



**FOR INTERNAL USE**

# **European Network of Public Employment Services**

PES Capacity Questionnaire  
Country Factsheet

Hungary  
National Employment Service (NES)  
Nemzeti Foglalkoztatási Szolgálat  
2019



## **EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion  
Directorate B — Employment  
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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014<sup>1</sup>. Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

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<sup>1</sup> DECISION No 573/2014/EU

## About the Hungarian PES

<b>Name of PES</b>	National Employment Service (NES) Hungary
<b>PES Website address</b>	<a href="http://www.munka.hu">www.munka.hu</a>
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## 1. Background

### 1.1. Status of the national PES

The Head Office of the Hungarian national PES (the NES) since the latest general elections (8<sup>th</sup> of April 2018) is now part of the Ministry of Finance.

County Government Offices, as part of the government territorial administration, are supervised directly by the office of the Prime Minister. Public Work Schemes are under the Ministry of Interior and rehabilitation is under the Ministry of Human Capacities/Resources. Since the latest changes to the ministerial structure, adult and vocational education have become part of the portfolio of the newly founded Ministry for Innovation and Technology's (MIT). The principal objective of the PES is enabling the labour market to function and cope with labour shortages.

In May 2019 the Ministry of Interior gained the responsibility for social inclusion policy, previously under the responsibility of the Ministry of Human Capacities. This influences the workflow with the vulnerable NES customer groups.

### 1.2. Geographical organisation

The PES is structured as follows:

Level	Description
<b>National</b>	<i>Head office</i> – within the Ministry of Finance
<b>Regional</b>	<i>County Government Offices (20)</i> – each employment department is divided into between three and five units with structures varying from county to county, but every County Government Office Department has the following units: Public works; PES/ESF, YG management; and finance.
<b>Local</b>	<i>Districts</i> – the effective customer contacts (with jobseekers and with employers) are in the Micro-regional Government Offices level (NUTS IV.), currently there are 174 local units and 23 district units (in Budapest) supervised by the Prime Ministers' Office (working as a Ministry).

### 1.3. Relationships and cooperation with other organisations

The PES operates and cooperates with a range of organisations and with different types of relationships, the principal ones being:

- The PES is part of the territorial administration of the central government. Employment Departments of the Local Government Offices deliver services to jobseekers and employers.
- Some client groups have their employment services (including training in some cases) delivered by externally sourced providers.

- The PES works with other organisations in the provision of labour market services for different vulnerable groups.

#### 1.4. Key PES responsibilities


The key activities and tasks and the PES responsibilities within them are set out in the table below:

Activities/Tasks	PES Responsibility
Implementation of services of individualised assistance (e.g. intensive counselling and guidance, job-search assistance) and follow-up for unemployed people provided as part of a planned path towards durable (re-)employment (cf. services as in Eurostat LMP database Category 1.1.2).	Partly responsible – some client groups receive services from outsourced providers
Implementation of ALMP measures (any measures within Eurostat LMP database Cat. 2-7) financed by national funds or co-funding with the European Social Fund (ESF).	Fully responsible
Administration of national unemployment benefit (UB) scheme (handling of UB claims, payments, financial planning and reporting, etc.)	Fully responsible
Administration of social types of allowances (e.g. child allowances for UB recipients), please specify each allowance separately:	Not responsible - social allowances as well as child allowances are the responsibility of the County Government Offices and the Local Government Offices.
Administration of benefits for people with disabilities or handicapped people, please specify which exact group(s) are covered:	Not responsible - disability allowances are the responsibility of the County Government Offices.
Approval of layoffs by employers. Please specify if this concerns specific conditions or situation only:	Fully responsible - based on the Employment Act.
Licensing and supervising private employment agencies (PrES), please specify whether this covers PrES, temporary work agencies, or another type of service provision by private companies:	Fully responsible (a new Ministerial Edict – the 'MoF' – is in its drafting phase).
Notification of apprenticeship places and placement of apprenticeship candidates	Not responsible - under the remit of the Hungarian Chamber of Commerce and Industry and the country chambers.
Careers advice and guidance for young people still in education	Partly responsible - under the control of the Chamber, Klebelsberg Institution Maintenance Centre (KLIK) responsible for primary schools, the National Office of Vocational Education and Adult Learning (NOVTEL), NES also organises school classes, careers fairs and provides out-reach guidance activities for school-age students.

