



Peer Review on “Social Business for people with mental health difficulties”

Cyprus, 19-20 June 2018

Peer Country Comments Paper - Hungary

Still not included in the system? People with mental health problems in the labour market in Hungary – from the perspective of social businesses

DG Employment, Social Affairs and Inclusion

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1 Labour market and social policy situation in Hungary

1.1 Background in mental health care

In Hungary, regulations relevant to the employment of people with mental health problems can be found across several, sector-specific laws and policies. Whilst mental health is traditionally seen as part of the health care system (with related laws, policies and services), since 2013, 'psychosocial disabilities' have been recognised by the State as a specific type of disability (Hungarian Parliament, 1998). Consequently, people with mental health problems may be recognised and protected by law as disabled persons.

Accordingly, many disability-specific policies of the Hungarian Government are also targeted to people with psychosocial disabilities. Such policies include the Hungarian deinstitutionalisation programme that also covers residential institutions for 'psychiatric patients' (Kozma, Petri, Balogh, & Birtha, 2016). Government agencies responsible for disability policies and relevant EU-funds have also started to address psychosocial disabilities, including programmes to increase of employability of people with mental health problems.

In Hungary, officially there are no long-term psychiatric institutions, however, still large numbers of psychiatric patients stay in social care homes or long-term psychiatric wards. The main forms of mental health care are in-patient services in hospitals and outpatient services across the country. However, community-care is still scarce, especially residential services in the community (Turnpenny, Petri, Finn, Beadle-Brown, & Nyman, 2018). Currently, Hungary is also running a large-scale deinstitutionalisation programme using EU Structural Funds to move out up to 10,000 residents (including residents of psychiatric institutions) into smaller residential settings by 2023.

Lack of community-based support services for people with mental health problems seriously hinder their participation in the labour market.

1.2 Employment – conditions of people with 'reduced working abilities' and social businesses

The 2011 National Census revealed that only 18,1% of people with 'reduced working abilities' were in employment. Employment data on people with mental health problems is not available, although Census data suggests that around 28,2% of 'people with reduced working abilities' have some form of psychiatric condition (FSZK, 2014). Overall, the employment rates for the non-disabled population was 67,3% in 2014 (EU average 72,5), however, compared to the non-disabled workforce, a much lower level of employment is assumed in the disabled population (Gyulavari & Kaderjak, 2017).

The Hungarian labour market sees growing rates of employment, partly thanks to state funded public work programmes; however, due to an ageing population and negative migration trends, some sectors are starting to face labour shortages (KSH, 2017).

Data on social enterprises in Hungary is scarce, and even relevant available studies mostly focus on the non-profit sector as a whole (Fekete, Hubai, Kiss, & Mihály, 2017). Labour market provisions aiming at the employment of people with reduced working abilities (including people with a psychiatric condition) mostly focus on supporting employers through various financial schemes.

The term and the concept of 'social entrepreneurship' or 'social business' is relatively new and less widespread in Hungary, compared to some West European countries. In Hungary, there is no specific regulation that regulates social entrepreneurship. The concept of social business is usually seen as covering both non-profit and for-profit entities that fulfil other criteria such as employment of people from disadvantaged groups, social impact and income from services or products sold in the market. The concept remains elusive both in Hungarian law and in practice as both civil society organisations and for-profit businesses use it in various, often slightly different meanings (Fekete et al., 2017). Importantly, government policies, funding schemes and other measures take a broad approach to the definition of social enterprises in Hungary,

and they usually recognise a broad range of entities as social businesses, including small and medium enterprises, cooperatives, social cooperatives, various non-profit companies and also traditional NGOs (Szegedi & Bereczk, 2017).

2 Assessment of the policy measure

2.1 Supporting people with reduced working abilities in Hungary – the regulatory framework

In the Hungarian legislative framework, there are two main schemes that support the employment of *people with reduced working abilities* (a category inclusive of people with mental health problems): financial schemes for individuals on the one hand, and public work programmes on the other. There are also various agencies and employment services available for job seekers and for people with reduced working abilities.¹

Hungary also has a 5% quota system which makes it mandatory for companies in the open labour market to employ disabled people if they have more than 25 employees. Should they fail to meet this obligation, a special levy must be paid.

