

Annexes: Implementation of Country Specific Recommendations and Measures Taken to Achieve the Headline Europe 2020 Targets

Country Specific Recommendations and Measures Taken to Achieve the Headline Europe 2020 targets according to the sections of the National Reform Programme.

Annex 1: Implementation of Country Specific Recommendations

Country Specific Recommendation No. 1: Achieving the Medium-term Budgetary Objective

“Carry out a major budgetary adjustment in 2018, in line with the requirements of the preventive arm of the Stability and Growth Pact in order to reinforce the current process of economic recovery, and ensure the sustainability of public finances.”

The Convergence Programme includes the medium-term budgetary objectives of the Government in detail.

Country Specific Recommendation No. 2: Taxation, Business Environment

“Further reduce the tax wedge of low income earners, and simplify the structure of the tax system, in particular by decreasing the level of the most distortive sectoral taxes. Strengthen transparency and competition in public procurements with the introduction of a comprehensive and efficient electronic public procurement system, and reinforce the anti-corruption framework. Improve the predictability of the regulations, transparency and competition, especially in the service sector, including retail trade.”

III.1.1. A growth-supporting tax system

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
1.	Decreasing the social contribution tax	As of 1 January 2017, social contribution tax has been reduced from 27 percent to 22 percent. As of 1 January 2018, the tax rate was decreased by 2.5 percentage point to 19.5 percent. From 2019, it would be followed by four more 2 percentage point tax rate decrease steps in next years if the real wages in the private sector will increase by 6 per cent. In line with the reduction of tax rate, allowances of the Job Protection Act are unified.	The first step of the measure came into effect on 1 January 2017, but this measure also includes actions for the upcoming years. As of 1 January 2018, the tax rate was decreased to 19.5 percent.	The estimated loss of revenue corresponded to a net amount of HUF 414 billion in 2017. In 2018, the estimated loss of revenues is a net amount of HUF 679.4 billion, whereas in 2019 it is foreseen to be a net amount of HUF 811.1 billion (if the next 2 percentage point reduction of the tax rate is calculated from the second half of 2019).	Reduction of tax burden.

2.	Increasing family tax allowances for families with two children	In 2016, family tax allowance for families with two children rose to HUF 12,500 per child, followed by further increases to HUF 15,000 and HUF 17,500 in 2017 and 2018, respectively; in 2019, HUF 20,000 will be applicable. It means that for each dependant, under the title of family tax allowance the consolidated tax base in families with two children could be reduced by HUF 83,330 on a monthly basis in 2016, by HUF 100,000 in 2017, followed by HUF 116,670 in 2018 and HUF 133,330 in 2019.	In the period from 2016 to 2019, the rate of the family tax allowance that is applicable to parents with two children will have been doubled. The measure came into effect on 1 January 2016.	In 2016, the estimated loss of revenues amounted to HUF 16.8 billion, then HUF 33.6 billion in 2017, HUF 50.4 billion in 2018 and HUF 67.2 billion in 2019.	Reduction of tax burden.
3.	Employers are not to prepare personal income tax returns for employees any longer.	In relation to 2017, employers are not to prepare the personal income tax returns for employees.	The measure came into effect on 1 January 2018.		Reduction of tax administration burdens.
4.	NTCA prepares draft personal income tax returns for primary agricultural producers and private persons obliged to pay VAT	The National Tax and Customs Administration (NTCA) prepares draft personal income tax returns for primary agricultural producers and private persons obliged to pay value added tax for the first time in relation to 2017.	The measure came into effect on 1 January 2018.		Reduction of tax administration burdens.
5.	Introducing online data provision	The online invoice data provision system will provide real-time data to NTCA in relation to invoices that are issued with the use of invoicing software including VAT of above HUF 100,000. At the same time, the itemised VAT reporting obligation of the invoice issuer is fulfilled by issuing invoices using invoicing software.	The measure will come into effect on 1 July 2018.		Whitening the economy, increase VAT revenues.
6.	Recodification of the rules of taxation procedures	The aims of the re-regulation are to create a possibly short, transparent, easy to comprehend and follow regulatory environment, reinforce the service-oriented characteristics of the tax authority, provide institutionalised support to voluntarily complying taxpayers in fulfilling their obligations and eliminate excessive and unjustified penalties by reviewing the system of sanctions. While reviewing procedural time limits and the rules of legal remedy, our aim was to create procedures which can be conducted within reasonable time.	The measure came into effect on 1 January 2018.		Reduction of tax administration burdens.
7.	Reducing the rate of small business tax	In line with the reduction of the social contribution tax, the rate of small business tax decreases to 13% from 2018.	The measure came into effect on 1 January 2018.	In 2018, the estimated loss of revenues amounts to HUF 3 billion.	Reduction of tax burden.

8.	Reduction of the VAT rate to 5% in the case of internet and restaurant catering services, fish for consumption, pork offal and Braille printers and displays.	From 2018, the VAT rate that is applicable to Internet, as well as catering services at restaurants has been decreased from 18% to 5%. Similarly from 2018, the VAT rate of fish for consumption, pork offal, Braille displays and printers has been cut from 27% to 5%.	The measures came into effect on 1 January 2018.	In 2018, the estimated loss of revenues amounts to HUF 66 billion.	Reduction of tax burden.
9.	Law firms are also allowed to choose the simplified small business tax scheme called KATA.	As of 1 January 2018, law firms are also eligible to choose the small business lump sum tax.	The measure came into effect on 1 January 2018.		Reduction of tax burdens and tax administration burdens.
10.	Cancellation of the health contribution on the lease-out of real estates	As of 1 January 2018, the 14 percent health contribution payment obligation that was imposed on incomes realised on real estate lease-out activities in excess of HUF 1 million has been cancelled.	The measure came into effect on 1 January 2018.	In 2018, the estimated loss of revenues amounts to HUF 2–2.5 billion.	Reduction of tax burden.
11.	Reduction of the rate of the health contribution	In line with the rate of the social contribution tax, the rate of health contribution had been decreased to 22 percent in 2017, and was further cut from 22 percent to 19.5 percent in 2018. In the future, the rate of the health contribution tax is expected to be further decreased in parallel to the reduction of the social contribution tax rate.	The first step of the measure had come into effect on 1 January 2017, and then the next move to reduce the rate of this tax was taken on 1 January 2018.	In 2017, the estimated loss of revenues amounted to HUF 15.8 billion, followed by HUF 24.5 billion in 2018, whereas in 2019 it is expected to correspond to HUF 28.3 billion (if the next 2 percentage point reduction of the tax rate is calculated from the second half of 2019).	Reduction of tax burden.
12.	NTCA prepares the draft excise tax returns	From 1 January 2018, NTCA prepares the draft excise tax returns for 29,000 businesses relieving them of preparing 200,000 tax return forms annually.	The measure came into effect on 1 January 2018.		Reduction of tax administration burdens.
13.	Online connection of food and drink vending machines to NTCA	As of 1 July 2018, only vending machines (27–28,000 machines) equipped with a control unit forwarding online data to the National Tax and Customs Administration can be operated.	The measure will come into effect on 1 July 2018.		Whitening the economy, increase VAT revenues.
14.	Introduction of less rigorous rules for the lump sum taxation of private persons involved in	From 2018, persons using their own real estates as accommodation units can choose taxation under the rules of lump sum taxation for the utilisation of three apartments or holiday homes – instead of one unit earlier – in the framework of the provision of accommodation services.	The measure came into effect on 1 January 2018.	It is not anticipated to involve any considerable loss of revenues in 2018.	Reduction of tax burden.

	the provision of accommodation services.				
15.	In relation to the development tax allowance, 2 new titles have been introduced	Two new titles that can be enforced in corporate income tax and the income tax of energy service providers have been introduced in relation to development tax allowance: start-up investment resulting in product diversification and start-up investment resulting in new procedural innovation.	This measure came into effect on 24 November 2017.	In 2018, the measure will not have any significant influence on the budget, whereas from 2019 the estimated loss of revenues will amount to HUF 4.5 billion.	Reduction of tax burden.