Activities/Tasks	PES Responsibility
Acting as Managing Authority (MA) for the ESF	Partly responsible - the main MA is the Prime Ministers' Office (the Ministry of Finance runs its own OP and is the MA for the Economic Development and Innovation Programme - EDIOP).
Managing training centre for jobseekers (that are an integral part of the PES)	Not responsible – the PES has no training capacities, it either uses the 44 state-owned VET Training Centres or it buys in training through public procurement.
Issuing of work permits for third country nationals (e.g. dealing with applications, approving and issuing, keeping records, reporting, etc.)	Not responsible – under the remit of the National Directorate-General for Aliens Policing.
Other – please specify:	None

### 1.5. PES good practices

Examples of good practice in the Hungarian PES identified by the European Network of PES are listed below:

EN		PES Practice: Microcredit Programme – 'Kiútprogram' ('A way out of poverty')	2015
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Source: EC DG EMPL, PES Practices: <http://ec.europa.eu/social/main.jsp?catId=1206&langId=en>.

## 2. Annual expenditure

There is no data available on PES Expenditure.

**Table 1. Annual expenditure summary (EUR million)**

Expenditure category	2013	2014	2015	2016	2017	2018
Total PES	N/A	N/A	N/A	N/A	N/A	N/A
All types of benefits	N/A	N/A	N/A	N/A	N/A	N/A
ALMPs	N/A	N/A	N/A	N/A	N/A	N/A
Staff costs	N/A	N/A	N/A	N/A	N/A	N/A
Staff training costs	N/A	N/A	N/A	N/A	N/A	N/A
Budget intended for other institutions	N/A	N/A	N/A	N/A	N/A	N/A
Other expenditure	N/A	N/A	N/A	N/A	N/A	N/A

Source: Annual PES Benchmarking Data Collection.

### 3. Human resources

The total number of staff was estimated at 4 054 FTE (Full Time Equivalent) by the end of May 2019. However, following the merger of local PES staff into the government offices and the latest legal changes, the PES staff number cannot be reliably counted. Staff are employed by the county government offices (under the Prime Minister's Office responsibility) and the departments at county level do not always differentiate based on tasks performed and so this makes it difficult to isolate those on PES-related activities. As a result, the figures on the number of staff directly in contact and dealing with clients cannot be reliably compared. There are plans to increase PES staff numbers to fill in the current open vacancies.

The turnover rate for permanent staff only was 17% in 2019.

**Table 2. Staffing summary (FTE, as at 30 April each year)**

Staff category	2016	2017	2018	2019
Total PES staff	4 310	4 567	5 102	4 054
Of which (absolute and in % of total PES staff):				
Exclusively servicing jobseekers	N/A	1 535	3 472	2 186
% exclusively servicing jobseekers	N/A	34%	68%	54%
Exclusively servicing employers	N/A	806	806	1 940
% exclusively servicing employers	N/A	18%	16%	48%
Staff turnover (for all reasons – figure for calendar year)	15%	18%	N/A	17%

Source: Responses to PES Capacity Questionnaire.

### 4. Registered unemployed

The number of registered unemployed jobseekers fell by 272 306 or 57% between 2013 and 2018, ending the period at 255 317. Over the same period, participants in ALMPs (Active Labour Market Policies) decreased by 25 538 or 13%, with 169 184 in ALMP measures in 2019.

**Table 3. Registered unemployed jobseekers and participants in ALMPs (average monthly stock each year)**

Client Group	2013	2014	2015	2016	2017	2018
Registered unemployed jobseekers*	527 623	422 447	378 186	313 789	282 975	255 317
Participants in ALMPs**	194 722	246 941	236 767	236 947	221 297	169 184

\*The number of people registered with the PES, who are available for the labour market and who are, or should be, looking for a job, excluding those on any active labour market policy (ALMP) measure.

\*\* The number of people participating in ALMP measures in the following categories (according to the LMP database): Training (Category 2); Job rotation and job sharing (Category 4.3); Sheltered and supported employment and rehabilitation (Category 5); and Direct job creation (Category 6).

Source: Annual PES Benchmarking Data Collection.

## 5. Job Vacancies

The monthly average of job vacancies notified to the PES decreased by 7 189 or 10% between 2013 and 2018, reaching 52 700 in 2018. The proportion of monthly average job vacancies notified to the PES that were filled stands on 65% in 2018.

The share of the job finders who found their present job with PES involvement at any point has decreased between 2013 and 2018 ending the period at 13.6%.

**Table 4. PES Job vacancies**

Vacancy measure	2013	2014	2015	2016	2017	2018
Vacancies notified to the PES (monthly average inflow) *	59 889	69 316	61 499	59 666	53 944	52 700
Vacancies notified to the PES that were filled (monthly average outflow at the end of the month) *	N/A	N/A	N/A	39 844	35 500	34 044
Vacancies notified to the PES that were filled within 60 days of notification (monthly average outflow at end of month) *	N/A	N/A	N/A	13 844	N/A	N/A
Share of the formerly unemployed who stated in Eurostat's Labour Force Survey that the PES was involved at any moment in finding their present job ( <i>proxy for vacancies filled with PES assistance</i> ) **	17.2%	22.8%	24.1%	21.4%	17.0%	13.6%

Source:

\* Annual PES Benchmarking Data Collection.