Several features of the Hungarian system resemble elements of the one in Cyprus (e.g. the existence of alternative employment programmes), however, there are also marked differences (e.g. a relatively longer tradition in supporting social businesses or the Hungarian Government's public work programme.)

2.1.1 Financial schemes for individuals

Rehabilitation allowance is a special financial incentive for people with reduced working abilities. Beneficiaries have an obligation to cooperate with authorities and follow an individual, 'tailor-made' rehabilitation programme. Rehabilitation allowance can be terminated when the beneficiary successfully joins the labour market and is employed for a minimum of 3 months for more than 20 hours per week. On the other hand, *invalidity allowance* is for people who are considered unable to work and thus are not expected by authorities to seek jobs in the labour market.

Table 1. Social benefit schemes for people with reduced working ability adapted from Gyulavari & Halmos, 2018.

Name	Purpose	Social insurance	Eligibility
<i>Rehabilitation allowance</i>	<i>Temporary (up to 3 years) financial support for persons with reduced working ability supplemented by diverse rehabilitation services in kind in order to help reintegration into the labour market</i>	yes	<i>Three joint criteria: a certain period of prior employment min. 40 % health impairment the complex assessment process establishes that the rehabilitation of the working ability is possible and recommended</i>
<i>Invalidity allowance</i>	<i>Income support for persons with reduced working ability not supposed to be reintegrated into employment even by means of rehabilitation</i>	yes	<i>Three joint criteria: a certain period of prior employment min. 40 % health impairment the complex assessment process establishes that the rehabilitation of the working ability is not recommended</i>

Recent studies observe that 'about 440 000 persons, which is 4.5 % of the total population, qualified for reduced working ability. 40 % of them received rehabilitation

¹ There are also schemes providing working opportunities for people with reduced working abilities outside the mainstream labour market, e.g. in sheltered workshops – these schemes are not covered in this report.

allowance, 47 % of them invalidity allowance' (Gyulavari & Halmos, 2018). These data indicate that a large number of people, approximately 2% of the population receive employment support through various means, including the rehabilitation allowance and other measures such as training, specialised services etc. to join the labour market. After the introduction of the *Act CXCI of 2011 on allowances for persons with limited working ability*, the status of invalidity pensioners was systematically revised, with the aim to reduce the number of beneficiaries and increase the number of people entering the labour market.

2.1.2 Public Work Programmes

Unemployment was tackled by the Hungarian government on a systemic level through a new law in 2011 introducing large-scale public work programmes employing people receiving the job-seekers' allowance and also people getting the rehabilitation allowance. Costs of the employer are reimbursed 100% by the programme. Training may be provided to employees by employers. Employees who work in public work programmes must cooperate with authorities and accept the jobs offered to them. If employees fail to cooperate with authorities, even income support benefits may be suspended for them (Gyulavari & Halmos, 2018). It can be assumed that many employees in public work programmes are people with mental health problems. Notably, employees in the public work programme are not covered by the Labour Code of Hungary, and their monthly wage is approx. 25% below the minimum wage.

The outcomes of public work programmes are contradictory: the Hungarian government reports highlight the programmes' successful features, for example that they provide a bridge to the open labour market for the workers involved and that some workers leaving the programme enter the labour market with improved skills. On the other hand, reports commissioned by the European Commission underline that the programme fails to support people in exiting long-term unemployment, because only 12-13% of participants successfully leave the programme and enter the mainstream labour market. Furthermore, trainings and financial incentives offered to those trying to leave public work programmes are insufficient (Gyulavari & Halmos, 2018). Therefore, it seems unclear whether the Hungarian public work programmes are effective in supporting people with mental health problems to enter the open labour market.