III.1. Establishing a Competitive Business Environment

III.1.2. Stimulating the Productivity of Businesses

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
16.	Measures aimed at improving the competitiveness of the business environment	In order to ensure an institutionalised, professional forum for dialogue on the developments of competitiveness and the initiatives aiming to improve competitiveness, the Government adopted Government Resolution 1538/2016 (X.13.) to decide on the establishment of the National Competitiveness Council. The consultative body consisting of renowned members of scientific and economic life gives an opinion about initiatives relevant to the competitiveness of the Hungarian economy, and they also propose government interventions that aim to improve economic competitiveness. The National Competitiveness Council started to operate in March 2017 with the leadership of the Minister for National Economy. In the spring session, it discussed possible developments to the business environment which could improve competitiveness already in the short term: starting a business, the review of dealing with construction permits, the acceleration of connection to public utilities, the protection of minority investors and the increase the efficiency in resolving insolvency.			
16. a	<i>As far as local business tax and tourism tax are concerned, one-stop-shop system has been created</i>	As a result of the work at the National Competitiveness Council, the Parliament has already been able to decide on several changes in legislation. As far as local business tax and tourism tax are concerned, businesses are no longer obliged to register at the local government of the seat of the business, thus creating a one-stop-shop system.	Act LXXVII of 2017 on the amendments of certain tax laws and related regulations.	N/A	As a result of this measure, company foundation has become simpler with less administration.

16.b	<i>Facilitating permits of construction investments</i>	In order to simplify permit procedures related to construction investments, a digital land registry map and data service have been introduced, which can be accessed free of charge.	Act LVII of 2017 on amendment of certain acts in order to improve competitiveness of Hungary.	N/A	The measures provide significant simplification for large investment projects affected by the amendments.
16.c	<i>Reducing the time and cost demand of connection to public utilities</i>	In order to reduce the time and cost demand of connection to public utilities, as of 1 July 2017 procedural time limits upon the submission of the application form were shortened in all three sectors of public infrastructure (gas, electricity, drinking water and waste water), while unnecessary rules resulting in protracted procedures were cut back.	Act LVII of 2017 on amendment of certain acts in order to improve competitiveness of Hungary.	N/A	Shortening the procedural deadlines and making them more reasonable are expected to lead to shorter connection times and the reduction of certain fees.
17.	Improving the competitiveness of the SME sector				
17.a	OECD's new strategy for SMEs	The Hungarian government works in professional collaboration with the Paris-based Organisation for Economic Co-operation and Development (OECD) to frame a new strategy focusing on the competitiveness of SMEs. In close cooperation, the Government of Hungary and OECD elaborated a draft revision of the SME strategy having been adopted in 2013 by specifically taking the Hungarian circumstances, regulatory environment and the particular corporate characteristics into account. This professional document examines the problems and tasks that may arise during the start-up phase, the growth stage and finally in the so-called "mature" development stage of enterprises one by one. The strategy puts the main emphasis on promoting the productivity and competitiveness of Hungarian SMEs.	The elaboration of the strategy is in process, and is expected to be completed until the summer of 2018.	Funded from MNE's chapter-managed appropriation.	Improvement of the competitiveness and profitability of the entire Hungarian SME sector.
17.b	Establishing an efficient and productive SME sector	Measures facilitating efficiency and productivity: incubation, interventions to increase SME efficiency, dissemination of Industry 4.0 application. Training, mentor programme.	The above-listed programmes were announced in the autumn of 2017 at the latest.	The targeted appropriation of Industry 4.0 will be financed from domestic budgetary funds. Incubation: EDIOP-1.1.1-18: HUF 3 bn; Training, mentoring: EDIOP-1.1.2-17: HUF 3.3 bn; EDIOP-1.1.7-17: HUF 1 bn Industry 4.0: EDIOP-1.1.3-16: HUF 2.35 bn; The Industry 4.0 programme relies on domestic	Several incubator houses offering high-standard services that contribute to the moderation of the start-up costs of enterprises. With the expansion of the range of the performed services

				<p>budgetary funds in a total amount of HUF 1.5 billion in supporting the developments companies based on Industry 4.0. technology.</p>	<p>and their incubation methodologies, the supported incubator houses will become able to see at least 10 businesses in parallel through the initial steps of their start-up phases.</p> <p>The number of mentoring processes is minimally 500.</p> <p>The number of enterprises receiving counseling services in the framework of activities to shape their financial approach is minimally 1,500.</p> <p>The financial knowledge and independent external financing capabilities of small and medium-sized enterprises having outstanding growth potentials will expand, and their presence in international markets will become more pronounced.</p> <p>The Industry 4.0 programme contributes to Hungary's innovative re-industrialisation by supporting 5–25 domestic businesses, primarily in the form</p>
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					of the quality-oriented renewal of SMEs and the improvement of their competitiveness.
17.c	Providing sufficient background infrastructure and instruments	Sufficient background infrastructure and instruments are necessary to improve productivity. Financial instruments: businesses shall be directed towards different resources such as loans and venture capital instead of non-refundable subsidies, thus encouraging their efficiency.	The above-listed programmes were announced in the autumn of 2017 at the latest.	<p>Industry 4.0: EDIOP-1.2.8-17: HUF 5 bn</p> <p>Investments to increase capacity: EDIOP-1.2.1-16: HUF 108.94 bn EDIOP-1.2.2-15: HUF 39.67 bn EDIOP-1.2.2-16: HUF 26.33 bn, EDIOP-1.2.3-8.3.4-16: HUF 112.5 bn; EDIOP-1.2.6-8.3.4-16: HUF 100 bn</p> <p>Supporting businesses with rapid growth potential: EDIOP-1.2.7-17: HUF 18.65 bn</p> <p>Logistics: EDIOP-1.2.5-15: HUF 4 bn, EDIOP-1.3.6-17: HUF 0.013 bn,</p> <p>Financial instruments: EDIOP-8.3.1-16: HUF 77 bn; EDIOP-8.3.3--17 Irinyi Capital Fund HUF 8 bn; EDIOP-8.2.5-17 Business communication digitalisation capital fund HUF 10 bn; EDIOP-8.6.3/A-17 National Capital Fund HUF 50 bn; EDIOP-8.1.3/A-16 National Technological and Intellectual Property Venture Capital Programme HUF 32.1 bn; EDIOP-8.1.3/B-17 Smart Specialization Venture Capital Programme HUF 70 bn;</p> <p>Capital funds established from domestic subsidy funds: Széchenyi Capital Fund: HUF 8 bn in 2017, Irinyi 2 Capital Fund: HUF 8 bn, Carpathian Basin Capital Fund: HUF 20 bn, Stock Market Fund: HUF 20 bn, Irinyi targeted appropriation in 2017–18: HUF 3-2 bn, Subsidy programme for the technological modernisation of the construction industry:</p>	<p>Number of businesses receiving subsidies in the Industry 4.0 project; 5,300.</p> <p>Among others, the introduction of new digital technologies will result in the improvement of the competitiveness of SMEs, the creation or extension of their abilities to supply modern products and services, opportunities opened towards market entry and business expansion. In the framework of programmes for the provision of financial instruments, 2,500 enterprises are expected to receive subsidies.</p>

				HUF 20 bn.	
17.d	Encouraging networking, internationalisation and cooperation	Encouraging cooperation is also a significant area: facilitating supplier-cluster cooperation and the advantages taken from them.	The above-listed programmes were announced in the autumn of 2017 at the latest.	Supplier: EDIOP-1.3.3-16: HUF 20 bn. Domestically Financed Supplier Programme: HUF 6+3 bn in 2017–18. Clusters: EDIOP-1.3.2-15: HUF 2 bn. Entering the market: EDIOP-1.3.1-14: HUF 0.48 bn. EDIOP-1.3.1-15: HUF 1.92 bn	EDIOP 1.3. (until 2023) Number of businesses receiving subsidies in the framework of the supplier programme: 1,800
18.	Digital Economy				
18.a	Development of the digital economy, corporate ICT programmes	The priority of the Government is to elevate the level of digitalisation at SMEs, as well as their participation in the digital economy. To this end, businesses need to be motivated by shaping their attitudes, raising their awareness and offering financing support for the use of ICT tools and solutions at the highest possible levels, which would improve the competitiveness of the economy. Special attention has to be paid to changes generated by Industry 4.0. In this context, a complex programme has been put together and launched by the Government. The elements of the measure are included in 3 ICT and 8 Financial Instruments of EDIOP in the topic of digital economy: ICT motivational, awareness-raising and competence development programme for SMEs; complex info-communications and mobile developments for businesses (Modern Enterprises Programme – Digital Entrepreneurship); supporting the spread of cloud-based online business services (Corporate IT grant scheme); cloud-based (IaaS, PaaS, SaaS) corporate services; supporting the development of ICT solutions and their introduction into the market; high-degree of digitalisation of the activities of competitive businesses (INDUSTRY 4.0, corporate IoT grant scheme), venture capital fund for business info-communication and digitalisation.	The programmes were started at the end of 2015, and are running until 2019 (or until funds are exhausted). EDIOP 3.2.1: December 2015 EDIOP 3.2.2-8.2.4: December 2016 EDIOP 3.2.4-8.2.4: December 2016 EDIOP 3.2.6-8.2.4: March 2017 EDIOP 8.2.5: Q1 of 2018	HUF 79.1 bn in total, in the form of the following schemes: EDIOP 3.2.1: HUF 4.6 bn EDIOP 3.2.2-8.2.4: HUF 21.2+27 bn EDIOP 3.2.4-8.2.4: HUF 4+2.5 bn (temporarily suspended) EDIOP 3.2.6-8.2.4: HUF 3+3.5 bn EDIOP 8.2.5: HUF 10 bn	As a result of this set of actions, domestic SMEs will become stronger in all the sectors, and their competitiveness will improve as a result of the introduction, development of new digital technologies (Industry 4.0 and other new digital technologies: e.g. IOT, M2M, big data, sensor technology, robotics), while their corporate processes will be established on foundations at new, higher levels towards the improvement of their efficiency. The economic processes will be