\*\* European Union Labour Force Survey (EU LFS).

## 6. Active labour market policies (ALMPs)

No new employment measures were introduced or modified in 2018.

**Table 5. New ALMPs introduced in 2018**

Intervention name	Target group(s)	Type
No new ALMPs were introduced in 2018	N/A	N/A

**Table 6. ALMPs modified in 2018**

Intervention name	Target groups	Type	Main modifications
No ALMPs were modified in 2018	N/A	N/A	N/A

Source: Responses to PES Capacity Questionnaire.

The following table shows the types of ALMPs that are primarily used for each of the client sub-groups listed in the table.

**Table 7. Types of ALMP for specific client groups**

Target group Type of ALMPs	Young people (aged under 25)	Long-term unemployed	Older workers	Disabled	Refugees*
2: Training	✓	✓	✓	✓	
4: Employment incentives	✓	✓	✓	✓	
5: Supported employment and rehabilitation	✓	✓	✓	✓	
6: Direct job creation	✓	✓	✓	✓	
7: Start-up incentives	✓	✓	✓	✓	

\*Applies only to those with a temporary or permanent resident permit (status).

Source: Responses to PES Capacity Questionnaire.

## 7. Main strategic targets for 2018

Table 8 lists the main strategic targets set by the PES in 2018 for all clients and for sub-groups. The first column describes the indicators used, while the second column contains the actual targets set.

**Table 8. Targets for all clients in 2018**

Indicator, including target group and time frame where applicable	Target(s) set for 2018
<i>A new service model will replace the current set of indicators by the end of 2020. Out of 204 indicators measured, there is only one key indicator currently.</i>	
Increasing the placement to the open labour market as part of the ongoing reform of the national PES.	50 000 placements by the end of 2019

Source: Responses to PES Capacity Questionnaire.



## Supporting Youth

### Implementing the Youth Guarantee

#### Responsibilities for the Youth Guarantee

The PES is just one of the implementers of the national YG scheme. The responsibilities of the PES in the context of the Youth Guarantee (YG) are as follows:

- The PES is the only place of application, registration, guidance towards a job or training 'offer' and follow-up. While some offers are carried out by the PES, other services providers also provide offers.
- Management and coordination of the national YG scheme;
- Registration of young people;
- Provision of PES services including YG services to young people;
- Coordination of partners;
- Outreach to NEETs;
- Follow-up of all young people who received a YG offer.

The Ministry for National Economy (into which NLO was merged in January 2015) coordinates the YG scheme and local offices of the PES (within the local Government Offices) provide the only entry point to it, host the mentor network, and cooperate regularly with local educational and social institutions, civil youth organisations, NGOs, and employers. They carry out outreach activities targeting young NEETs through, for example, regular contact with the New Generation Contact Points (county level offices for outreaching to youth under the Ministry for Human Capacities), they put YG beneficiaries into appropriate measures (and direct them to other partners, if necessary), and they provide the Ministry with YG data.

#### Involving young people and youth organisations

No youth organisations or young people were involved in designing, re-design or improving the YG services.

#### Partnerships in place and main developments

The main partners of the Ministry for National Economy in the context of the YG are the National Youth Council, the National Youth Expert Forum and Youth Contact Points. The PES works with the following types of partnership:

- Partnerships to ensure that young people have full information and support available. Within the past 24 months (April 2017 - April 2019) and in the framework of the programme '*Supporting outreach and labour market services by non-governmental organisations*' PES services have been complemented by the services provided by NGOs. These NGOs provide employment counselling, mentoring, psychological counselling and other personalised services for disadvantaged jobseekers, empowering them to enter to the labour market and employment programmes. The provision of services by NGOs started in early 2018 and it will last until April 2021. Also, PES staff regularly visit students in their final year in local education institutions to inform them of opportunities on their labour market, if they did not follow a path into further education.
- Partnerships aimed at increasing employment, apprenticeship and traineeship opportunities. These have been in implementation over the past 24 months.
- Partnerships aimed at supporting transitions from unemployment, inactivity or education into work. A cooperation between the Ministry for National Economy (responsible for the professional management of PES) and the New Generation Contact Points (NGCPs) is in progress. The NGCPs –background institutions funded by the Ministry for Human Capacities – organise youth-oriented programmes and career/self-employment or psychological guidance for young people (regardless of their labour status). The staff of the NGCPs provide information for young people on the YG and steer them to the PES. In the last

24 months, the Contact Points have continued to operate along the lines previously set up.