2.1.3 Alternative Employment Programmes

Similarly to Cyprus, there are also several alternative employment programmes available in Hungary. Among the several options and specific employment support methods, the most widely used for people with mental health problems are:

- The Supported Employment programme². This is probably the most widely recognised programme among non-profit organisations to support the transition of disabled people into the mainstream labour market. The programme was developed internationally and register positive outcomes for both employees and employers.
- The 4M programme. Developed originally in cooperation with the UK Department for Work and Pensions, the Hungarian Ministry of Employment and Labour and one Hungarian state agency, the programme attempts to support disabled people receiving passive benefits to join the labour market, for example through providing tailored counselling for both potential employers and employees.

Notably, both these two employment programmes are scarcely available for businesses (including social enterprises) that would like to employ people with a reduced working ability, due to lack of appropriate funding. On the other hand, social enterprises in the

² Supported employment was developed in the USA in the 1970 to support the employment of people with intellectual disabilities, people with mental health problems, people with chronic conditions, and other groups. The programme gives tailored and continuous support to both the individual and the employer. The aim of the model is long-term employment. More info: www.base-uk.org.

NGO sector have developed know-how in using these programmes and today a range of training services, handbooks, mentoring services, etc. are available for businesses wishing to use these programmes. Projects funded by EU Structural Funds (i.e. TAMOP 5.3.8.) also developed training materials, cross-sectoral networks etc., partly based on the know-how and experiences of the Supported Employment and the 4M programmes.

Importantly, most of the know-how in this area is applied to disability groups such as people with an intellectual disability, autistic people or blind people, while people with mental health problems are not the primary client group of most of these services.

2.2 Financial instruments and projects aiming to support social entrepreneurship

In Hungary, the European Union Structural Funds have been used to support new and existing social enterprises to improve the number of people they employ. It is possible, that EU Structural Funds (or funds in the Multiannual Financial Framework) could be used to support of social enterprises in Cyprus in the next programming period.

Since 2016, there have been three main calls for grants published by the Managing Authority responsible for EU Structural Funds in Hungary. The three actions are interconnected and belong to a broader strategy supporting social enterprises to enter the market with their products and services or to remain in the market. Such financial aids recognise the important roles social enterprises play in employing people from disadvantaged groups, including – but not exclusively – people with reduced working abilities.

Table 2. Relevant financial instruments funded by EU Structural Funds

Project aim	Code	Beneficiaries	Activities	Budget *
Flagship project for social businesses	GINOP 5.1.2.	1 (a State Agency specialised on special employment programmes)	Supporting social enterprises, training, mentoring, market research	HUF 2800 million (EUR 8,77 million)
Grants for social businesses	GINOP 5.1.3.	24-900 (non-profit companies, cooperatives, churches, NGOs)	Activities supporting the employment of disadvantaged people	HUF 6 billion (EUR 18,8 million)
Supporting social businesses	GINOP 5.1.7.	300-600 (non-profit company, cooperative, churches, NGOs)	Supporting social businesses to enter the market with products and services. Employment of disadvantaged people.	HUF 15 billion (EUR 47 million)

* Budget available in the calls for proposals.

Complementing the three main grants supporting social enterprises, an additional grant (GINOP 8.8.1.) also provides financial support in the form of loans for businesses such as new enterprises, small and medium enterprises and businesses with a claimed social impact, including social *enterprises*. Loans may be between 1 and 50 million HUF (3,100 EUR to 157,000 EUR) and can be used for investments related to products and services relevant to the business profile.

Since the above GINOP programmes are currently running, no data is available about their impact, including potential beneficiaries supporting people with reduced mobility or people with mental health problems. First analyses show that GINOP programmes are popular among beneficiaries.

2.3 Other private and cross-sectoral measures

Not only government policies, but also private or cross-sectoral initiatives support social enterprises in Hungary. Although the impact of these initiatives may be limited in terms of statistical numbers (e.g. the number of supported enterprises), their presence in the

country's social business sector represents a level of diversity and increased opportunities for both new and existing social enterprises.