					more accurately measurable and controllable. Jobs carrying higher value added will be created, and the market opportunities for domestic products and service providing ICT companies will expand. In the framework of the programme for the provision of capital resources, 40 enterprises will receive subsidies.
18.b	Digital Commerce Development Strategy	To implement the individual decisions set forth in Government Resolution 1334/2017 (VI. 9.) on the Digital Commerce Development Strategy, a report concerning the process of implementation has been worked out, and is now under preliminary consultation. Based on the Strategy, the report makes proposals for <ol style="list-style-type: none"> 1) the facilitation of the market entry of new digital traders, 2) assistance to the market expansion of existing digital traders, 3) helping conventional traders to become digital traders, 4) assistance to the infocommunication technology procurements by digital traders, 5) the development of the regulations pertaining to digital traders, support to their legal compliance, 6) the encouragement of the domestic population to purchase from domestic digital traders, 7) the increase of the domestic product turnover in digital commerce. 	The acceptance of the report is in progress, the time horizon of the Strategy is 10 years.		
18.c	Digital Welfare Programme 2.0	After extensive professional and public consultation, the Government Resolution 1456/2017 (VII. 19.) extended the Digital Welfare Programme and adopted the Digital Welfare Program 2.0. More than 20 new development programmes are included in the strategy that support digitalisation in almost every area of	This measure came into effect on 17 July 2017.		The DWP 2.0 document has set the objective to make Hungary the regional leaders in the largest

		<p>development concerning the Hungarian economy, the functioning of the state and the digital development of the Hungarian society.</p> <p>Areas of intervention in the DWP 2.0:</p> <ul style="list-style-type: none"> • Digital infrastructure (superfast internet programme (SFIP), National Information Infrastructure Development (NIID) Programme (Wi-Fi network development), support to the early deployment of 5G (5G Coalition) • Digital competences (Digital Welfare Software Basic Package, Digital Welfare Club, Digital Labour Force Programme (DLFP)) • Digital economy (Methodological support to the digitalization of industries, Digital Agriculture Strategy, Preparation of microenterprises for the digital age, Digital Healthcare Development, Digital Sports Strategy, reinforcement of the situation of the domestic content industry, sharing economy, Digital commerce and ensuring accessibility, DWP venture capital program • Digitalis state (Digital public administration, reuse of public data, national data policy, development of the domestic digital industry) • Horizontal topics (Information security and cyber security, network research: formal and informal networks in the digital ecosystem, Smart City, development of the standardised Hungarian digital ecosystem in the Carpathian basin, analysis of social, physiological and environmental impacts associated with digitalisation) 			<p>possible number of dimensions in the field of digitalisation. The following measures serve for this objective:</p> <p>In the framework of the Superfast Internet Programme (SFIP), every household will have the opportunity to have Internet subscription for at least 30 Mbps bandwidth; Hungary has been the first in the EU to cut VAT on internet services (to 5% in 2018), and the Digital Welfare Basic Package has been introduced.</p> <p>Hungary's Digital Education Strategy (DES) takes a comprehensive approach to execute the digital transformation of education (by developing the infrastructure, the associated equipment, the digital competence of teachers, the digitalisation of educational materials and administration in</p>
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					<p>education);</p> <p>The goal of Hungary's Digital Startup Strategy (DSS) is to foster the growth of Budapest into an important international centre of start-up enterprises;</p> <p>Hungary's Digital Export Development Strategy (DEDS) aims at solidifying the role of the digital industry and especially export in the national economy;</p> <p>The country has the further goal to be one of the European forerunners in the field of Industry 4.0, 5G and autonomous mobility;</p>
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III.1.3. Improving the efficiency of the justice system and public administration

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
19.	Increasing competitiveness of state operations				
19.a	Establishment of a uniform Knowledge Pool for public administration	Based on the Government Decree on the implementation of the Act on public administration, the Knowledge Pool that is currently used only by the Government Window administrators will be replaced by a new, standardised Knowledge Pool for public administration designed to	This measure will be implemented over a time period of 18 months with the anticipated launching	The measure will be executed from the PADOP-1.0.0-CCHOP-15-2017-00053 "Development of customer service systems" project in an amount of HUF 1.5 billion.	As a consequence of the measure, clients will have improved facilities to administer their affairs in public administration and

		encompass – in addition to public administration matters – cases associated with jurisdiction, municipal administration, tax matters and public services. This new, standardised Knowledge Pool will also be made directly accessible to citizens, and besides the description of cases it will provide the opportunity to clients to complete forms in order to initiate the administration of their affairs. Furthermore, there will be a direct link to the Integrated Legislation System so that in the case of simple changes to legal regulations case descriptions could be automatically updated.	date being 1 January 2019.		jurisdiction with the diminished administrative burdens and time dedicated to administration activities both for clients and administrators.
19.b	Improving efficiency of public administration	<p>Programmes and projects to reduce bureaucracy are aimed at simplifying administrative procedures and reducing application fees and duties so that clients can manage their issues in simple, fast and efficient administrative proceedings, thereby strengthening the competitiveness and service activity of the state. The bureaucracy reduction programme was implemented in four stages. The programme resulted in faster administrative procedures and less administrative burden for citizens.</p> <p>The programme to reduce state overheads is aimed at reducing application fees and duties of administrative procedures for citizens and businesses, and also eliminating them in certain procedures. The most significant measure to reduce the burden on businesses is free of charge incorporation, while also eliminating some other related costs for single-member companies, limited partnerships, general partnerships and limited liability companies.</p> <p>Service approach development of Government office procedures and services: The measure is aimed at simplifying administration for local businesses and entrepreneurs, increasing the convenience of customer service, broadening the needs-based practice of service development, and providing the same high standard of administrative procedures for citizens and businesses everywhere in the country.</p> <p>Rationalisation of the organisational structure of public administration: The measure is aimed at further simplifying the organisational system of public administration and improving its cost-saving operation. Consequently, 44 organisations were eliminated, with effective dates scheduled in multiple phases, until 31 October 2017. In 2017, some</p>	It is in progress and lasts until 31 December 2018.	<p>The PADOP-I.O.O-CCHOP-15-2016-00046 (HUF 4 bn) project covers the costs to prepare and implement the reduction of regulatory bureaucracy;</p> <p>Based on the assessments, actions that belong to the first phase of the programme to reduce state overheads had HUF 12.6 billion funding demand in the annual budget, whereas the second phase required further resources in an amount of HUF 1.6 billion according to the associated impact analyses.</p> <p>The costs of introducing a service-providing government office model are covered by the PADOP-1.0.0.-CCHOP-15-2016-00041 (HUF 2.9 bn) project (cc. HUF 600 million), whilst the costs of each measure are different for each government office.</p> <p>The exact budget to rationalize the organisational structure of public administration may be set only after calculating the costs of reorganisation and the laboratory development, the costs of which are also covered by the project above. The costs of trainings are covered by PADOP-2.1.3-CCHOP-15-2016-00002 Human resource development of territorial administration (HUF 6.9 bn).</p>	<p>As a result of the developments, a supportive administrative environment is established.</p> <p>While introducing a service-providing government office model, the aim is to prepare service strategies and action plans by reacting to deficiencies detected through partner and customer questionnaires. Effects may become tangible through the improvement of services provided by government offices and the strengthened cooperation and entrepreneurial partnerships.</p> <p>The rationalisation of the organisational structure of central administration will be manifested in the reduction of the administrative burden, as well as the faster and more efficient management of cases</p>

