be organised into 7 Regional Labour Offices.
INDICATIVE EQUIPMENT LIST

In the following we will detail what equipments and in what quantity are to be purchased under the supply components. N.B. The enumeration does not follow the logic of the procurement process, but is a horizontal description.

* Procurement of workstations and KIOSKs:
  - 420 workstations for the staff of all the 21 pilot offices. The workstations will be Pentium IV PCs.
  - 63 KIOSKs (self-service workstation with touch screen for clients), 3 for each of the 21 pilot offices. These machines will also include Pentium IV PCs with different software, which will be developed for this purpose only.

* Office environment development:
  - office furniture and design kit for the staff of 100 local offices selected on the basis of client-turnover among other criteria.

* Creating a staff training system
  - learning software licences (100 persons/year),
ANNEX 8

STRATEGIC OBJECTIVES OF PES

The number of the registered unemployed together with the characteristics of the unemployment situation determines the strategy of the Public Employment Service (PES). The number of the registered unemployed has kept on decreasing for eight years already, while the nature of unemployment has also undergone a major change. Recession unemployment resulting from the economic shift has turned into structural unemployment where, besides increasing labour demand and occasional labour shortage, considerable long-term unemployment prevails. At the same time tensions triggered by unemployment are also noticeable. Also, the composition of unemployment has been changed, one of its most important factor being permanent long-term unemployment. Considering the above-mentioned developments the strategic objectives of PES can be summarize as follows:

1) to increase the market share of PES in the placement activity, to increase employability, to design services also for the employed;
2) to offer unified and higher level services for clients (the unemployed, the employed, employers, etc);
3) to improve the efficiency of labour market measures offered, and to extend the role of the PES in providing them (see section 3.2 in JAP);
4) to strengthen cooperation between the labour centres and the multi-level (regional, county and district) institutions of regional development (see section 3.5.3 in JAP);
5) to contribute to decrease regional differences in the labour market through services provided;
6) to promote equal opportunities in the labour market (women, ethnic minorities);
7) to focus on disadvantaged groups to handle and prevent LTU.

This project and the objectives listed under section 2.1 and 2.2 form and integrated part of the above-mentioned strategic objectives. These strategic objectives are in line with the statements formulated in the JAP document concerning the role of PES (see section 3.5.3 in JAP).

The following conditions may serve as a guarantee of the project’s feasibility:

- social partners agree with the objectives mentioned above;
- financial supply for the nation-wide implementation of the new service model will be provided from the labour market fund;
- since the new informatics strategy is intended to focus on local office level, the positive results of the pilot can be rolled out without any risk of ill-spending resources;
- the selection criteria formulated in Annex 5 guarantee that the offices selected for the pilot phase will remain in operation whatever the organisation structure will be.