- NESsT is an international non-profit organisation supporting social businesses in 10 countries including Hungary and other Central and Eastern European states. NESsT has supported dozens of social enterprises since the early 2000 and invested nearly 4 000 000 USD in Hungary, Czech Republic and Slovakia. Their programmes mostly focus on supporting already existing social enterprises in Hungary.
- Segito Vasarlas ['Shop with Heart'] programme was established by the Social Ministry in 2010. The programme, currently managed by an NGO, aims to draw attention to high-quality products made by disabled people. The programme works both with sheltered workshops and social enterprises of various kinds, and contributes to marketing and product development. The programme also runs a webshop for products sold by social enterprises.
- NGOs in Hungary have been developing successful models that integrate social services and employment support for people with reduced working abilities. Their aim is to provide high quality social services and to aid clients' transition to the labour market at the same time. Several good practices developed by NGOs are known, including restaurants or cafes run by disabled staff, farms and workshops producing various products that employ autistic people, people with an intellectual disability or people with mental health problems etc. Notably, NGOs running such social businesses have formed several alliances that try to lobby the government for more social entrepreneurship-friendly regulations.

3 Assessment of constraints and success factors

3.1 Assessment of constraints

Both success factors and constraints presented in the Host Country Paper are relevant for the Hungarian framework. Similar to the situation in Cyprus, mental health services and social enterprises seldom work together, although there are NGOs that cover both areas.

The proposed law *Community Care of People with Mental Health problems* in Cyprus signals a problem similar to long-term challenges in Hungary: community-based services are scarce in Hungary hindering the successful integration of users of mental health services into workplaces (FSZK, 2014; Harangozó et al., 2014). Several studies and service providers claim that only with appropriate and accessible community-based services it is possible to successfully support the employment of people with mental health problems in the open labour market, including at social businesses.

One potential constraint that was not covered in the Host Country Paper, may be a latent problem when social businesses try to employ people with mental health problems. In Hungary, schemes and incubator programmes for social businesses do not differentiate between employees with various support needs. A more nuanced approach would be needed to recognise the various levels of support needs among employees. For example, different level of support (and different level of funding) is needed to employ someone with a mild and someone with a moderate to severe psychosocial disability. This may be a potential problem for consideration in Cyprus in their future framework.

Newly established residential services for disabled people (including people with psychosocial disabilities) often find it challenging to find sustainable employment opportunities for their residents. For example, in the recent deinstitutionalisation programme, out of 600 residents who left former institutions and moved to smaller residential settings, only a few are reported to be working in the open labour market, and those who are employed usually work in sheltered workplaces (Nagy, Kondor, Panyik, Riz, & Sziklai, 2017).

3.2 Assessment of success factors and transferability

In Hungary, cooperation between different sectors (e.g. health, social and employment services) remains one of the biggest challenges for people with mental health problems who want to work. Therefore, one of the success factors in Cyprus (e.g. the creation of the Commission for Social Entrepreneurship) may be considered for transferability to Hungary, to enhance cross-sectoral coordination. More programmes should aim to establish networks of employers, social / health services, and alternative employment programmes.

Similar to Cyprus, stigma continues to be a serious problem for job-seekers with a psychiatric diagnosis in Hungary. Many employers are reluctant to hire people with a psychiatric problem. Therefore, the actions regarding the promotion of social businesses are applicable to the Hungarian framework as well. In fact, greater awareness-raising among policy-makers would highlight the need for more targeted support to social businesses who employ disabled people. The experience and know-how of some Hungarian NGOs that provide both mental health support and employment services (e.g. Awakenings Foundation in Budapest) should be used as example of good practice for designing new, more integrated services widely available in the country.

Furthermore, although several recent campaigns (usually funded by EU programmes or NGOs) attempted to tackle prejudice against people with mental health problems, further campaigns and awareness raising is needed to reduce stigma.