		<p>supplementary developments were carried out: necessary amendments of laws, preparation of internal regulations, execution of reform-related trainings, and the review and development of government office laboratory activity.</p>			<p>closer to the place of residence/registered seats of clients. As a result of changing jurisdictions, 910 jurisdictions have been moved from county to district level, and 249 from central to county level. Government office laboratory activity development will improve efficiency in 6 priority fields.</p>
19.c	<p>Strengthening the efficiency of jurisdiction in civil law</p>	<p>In order to improve legal competitiveness and the efficiency of procedures and increase transparency in economic life, Hungary has set the objective to execute the comprehensive reform of the legal system in Hungary:</p> <ul style="list-style-type: none"> • The most essential goal of the new Act on civil procedures is to achieve procedural efficiency across the system. To this end, lawsuits are interwoven by requirements designed to guarantee the efficient and timely conduct of procedures. Besides, parties acting without legal representatives are helped by forms in the assertion of their rights. • The new arbitration act has been designed to make arbitration proceedings more attractive for the actors of economic life, which allows the resolution of legal disputes by impartial and independent persons enjoying the trust of the parties concerned in faster proceedings and at higher standards than with judicial bodies of the state. The new legislation is suitable for ensuring the selection of impartial and independent arbitrators having adequate expertise, as well as the quickly conducted arbitration proceedings. • In order to reinforce public trust in jurisdiction, the new Act on attorneys sets out uniform and comprehensive regulations on attorney activities in direct association with such proceedings, as well as persons that are eligible 	<p>These acts have been promulgated and entered into effect:</p> <ul style="list-style-type: none"> • Act CXXX of 2016 on civil procedure • Act LX of 2017 on arbitration • Act LXXVIII of 2017 on attorneys at law 	-	<p>Improvement of the efficiency of jurisdiction: acceleration and timely closing of lawsuits.</p>

		to pursue such activities. The most important novelty is the change to the scope of persons who are entitled to act as legal representatives and counter-sign deeds. For economic actors, the extended scope of guarantees relating to attorney activities, as well as the broader scale of liability insurance, the general protection of communication between clients and attorneys for the purpose of defense make those elements of the connected operations more foreseeable that call for the involvement or attorneys or the legal counsel employed by the chamber.			
19.d	New rules of judicial procedures for public administration	The complementary rules make up a system of seamless legal protection in all authority proceedings for the client concerned. The primary goal of procedural rules is the harmonisation of public and private interests, the acceleration of proceedings, as well as the guaranteeing of client rights and interests.	Act CL of 2016 on general public administration procedures and Act I of 2017 on the rules of judicial procedures for public administration	-	Improvement of the efficiency of jurisdiction: acceleration and timely closing of lawsuits.
20.	E-governance	Development of e-administration			
20.a	Developing a user-friendly, customisable customer portal	As a result of the measure, administration time becomes shorter, the process is simplified (personal appearance is no longer necessary) and it can be tracked electronically. Due to IT developments, the Customised Administrative Portal (CAP) constitutes the point in the process of electronic administration where customers can have access to various administration services via a single customisable, transparent and modern administration interface. A major novelty is the renewed authentic electronic mailbox service, which now provides authentic digital mailboxes (Business Gate) also to business associations in addition to citizens and offices.	CAP has been operational since January 2018, but the planned developments will have been fully completed by the end of 2018.	PADOP-1.0.0-CCHOP-15-2016-00025 Total budget of the project: HUF 9.498 bn, out of which HUF 1.994 bn is expended on developments to CAP and Regulated Electronic Administration Services (REAS).	Simplified access to electronic administration increases competitiveness since it makes public administration more efficient and decreases administration time on the client side. The introduction of the Customised Administrative Portal aims to increase efficiency of managing issues by 20%.
20.b	Connecting big state registers and systems, improving their interoperability	Within the framework of the measure, large state registers and systems are connected with the help of the Central Government Service Bus (CGSB), they are able to automatically share the most current data and information, thereby accelerating the administrative process and simplifying administration for clients. Currently, 24 services	CGSB has been operated since 1 January 2018.	PADOP-1.0.0-CCHOP-15-2016-00025 Total budget of the project: HUF 8.448 bn, out of which development of CGSB costs HUF 1.373 bn.	Interoperability of state registers makes public administration more efficient and enables the provision of modern electronic administration,

		are available, but until the end of 2018 the completion of further upgrades has been anticipated. Stakeholders from public administration will join the system gradually throughout 2018.			thereby decreasing administration time. Due to CGSB, time spent on system integrations decreases. The project aims to integrate 30 registers and systems by the end of 2018.
20.c	Further development and nationwide expansion of the local Government ASP system	<p>The local government ASP service system is developed to be spread nationally, develop further specific systems, establish a data warehouse and in particular, introduce electronic administration services on the customer side at the local government level.</p> <ul style="list-style-type: none"> * Efficiency of local governments increases and their costs decrease by supporting their internal operations. * Central administration may monitor local government management in an up-to-date way. * Electronic administration services will be available for citizens and businesses on a unified platform for certain local administrative processes. <p>In January 2018, the extension of the ASP service system to local governments entered into phase II, and as a result, 93% of local governments (nearly 3,000 out of 3,200) joined the system. Since then on, the local governments that joined the system have been working in a standardised system for the performance of the key tasks. The remaining local governments will join the system from January 2019, in phase III of the project.</p>	<p>Phase I: 1 January 2017</p> <p>Phase II: 1 January 2018</p> <p>Phase III: 1 January 2019</p>	<p>PADOP-1.0.0.-CCHOP-15-2016-0008 (ASP 2.0) (originally HUF 15 bn, but with this year's modification of ADB (Annual Development Budget) it has increased to HUF 18 bn)</p> <p>PADOP-1.2.1.-CCHOP-16 (HUF 8.5 bn budget for the support of the local governments that join the system)</p>	<p>The operation of local governments becomes more efficient, and due to centrally-managed ASP services, the quality of the application of law of local governments improves. Central management improves the efficient use of resources. Altogether 3,196 local governments are expected to join, until 1 January 2018, 2994 local governments affiliated the system with full portfolios</p>
20.d	Consolidating government networks, increasing their capacities and developing their institutional access (National Telecommunications Backbone Network – NTBN)	<p>A sufficient info-communication network is necessary to apply info-communication technologies, increasing the scope of electronic administration services and improving their quality. As a result of this development, efficiency and speed of administration will improve in public institutions and at local governments due to a secure broadband connection, thereby improving the quality of client services. The aim is to establish a "basic utility", which provides an infrastructural background for a service-providing state, covering the whole territory of the country and modern inter-institutional (G2G) data transfer. Implementation is currently in progress, and the goals set out in the project are expected to be realised until 2019.</p>	<p>The development and network connections of NTBN are in progress, projects are planned to finish in the first half of 2019, and thus total installation is expected in 2019.</p>	<p>EDIOP-3.4.5-CCHOP-16 (HUF 4.73 bn)</p> <p>EDIOP-3.4.3-CCHOP-15 (HUF 4.285 bn)</p> <p>EDIOP-3.4.2-CCHOP-15 (HUF 2.857 bn)</p>	<p>The broadband network constructed as a result of the measure increases the competitiveness of the areas previously covered by an insufficient connection. 1,450 institutional end points are planned to be connected, in parallel to the establishment of 28 new aggregate PoP within the framework of EDIOP-</p>

					3.4.3. Within the framework of EDIOP-3.4.5, 1,850 other, new institutional connections are anticipated. EDIOP indicators: - Average bandwidth available at NTBN end points: 30 Mbps - Number of new end points on state networks: 3,300 (300 in CHR and 3,000 in convergence regions)
21.	Public procurement				
21.a	Electronic public procurement, mandatory introduction of the Electronic Public Procurement (EKR) System	<p>The Electronic Public Procurement (EKR) System operated by the Prime Minister's Office had been completed, and during its first transition phase from 15 November to 31 December 2017 the contracting authorities had the option to conduct public procurement procedures in the EKR system on a voluntary basis, given that they also performed the same procedures in hardcopy form concurrently.</p> <p>In the second transition phase, from 1 January 2018 to 15 April 2018, the use of e-procurement is still not compulsory, but every contracting authority may voluntarily choose to use the EKR system. In this phase, contracting authorities may decide to conduct public procurement procedures exclusively in the EKR system, but the obligation to use hardcopy document for the recording of their procedures discontinued.</p> <p>The use of electronic public procurement and the EKR System will become mandatory for all contracting entities from 15 April 2018, meaning that Hungary will introduce e-procurement 6 months before the 18 October 2018 deadline set in the relevant EU directive.</p> <p>The detailed regulations of electronic public procurements</p>	The application of the EKR System is an obligation for all the contracting entities from 15 April 2018.	This measure does not require funds in 2018.	<p>The measure promotes compliance with the legal requirements of the EU, simplification of public procurement and making it more transparent through supporting its audit.</p> <p>The measure simplifies transition to e-procurement and electronic communication in public procurement procedures.</p> <p>The introduction of electronic procurement is expected to result in the further decrease of the number of tenders attracting only a single bidder. . The EKR system has a standardised interface and identical</p>