### **New pilot projects focusing on young people**

A new and improved entrepreneurship programme for youth was launched in 2018 as part of the Youth Guarantee Scheme, co-financed by ESF. The aim of the programme is to support the youth between the age of 18 and 30 to start a new individual or micro-enterprise by offering them training and non-refundable financial support to cover their initial costs. Building on the experiences of the implementation of the previous programmes, and reflecting on the needs of the target group, the PES introduced several changes to improve the quality and effectiveness of the measure, to ensure the sustainability of the newly established enterprises and to improve the satisfaction of the potential entrepreneurs. The programme has two sections: in the first section, they provide training, mentoring, counselling and support in the development of business plans. In the second section, the participants who completed their training and have an accepted business plan can apply for a maximum of EUR 14 000 grant to cover their initial costs. The budget of the programme is approximately EUR 100 million to support the creation of more than 5 000 new enterprises. This programme is currently under implementation, and young people were able to apply for grants from August 2019 (the closing date is September 2020).

The programme is not implemented by the PES, but as YG registration is exclusively done by the PES, all young people participating must go through PES.

## **Resources for implementing the Youth Guarantee**

### **Human resources**

At the end of April 2019, there were 581 FTE (full time equivalent) PES staff exclusively dedicated to the implementation of the YG and of these, 521 (all of them based in local PES offices) were directly and exclusively servicing young clients.

Information is not available regarding the training of the PES staff working for implementation of the YG.

### **Funding for youth programmes (planned)**

Specific YG measures are principally funded by the ESF, with additional funding from the Hungarian government (co-financing). The total ESF budget for the programming period is approximately EUR 760 million (with more than 70% of resources provided going to the target group through the PES). The total Youth Employment Initiative (YEI) budget was EUR 49.7 million, and this was spent between January 2015 and June 2018. (Hungary was only entitled to YEI Funds in its first budget. Youth unemployment data improved at such a rate that no region was entitled to resources from the additional budget).

## **Reaching out to young people, including NEETs**

The PES reaches out to young people (including NEETs) through the following activities:

- *Proactive work with schools* – informal cooperation with educational institutions;
- *Cooperation with NGOs and youth organisations* – informal;
- *Employing or working with designated youth outreach workers* – New Generation Contact Points, informal cooperation;
- *Providing new points for YG entry* – internet and social media services;
- *Awareness-raising events or campaigns* – New Generation Contact Points, local (county level) media, informal cooperation;

- *Follow-up on young people who drop out from activation schemes or no longer access benefits* – planned, but informal cooperation social services, youth organisations and service providers.

### **Information management**

The Single Hungarian Employment Database is available to PES in the context of the YG. The database is maintained by the National Tax and Customs Administration, with data provided by employers on all their employees (not only young employees). The PES uses the database, for instance, for checking the employment status of previously registered jobseekers (also to provide data on the longer-term impacts of ALMPs). An IT development is in progress to connect the PES databases to the Tax Office database.

No data on apprenticeship vacancies or traineeship vacancies is available to the PES. Apprenticeships exist in Hungary as part of the vocational education curriculum. Traineeships in Hungary, defined by the Law on Tertiary Education, are part of tertiary education, and are therefore managed individually by tertiary educational institutions.

### **Timing in the provision of PES services**

- The average time between registration on the YG and the first meeting between jobseeker and counsellor is no longer than one week (NB on average);
- The average time for making an offer to jobseekers after registration is within a month. The average time for making an employment offer is 21.7 days on average and 19.1 days for educational offers. The average time is based on the time between registration for the YG and the time the young person receives an offer, rather than the take up of the offer. It was calculated on data available on youth people entering the Youth Guarantee before March 2018.

### **Monitoring and evaluation**

#### **Combined targets**

Between January 2015 and October 2021, the PES aim is to provide a YG offer to at least 161 200 young NEETs under 25 years old.

#### **Monitoring and evaluation activities**

- Monitoring young people who leave the unemployment register;
- Monitoring how many young people receive an offer within 4 months;
- Following up young people once they have entered employment or training in order to make the monitoring system simpler and more stable, the PES currently has an IT system on the monitoring of the large scale ALMPs under development. The PES register is going to be connected to the database of the National Tax and Customs Administration, which allows PES to provide follow-up indicators based on institutional data and according to the type of intervention. As a result of this improvement, the data collection will be reliable (as required by the ESF regulations) and even more reliable than the follow-up questionnaire of participants.
- Follow-up of young people referred to education and training providers.

### **Mutual learning activities**

During the period April 2017 to April 2019, PES staff did not participate in any mutual learning or technical assistance activities related to youth.