Other success factors in Cyprus are already implemented to a certain extent in Hungary, for example public contracts can be accessed by social enterprises employing disadvantaged groups (including disabled people).

4 Questions

- What are the details of the proposed Cypriot legislation 'Community Care of People with Mental Health Problems'? Does it cover social enterprises?
- Are there good practices in Cyprus for cross-sectoral cooperation between social, health and employment services?
- In general, what is the availability (geographic area covered or uptake) of alternative employment services in Cyprus? Do these cover people with mental health problems?
- Are there experiences with alternative employment programmes such as Supported Employment or Individual Placement and Support (IPS) in Cyprus?

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Annex 1 Summary table

Situation in the peer country

- Data on the employment of people with mental health problems is not available.
- Mental health service users are part of government measures covering 'people with reduced working abilities'
- 'People with psychosocial disabilities' is a new category recognised under Hungarian law that enables users of mental health services to be beneficiaries of government policies targeting disabled people
- Social businesses have various academic and other definitions in Hungary. Government policies usually recognise a broad range of entities as possible beneficiaries of government schemes, including for-profit and non-profit companies, cooperatives and NGOs.

Assessment of the policy measure

- EU-funds have been successfully used in Hungary to support social enterprises in recent years, including providing loans for investment into developing sustainable business models.
- Large-scale public work programmes have been launched by the Hungarian government that aimed at the integration of people in long-term unemployment. It can be assumed that many who take part to the public work programme are users or ex-users of mental health services. However, the outcomes of this programme have been somehow mixed, with little evidence that it successfully supports transition into the labour market.
- Alternative employment programmes have been used in Hungary, but lack of funding makes it difficult to integrate them into the work of social businesses on a broader scale.
- Independent initiatives such as the NESsT network contribute to the promotion of social businesses in Hungary. Their impact, however, remains limited to a small number of social enterprises.

Assessment of success factors and transferability

- Community-care for people with mental health problems is an important success factor that should be recognised in Hungary as well. Employment support programmes for individuals with mental health problems can only be successful with appropriate and accessible community-based mental health services.
- Better coordination between different sectors (i.e. social, health and employment services and authorities) could enhance the employment of people with mental health problems in social business.
- Stigma remains a major barrier to the successful employment of people with mental health problems. Similarly to Cyprus, the Hungarian government should target all stakeholders with awareness-raising programmes and relevant support (training, mentoring, etc).
- Several success factors in Cyprus are already recognised in policies in Hungary.

Questions

- What are the details of the proposed Cypriot legislation 'Community Care of People with Mental Health Problems'? Does it cover social enterprises?
- Are there good practices in Cyprus for cross-sectoral cooperation between social, health and employment services?

- In general, what is the availability (geographical coverage or uptake) of alternative employment services in Cyprus? Do these cover people with mental health problems?
- Are there experiences with alternative employment programmes such as Supported Employment or Individual Placement and Support (IPS) in Cyprus?

Annex 2 Example of relevant practice

Short summary of a relevant policy practice/example, key fields indicated below (max. 1 page)

Name of the practice:	REV project TAMOP 5.3.8.
Year of implementation:	2012-2016
Coordinating authority:	FSZK (Equal Opportunities Non-profit Ltd.)
Objectives:	The project, co-funded by the European Union, aimed to improve the employability of disabled people in Hungary. Other objectives included the development of a national knowledge-centre to support the employment of disabled people in the open labour market. Labour market services were also included in the programme.
Main activities:	Activities included training for potential employers, the development and publication of handbooks and various other materials, awareness-raising, conferences, workshops, road-shows etc. Research about the outcomes and practices of alternative employment programmes (e.g. Supported Employment and 4M) was also conducted in the project.
Results so far:	The programme closed in 2016. Approx. 5000 people participated in tailored work-assessments, nearly 3000 employees participated in training courses and workshops, and 2000 people completed the training offered. A new, national knowledge-centre responsible for providing information and support methods was also established.