		implemented in the EKR system are stipulated in Government Decree 424/2017 (XII. 19.) on the detailed rules of electronic procurement.			formal requirements prescribed to simplify the placement of bids and participation in public procurement procedures.
21.b	Organisation of trainings to facilitate the use of the EKR system	In order to ensure adequate preparation, the electronic public procurement (EKR) system has been continuously presented and taught since November 2017. The Prime Minister's Office supports implementers of the law by organising a series of presentations and practical trainings. In addition, a user manual presenting the functions and operation of the EKR system on details has been prepared.	Ongoing	This measure does not require funds in 2018.	The measure simplifies the transition to e-procurement and electronic communication in public procurement procedures.
21.c	Introduction of the good practices of EU Member States	The Directorate-General for Regional and Urban Policy of the European Commission contacted the individual Member States in relation to the initiative launched for the sharing of best practices in public procurement, wherein the Commission offered to assist Member States in transposing existing good practices of law implementation in the EU. Hungary relies on the Commission's support with respect to the transposition of good practices relevant to two legal instruments, and is examining the possibility of transposing good practices into the Hungarian law implementation environment. 1. whole-lifecycle-costing tools 2. preliminary market consultation Consultation with the Commission is ongoing, and the first meeting in person will be held in April 2018.	During the year, the consultations and reviews associated with the good practices of law implementation mentioned above will be continuous, and the foreseeable time demand of the introduction of the good practices in questions is 12–16 months.	This measure does not require funds in 2018.	This measure does not originate from EU obligations. The expected outcome is the broad-scale application of the described public procurement tools (whole-lifecycle-costing, preliminary market consultation), and thus the more efficient preparation of public procurements, as well as larger emphasis on sustainability criteria in public procurement procedures.
21.d	Enhancement of professionalisation in public procurements: training of responsible accredited public procurement consultants	On 3 October 2017, as part of the Public Procurement Package the European Commission issued a Commission recommendation concerning the professionalisation of public procurement with the goal to improve the general level of professional skills and competences, as well as knowledge and experience of people who are involved in or in charge of public procurement tasks. To reinforce professionalisation in domestic public procurement, several measures have been defined and introduced with the aim of informing and training actors involved in public procurement procedures. Such a particular measure is the Decree 14/2016 (V. 25.) of the Minister		This measure does not require funds in 2018.	The goal of professional training on public procurement is to give responsible accredited public procurement consultants up-to-date knowledge, high-level expertise and a background based on broad-scaling experience, which can contribute to the thorough preparation

		<p>heading the Prime Minister's Office stipulates that in order to be registered as an accredited public procurement consultant, which is a criterion for pursuing this activity, consultants shall participate in compulsory professional training. .</p> <p>These trainings disseminate advanced level professional knowledge that goes beyond the basic knowledge laid out in the effective public procurement act and which is expected from responsible accredited public procurement consultants, while the trainers at these trainings should have higher education qualifications and possess extensive experience in professional fields related to public procurement.</p>			and effective implementation of public procurements.
22.	<p>Supporting and developing the integrity management system and the integrated risk management system</p>	<p>To support the broadest possible dissemination of integrity-based approach and integrity management, a methodological guideline and recommendation has been prepared for bodies that volunteered to introduce the integrity management system (e.g. law enforcements bodies), as well as for local governments to support their efforts in preventing corruption. Trainings were held for local governments and law enforcement professionals in order to raise awareness and provide them with information. The harmonisation and common development of training systems and measures for organisations that are not controlled by the Government (e.g. Public Procurement Authority) is in progress.</p> <p>Since October 2016, the bodies and agencies of state administration have made significant progress in the field of process management, risk management, as well as the assessment of integrity and corruption risks. In this context, 2017 saw 32 professional events that encompassed the entire area of the country, with the participation of altogether 752 professionals. These events included 23 workshops, 5 professional days and 4 conferences.</p> <p>These events served for the development of organisational integrity, the raising awareness in relation to issues of professional ethics and the transfer of practical knowledge. The invited participants were leaders from local governments and governmental agencies, state and government officials involved in customer service activities, integrity consultants, domestic experts of law enforcement, crime science and research fields belonging to the Scientific Council of the</p>	<p>Deadline for implementation: 31 December 2018</p>	<p>Estimated costs: HUF 213,000,000</p> <p>PADOP-2.2.3-CCHOP-16 – Implemented within the framework of the priority project “Increasing Capacity and Forming Attitudes to Reveal and Prevent a Greater Number of Corruption Cases” (total budget: HUF 5 bn)</p>	<p>Having completed the regulation of the integrated risk management system, and having reviewed experiences about its functioning, good practices that may serve as the basis for future measures can now be identified.</p> <p>The current regulations pertaining to risk management at state administration bodies and the associated supporting recommendations can be executed, and by them the bodies of state administration are able to realise considerable development.</p>

		National Protective Service, as well as teachers from secondary schools, the presidents and members of the Hungarian Government Officials Corps, leaders of governmental and non-governmental economic entities.			
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Country Specific Recommendation No. 3: Employment, Education

“Give better focus to the public works programme on the employment of people who have become more detached from the labour market, and – among others, with the reinforcement of active labour market policies – provide efficient support to jobseekers to facilitate their transition to the labour market. Take measures to improve educational outcomes and to increase the participation of disadvantaged groups, in particular Roma people, in inclusive mainstream education. Improve the adequacy and coverage of social assistance, and increase the time period of the disbursement of unemployment benefits.”

III.2.1. Increasing employment and the efficiency of the labour market

In addition to the measures below, the implementation of the employment recommendation is also supported by the measures aiming at the relevant headline EU2020 target.

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
23.	“Road to Labour Market”	<p>The priority project implemented on the base for public employment bodies (government offices, district offices) aims to improve the employability of jobseekers and the inactive over the age of 25, especially those with a low level of education attainment, to support their employment in the open labour market, to improve the effectiveness of labour market instruments, and to promote the transition from public works to the business sphere for those who work in public works and can be given the ability and are ready to work in the business sphere. The employability of the target group improves by the priority projects, the project contributes to the target group’s obtainment of qualification, retraining and finding a job in the open labour market.</p> <p>The government offices involved more than 100,000 jobseekers belonging to the target group until 28 February 2018. More than 30,000 participants were granted training support, and nearly 71,000 could find a job thanks to the support.</p>	<p>The implementation period of the projects is 1 October 2015 – 31 October 2021 in the less developed regions (EDIOP 5.1.1), and 1 December 2015 – 31 October 2021 in the Central Hungarian region (CCHOP 8.1.1).</p>	<p>The source available for the implementation of the priority project EDIOP 5.1.1 is HUF 214 billion. The priority project CCHOP 8.1.1 has a budget of HUF 17.8 billion.</p>	<p>The projects are expected to contribute to the improvement of the employability of 188,000 jobseekers, including those exiting public works until the end of 2021.</p>

24.	Operating the profiling system of jobseekers, developing the institutional system				
24.a	Developing the profiling system and the National Employment Service	<p>During the second half of 2017, the complex assessment of the new profiling system was carried out by involving external experts, as part of which the operation of the profiling and IAP systems was analysed with both qualitative and quantitative methods.</p> <p>One of the main findings was that the current profiling calculation method forecasts long-term unemployment with 69% confidence. Based on the analysis, an action plan with following focal points is being prepared:</p> <ul style="list-style-type: none"> - fine-tuning of the profiling calculation methodology (expected predictive value is 75–80%), - restructuring of the profiling operating methodology (on handling objective-subjective factors), - introduction of the above in pilot projects, then nationwide implementation, based on the experiences gained during the pilots. <p>Further development activities, ongoing under EDIOP 5.1.1-CCHOP 8.1.1 programmes:</p> <ul style="list-style-type: none"> - a total number of 600 persons involved in internal trainings in 2018 (by making use of the experiences gained in 2017 when 200 persons were trained), - comprehensive renewal of the NES' central information portal, - development of the NES' new, uniform image, as well as the launch of a communication campaign based on this. 	The implementation has been in progress since the introduction of the new profiling system, the development package has been fully implemented throughout the project period as scheduled.	The total resource allocated to the central development elements of EDIOP 5.1.1/CCHOP 8.1.1: HUF 2.6 bn.	As a result of the measure, tailored support and service packages are possible to be prepared for the clients of the employment agency (especially for jobseekers). In addition, the adept operation of the system contributes to the improvement of certain labour market instruments and the targeting of public works, and to the cost-efficient use of EU funds.
24.b	Supporting the labour market services of non-governmental organisations	The measure aims to provide access to targeted labour market services for the (non-registered, job-seeking) unemployed and inactive who fall out of the scope of the National Employment Service (NES) and some specific disadvantaged target groups via service organisations that can reach them. The labour market programmes implemented by governmental organisations assist the non-employed in finding a job based on some kind of local economic opportunity or	The organisations supported under this measure can implement their programmes in 36 months from autumn of 2017.	HUF 6.757 bn (ESF EDIOP 5.1.5 – HUF 5.757 bn, CCHOP 8.1.2 – HUF 1 bn)	At least 90,120 persons will be provided with labour market services rendered by non-governmental organisations, and the majority of

		individual need. These programmes typically offer solution to the labour market challenges of some specific target groups, supplementing the support and services provided by the employment service.			them will have the chance to take part in labour market programmes later. As a result of the service 18,025 people are expected to find a job on the open labour market.
25.	Supporting partners social	The strengthening of the social partners' labour market engagement and the development of their capacity are supported by several measures. The measure "Support of Service Provision Targeting Lawful Employment" (EDIOP 5.3.3) aims to provide free legal advice for employees and employers, and to establish a national conciliation, reconciliation, mediation, counselling and arbitration service network (Employment Counselling and Dispute Settlement Service). The consortiums of the interest representation organisations supported under project EDIOP 5.3.4 ("The improvement of occupational health and safety") compile a service package that means a help in the field of occupational health and safety. The measure "Theme Projects Targeting the Development of Labour Market Adaptability" (EDIOP 5.3.5) aims to develop a solution for addressing specific current labour market challenges, and to improve capacities in this regard.	The implementation of EDIOP 5.3.3 is in progress (between June 2016 and 30 September 2019, with a source of HUF 3.5bn), whereas from the remaining budget of HUF 2.4 billion a new tender will be announced in the second half of 2018. Applications in the call for EDIOP 5.3.4 may be submitted between 2 November 2016 and 30 April 2018 (in multiple phases). The implementation of the projects may last no later than 31 March 2020. The call for EDIOP 5.3.5 will be announced in spring of 2018, and 24 months will be provided for the implementation of the projects.	HUF 2 bn (EDIOP 5.3.4) HUF 5.9 bn (EDIOP 5.3.3) HUF 4 bn (EDIOP 5.3.5)	Lawful employment improves, social partners can take part directly in labour market processes. The legal points ("jogpontok" as called in Hungarian) established under EDIOP 5.3.3 provided assistance to 72,258 clients in 113,140 cases between 1 July 2016 and 28 February 2018. Under EDIOP 5.3.4, 600 employers and at least 4,800 employees are expected to receive information.
26.	Restructuring of the public works system				

26.a	Public works reform	<p>In order to promote the reduction of those employed in public works and the improvement of its targeting, and the transition from public works to the open labour market, the Government decision of 1139/2017 (III.20) on certain labour market measures has been adopted, the main elements of which are as follows:</p> <ul style="list-style-type: none"> - Public works shall encourage primary labour market employment. - The improvement of public works targeting: those with qualifications can only be involved in public works if the district office, due to the employer, has failed in job placement three times, or the district office has not been able to offer the jobseeker an appropriate job for three months. - Those under the age of 25 can only be involved in the public works scheme if no other suitable opportunity is offered by the labour market programme (within the framework of the Youth Guarantee System. - The gradual reduction of public workers to 150,000 by 2020 - The reallocation of public works sources to active labour market tools. 	from 31 March 2017, continuously	<p>HUF 40.205 billion of the appropriation of 2017 was reallocated to decrease the number of individuals in public employment and for the implementation of the active labour market programmes: From Title 8: "The 'Start' labour programme" of Chapter LXIII: "National Employment Fund" set out in Annex 1 of Act XC of 2016 on the Central Budget of Hungary for 2017 to Subtitle 1: "Employment and training grants" under Title 1: "Active grants".</p> <p>The budget for 2017 was HUF 284.795 bn, while the appropriation for 2018 is HUF 225 bn.</p>	<p>As a result of the measures, the transition from public employment to the primary labour market is enhanced, which contributes to the long-term employability of those previously involved in public works, as well as to addressing labour shortage. The targeting of public works is improved. The average number of persons involved in public works decreased to 179,500 in 2017, which means a decrease of 19.7%. The new public works programmes launched from March 2018 make it possible to employ nearly 160,000 persons a year on average.</p>
26.b	Reimbursing the travel costs of those involved in public works in relation to labour market services of a maximum duration of 15 days per calendar year	<p>From 1 January 2017, the period of participating in labour market services was raised to 15 days from the previous 3 days per year pursuant to Section 1(2b) of Act CVI of 2011: the individuals employed in public works programmes can participate in labour market services of 15 days in a calendar year at the maximum; the jobseekers struggling with mental, social and health problems can participate in healthcare and social services of 15 days in a calendar year at the maximum.</p>	1 January 2018	Competence of the Ministry for National Economy and the Ministry of Human Resources	<p>The successful exit to the open labour market could be ensured by the joint provision of complex services (healthcare, social, labour market).</p>

		<p>In most cases, the labour market services are available at the concerned individual's place of residence or place of abode. In order to use these services, the target group may be required to borne local and short-distance travel costs, which may mean a significant financial burden; therefore, it became necessary to amend the laws, so such costs can be reimbursed in the future.</p> <p>As an amendment to Act IV of 1991, as from 1 January 2018, the justified local and short-distance travel costs arising in connection with the use of public transportation shall be reimbursed to the individuals involved in public works, if the travelling is required under a measure initiated by the public employment body.</p>			
27.	Measures supporting the labour market integration of public workers				
27.a	Implementing programmes and tenders promoting the successful exit from public works	<p>The following programmes were launched in 2017 to promote the transition from public works to the primary labour market:</p> <ul style="list-style-type: none"> - Job-creating programme, where the employment of a person in public works qualifies as a category of primary support. - The programme promoting "From Public Works to the Business Sphere", which is a targeted incentive for public workers by granting incentive bonuses, so that they can get a job in the primary labour market; the programme became supplemented with mentoring at the workplace. The benefit was requested by nearly 5,200 individuals until March 2018. - Within the framework of the "Leading out to the Active Labour Market" those who have been in public works for more than one year will be motivated to work in the market sphere with the help of mentors. 	<p>The programmes were launched in the summer of 2017, and will be continued in 2018.</p> <p>Job-creating programme: from August 2017.</p> <p>The programme promoting "From Public Works to the Business Sphere": July 2017 – December 2018.</p> <p>The programme "Leading out to the Active Labour Market": August 2017 – December 2019.</p>	<p>HUF 40 billion of the appropriation of 2017 was reallocated to decrease the number of individuals in public employment and for the implementation of the active labour market programmes.</p> <p>The programme promoting "From Public Works to the Business Sphere" has a budget of HUF 5.8 bn.</p> <p>The programme "Leading out to the Active Labour Market" has a budget of HUF 7.44 bn.</p> <p>In the Job-creating programme, 262 companies were granted support in the total amount of HUF 4.3 billion until the beginning of 2018.</p>	<p>The measures enhance the transition from public employment to the primary labour market, which contributes to the long-term employability, as well as to addressing labour shortage. The targeting of public works is improved.</p>
27.b	Gov. Decree 170/2011 (VIII. 24.) on the determination of the public works wage guaranteed public	<p>The aim is to uphold – and increase – the difference between the minimum wage and the public works wage, since this enables the encouragement of public workers to successfully return to the primary labour market with the work experience gained in public</p>	<p>The minimum wage increase entered into force on 1 January 2018.</p>	<p>Based on the average of 220,000 employed in public works in 2016, as a result of the measure, a resource of about HUF 10bn was necessary for the payment of higher wages in 2017. By 2017, the annual average</p>	<p>As a result of the measures, the pay gap further widened between the public works</p>

	works wage	works, and the knowledge obtained through the training provided in public works and the labour market services. The amount of public works wage and guaranteed public works wage did not increase in 2018. The minimum wage increased by 8% as from 1 January 2018, while the guaranteed wage minimum by 12%. The ratio of the public works wage to the minimum wage decreased from 63.9% to 59.1% after 2017.		number of employed in public works decreased to 180,000, the public works wage was not increased in that year, neither in 2018. (In the programmes for 2018, the planned number of public workers is 160,000.)	wage and the minimum wage. This means a stronger encouragement for the public workers to exit to the primary labour market.
27.c	Model programme for national public works for homeless	In 2018 the programme is continued and extended to multiple civil society organisations and churches, which are able to involve people living on the streets or in centres for homeless in public works programmes.	The programme is implemented in 12 months (1 March 2018 – 28 February 2019).	The programme is implemented from HUF 1.15 billion domestic resource on the budget of NEF.	The supported headcount is 750 in 2018.
28.	Priority project of the "Training of Low Skilled and of Public Workers"	According to the statistics, 70,246 individuals were involved in the training until 28 February 2018, which means meeting 82.6% of the expected indicator of involvement. Training programmes can be grouped as follows: 54.2% provide NQR qualifications, 27.1% other skill (training) trainings, 12.2% other (e.g. competency building) trainings, and 4.6% NQR+sectoral, sectoral trainings. The objective of the mentor service placed in the priority project is to complete the training successfully, to keep people in training and to prevent them from dropping out. The mentor service is available in all of the 18 counties during the full training period, thanks to the contribution of 118 mentors on average. By 28 February 2018, 95.8% of the people involved in the project, that is 67,297 people, received mentor service, and only 4,199 of them dropped out (6.2%). On 16 February 2018, the consortium submitted the request for extending the date of the physical completion of the priority project to 31 December 2019, with the following justification: <ul style="list-style-type: none"> the priority project targets one of those groups which are the hardest to integrate in labour market programmes, whose involvement has lost momentum recently, at the moment, there is not any other project that would ensure the possibility to provide public workers with labour market training, 	The starting date of the implementation period of the project: 1 November 2015; the planned date of physical completion: 31 December 2018 The request for extending the priority project to 31 December 2019 is currently under evaluation by the MA.	HUF 30 bn (EDIOP-6.1.1-15)	The indicator of involvement is 85,000 persons, out of which 80,000 persons with a low level of educational attainment (ISCED 1, ISCED 2). The level of involvement is low among those with a high level of educational attainment (5.9%). The target indicator of those obtaining a certificate or credentials is 68,000 persons (80% of the total headcount).

		On 16 February 2018, the consortium submitted the request for extending the date of the physical completion of the priority project to 31 December 2019.			
29.	Developing social enterprises and social associations, supporting programmes implemented by non-governmental organisations				
29.a	Focus programme of social associations	The Focus programme aims at the creation of new sustainable workplaces – with a priority on disadvantaged districts – with a support scheme provided for social associations. In the Focus programme, such projects were granted support which assist the labour market integration of disadvantaged employees, association members and public workers, as well as the creation of new jobs within the organisational framework of social associations.	Time horizon according to the trilateral (MI, MNE, OFA Nonprofit Kft.) Grant Agreement: 1 May 2016 – 31 May 2022	HUF 12 bn (reallocation from the appropriation of the Start Labour Programme within the budget of the National Employment Fund for 2016)	A new element in the support programme is a 3-year subsidy of beneficiaries, which contributes to social associations' becoming self-sustainable.
29.b	Incentive for social enterprises	Our aim is the enhancement of the employment potential of organisations combining business and social aspects through incentives and subsidies provided to social enterprises. Non-refundable resources primarily aim to create jobs for the disadvantaged unemployed, to provide temporary support for the commencement of employment; refundable resources primarily aim to provide the infrastructure investments and current assets necessary for these activities.	The EDIOP 5.1.2 priority project providing the support started the organisation of the advice provided for the organisations in 2016, and lasts at the latest until 31 March 2022. Applications can be submitted in the call for EDIOP 5.1.3-16 between 1 September 2016 and 3 September 2018. Applications can be submitted in the call for EDIOP 5.1.7-17 between 25 September 2017 and 3 September 2018.	The EDIOP 5.1.2 priority project is implemented from a budget of HUF 2.8 billion. The framework budget of the EDIOP 5.1.3-16 tender is HUF 8.243 billion, while of the EDIOP 5.1.7 tender is HUF 15 billion. To the latter, refundable subsidy may be provided under the EDIOP 8.8.1 scheme.	The labour market participation of the disadvantaged improves, as well as the employment potential of at least 500 subsidised social enterprises. At least 3,000 new employees will take a job.
29.c	Loan aiming at incentivising employment	The EDIOP 8.8.1 programme is a financial instrument that provides loans to encourage employment. The measure aims at supporting individuals to become entrepreneurs and the expansion of the market	The loan product is available for the organisations from autumn of 2017 until its exhaustion.	HUF 29.63 bn	Through the provision of the capital required, it contributes to the

		activities of social enterprises, thereby increasing the employment of the disadvantaged. From the loans available under the programme for application, in the case of becoming an entrepreneur, the costs arising in connection with starting a business can be financed (up to an amount of HUF 10 million), while for social enterprises, the investments and purchase of current assets related to the development goals (up to an amount of HUF 50 million).			enhanced competitiveness of new businesses and the long-term employability of entrepreneurs (and their employees).
29.d	The research entitled "The effect of public works on the local economy and society"	Within the target system of public works, employment policy targets are supplemented by economic and settlement development and social policy targets. The labour market effects of the measure are often assessed, while the social and economic effects have not been revealed or measured yet. This shortcoming is addressed by the research.	28 December 2017 – 28 July 2018	HUF 30 m	The results will be discussed at the forum of the Public Works Working Group of the Scientific Council of the Ministry of Interior, and it is expected to be published on the website.
29.e	Supporting transit employment programmes	The measure aims at supporting training programmes that are targeted to address the labour shortage experienced in specific segments of the economy, based on special methods. The programme also supports permanent jobseekers to obtain skills and work experience with the help of the methods and experiences of the employment programmes. Permanent mentoring, psycho-social support, strengthening and maintaining motivation, as well as the improvement of basic skills and social competences are basic elements of the programmes. The training arranged within the framework of the programme is implemented so that it is encompassed in the practical form of work.	The organisations supported under this measure can implement their programmes in 36 months from autumn of 2017.	HUF 5.243 bn (ESF EDIOP 5.1.4-17)	The rate of skilled workers increases, the measure is expected to contribute to addressing the labour shortage through the complex development of 2,000 disadvantaged people who are unemployed.

III.2.2. Enhancing Quality Education

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
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30.	<p>Developing the institutions which are at risk of student drop-outs, developing the access to inclusive education, desegregation</p>	<p>Within the framework of the measure, institutions participating in complex institution development are selected and improved. Those public education institutions take part in the complex institution development process which need improvement based on their share of students at risk of early school leaving, and in the case of which desegregation measure becomes necessary. The elaboration of the PESL (prevention of early school leaving) framework aims to ensure such developments at the public education institutions involved in the project which strengthen inclusive education with desegregation focus, thus contributing to the decrease in the student drop-out rate.</p>	<p>Implementation of the project HDOP-3.1.5-16-2016-00001 “Supporting the institutions which are at risk of student drop-outs” 2017–2020 In 2017, the institutions involved were selected, the situation analyses and the institution development plans were prepared. The professional content of the complex and differentiated institution development framework supporting the prevention of early school leaving (hereinafter PESL) and applying new training methodology, will be elaborated in 2018.</p>	<p>HDOP 3.1.5., from a framework budget of HUF 12.9 billion</p>	<p>The chances for further studies and the completion of studies can be expected regarding the students. Development activities which strengthen the inclusive organisation of studies also appear in the complex institutional development plans, which will be elaborated.</p>
31.	<p>Prevention of early school leaving, Improving the operation of the early warning and pedagogical support system introduced to support the successful educational progress of students at risk of early school leaving, including disadvantaged students</p>	<p>The Pedagogical Education Centres of the Educational Authority (hereinafter PECs) provide targeted support to the schools based on the schools’ data uploaded in the early warning and support system: organisation of further trainings, workshops, visits by and consultations with advisors, presentation and adaptation of institutional best practices, contribution to the analysis of data from the warning system on the schools’ and maintenance authorities’ level and to the revealing of reasons behind drop-outs, as well as provision of support in relation to designing pedagogical measures. PECs also provide professional support for the institutions which permanently underperform in the national competence measurements.</p>	<p>Ongoing</p>	<p>In the budget of the Educational Authority</p>	<p>In line with the strategy on the prevention of early school leaving, a core element of the measure is the prevention of drop-out. The benefit of the early warning system is that it contributes to achieving the target set for the reduction of early school leaving encompassed in the EU2020 Strategy (EU average of below 10%, Hungarian target: to 10%. In 2017, this data was 12.2% in Hungary (preliminary data).).</p>

32.	<p>Implementation of a quality and fair public education system through the development of digital competence; Implementation of the HDOP 3.2.4-16 project “Development of digital competence”</p>	<p>The measure aims at the establishment of a quality and fair public education system and the promotion of the successful participation in the labour market/higher education/lifelong learning through supporting the acquisition of digital competences expected by the society and the labour market. Planned activities: provision of up-to-date IT infrastructure and wireless network for the public education institutions maintained by the educational district centres in the less developed regions; supporting the teachers’ use of IT tools in the classroom with further trainings for teachers and the provision of such tools; development of the students’ digital competence, in particular by providing the framework necessary for preparing for mathematics, scientific, informatics and technical careers; supporting the teaching-learning process performed according to modern pedagogical methods through the educational district centres.</p>	<p>Implementation of the HDOP 3.2.4-16 project “Development of digital competence” 2017–2020</p>	<p>HDOP-3.2.4, framework budget: HUF 45.35 bn</p>	<p>In 2018, 20,000 teachers are expected to participate in free, accredited further training, which contributes to the renewal of the teachers’ methodology knowledge and culture regarding the use of ICT tools, and to the more efficient utilisation of the students’ digital knowledge in activities pursued both in and outside the classroom. 45,670 laptops will be provided to the teachers, 24,000 tablets to 800 grade 5 classes, along with the necessary storage/charging carts in the second half of 2018. The deployment of Wi-Fi network within the given institution will start in 40% of the public education institutions involved directly in the development.</p>
33.	<p>Complex programmes for children with multiple disadvantages and needy students to help their school success and prevent them from drop-out</p>				

33.a.	"On the Road" (Útravaló) Scholarship Programme	<p>The programme supports the disadvantaged and multiply disadvantaged (in particular, Roma) students' success at school and the raise of the level of their educational attainment. It provides the participating students with mentoring and scholarship, while those in higher education with scholarship or support for the payment of their tuition fees.</p> <p>The programme provides support to the students from grade 7 even until they obtain a degree. The target group of the "Road to Secondary School" sub-programme includes students of seventh and grade 8 classes, and it aims to ensure that the participants continue their studies in education that provides a school leaving examination. The "Road to a School Leaving Examination" sub-programme aims to support the students who participate in education that provides a school leaving examination in successfully passing this examination. The "Road to a Qualification" sub-programme aims to support students who participate in vocational education in successfully finishing their studies and passing their vocational examination. The "Road to a Degree" programme – which provides scholarship and support for the payment of students' tuition fees – aims to support participants who study in higher education in obtaining a higher education qualification. ("Road to a Qualification" and "Road to a Degree")</p> <p>The HDOP 3.1.4 "On the Road" Scholarship Programme aims to promote disadvantaged learners achieving success at elementary school, reduce the number of drop-outs, prepare them for studying at a secondary school that provides a school leaving examination, and aims at their successful completion of secondary school and being admitted to higher education by providing personal mentoring and scholarships. The HDOP 3.1.4 measure is the continuation of the programme laid down in Gov. Decree 152/2005 (VIII. 2.). The HDOP 3.1.4 measure differs from the previous one in that the two sub-programmes of "On the Road" Scholarship Programme are redirected to EU funding, and the previous services rendered under these relate to</p>	<p>Ongoing by school year.</p> <p>The "Road to a Qualification" (3,546), "Road to a Degree" (850), "Road to Secondary School" (5,518) and the "Road to a School Leaving Examination" (3,708) programmes – as parts of the call announced in autumn 2017 – regarding the 2017/18 school year are in progress. The announcements for the next school year are under preparation.</p>	<p>The opportunity-creating sub-programmes of "On the Road" Scholarship Programme were funded from domestic sources until 2015, with an average annual budget of HUF 2bn. Since the 2016/17 school year the operation and development of the "Road to a School Leaving Examination" and the "Road to Secondary School" sub-programmes have been financed from EU funds for 3 years, HUF 5.9 billion in the convergence region, CHR: HUF 207 million. With regard to the fact that the project will finish in September 2019, domestic resources must be ensured from the budget for 2019 regarding the 2019/20 school year. The operation of the two other sub-programmes continues to be funded from the domestic budget:</p> <ul style="list-style-type: none"> - Road to a Qualification programme, HUF 550 million - Road to a Degree programme, HUF 240 million 	<p>The programme efficiently reaches the socially most disadvantaged students, and particularly well targets Roma students. The programme plays an important role in creating equal opportunities in education as well.</p>
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		professional support, and mean activities that provide students with positive experience. The two other sub-programmes remain funded from the domestic budget.			
33.b.	"Tanoda" programmes	<p>The measure aims to help disadvantaged, especially Roma, students in their achievement of school success with extra-curricular public education tools and in complex development affecting personality on the whole (development of competencies and skills, the support of individual learning, personality development, compensating for social disadvantages). The goal is to ensure the cooperation of "tanodas" with various public education institutions, the parents and other partners, the building of bridge between the school and the family, and the network learning.</p> <p>"Tanoda" is an innovative initiative operated by a civil society or church organisation, and is built on local specificities, the voluntary participation of children and young people and their individual needs, with the aim to compensate for disadvantages; "Tanoda" means an initiative where a community space is operated by the maintaining organisation autonomously. "Tanoda" provides a complex service that focuses on the development of personality as a whole, made available to socially marginalised children and young people who are less successful in the public education system, and without this initiative would not be able to access any such service, or just to a limited extent.</p> <p>The professional support is provided by the Educational Authority, among others by providing training developed for the implementers, and by conducting input and output measurements necessary for implementing the programme. Currently, a total number of 289 "Tanodas" operate in Hungary from EU funds.</p>	<p>HDOP-3.3.1-15 – announced on 30 September 2015. 3-year period.</p> <p>HDOP-3.3.1-16 – announced on 1 December 2016.</p> <p>The support for the programme continues under the HDOP 3.3.1, the tender for "Tanodas" operating in convergence regions was announced in September 2015. At least 30% Roma students have been involved in the programmes.</p> <p>The tender for the Central Hungarian Region was announced in March 2016 (CCHOP-7.3.2-16). The "Tanodas" funded from HDOP and CCHOP funds can implement their programmes until 31 August 2018, on the basis of the tender.</p> <p>HDOP-3.3.1-15 – announced on 30 September 2015. 3-year period.</p> <p>HDOP-3.3.1-16 – announced on 1 December 2016.</p>	<p>HDOP-3.3.1-15 HUF 5,300 m</p> <p>HDOP-3.3.1-16 HUF 1,820 m</p> <p>CCHOP-7-3-2-16 HUF 530 m</p> <p>The sector works on the integration of the "Tanoda" programme in the domestic system, as well as on creating the related conditions.</p>	<p>Within the framework of the measure 286 "Tanodas" operate and more than 8,500 disadvantaged students have been involved.</p>
33.c.	Integrative Pedagogical System (kindergarten development programme)	<p>The Integrative Pedagogical System aims to promote and strengthen the role of the public education system in creating opportunities for and supporting the inclusion of disadvantaged children in the Hungarian public education system (kindergartens): to make kindergartens capable of successfully educating disadvantaged children and to support their integration</p>	<p>The kindergarten development programme is implemented from the 2016/17 school year until the 2019/20 school year with the use of EU funds.</p>	<p>The Integrative Pedagogical System programme had been funded from the domestic budget since 2003. The central budget for 2015 did not plan with any domestic funds for operating the programme (in the 2015/16 educational year), and wishes to ensure</p>	<p>Quantified professional expectations: Number of involved institutions – 550 Number of children participating in the support programmes –</p>

		and their future success at school. (HDOP 3.1.3.) The HDOP 3.1.3 measure is the continuation of the programmes aimed at unfolding abilities, preparing for integration and organising kindergarten development, laid down in Sections 171 and 173 Gov. Decree 20/2012 (VIII.31.). The HDOP 3.1.3 measure differs from the previous one in that only the kindergarten development programme is implemented as specified in Section 173, while those provided in Section 171 are not.	During the implementation of the HDOP 3.1.3 project, 550 kindergartens are involved, and 1,100 kindergarten teachers take part in further trainings. Implementation has been in progress since 16 November 2016. Kindergartens were contacted on 10 January. The priority project was launched with the involvement of 570 kindergartens. HDOP indicator: Number of teachers participating in training, retraining – 1,100	them by redirecting EU funds (HDOP) for this purpose, regarding public education institutions not maintained by the state or municipalities, and kindergartens maintained by municipalities. The amount available is HUF 4.2 billion, which provides resources for four school years.	5,500 Number of operating networks – 3
33.d.	Preventing Roma Girls from Early School Leaving	The scheme of "Preventing Roma Girls from Early School Leaving" aims to decrease the number of drop-outs among disadvantaged, primarily Roma girls, and in relation to this, to raise their chances to continue their studies. Furthermore, it aims to strengthen the learning motivation of girls at risk of early school leaving, to raise the age when they establish a family and have children, as well as to improve their health conditions and reduce the possibility of victimhood.	The planned scheme for 2017 ("Preventing Roma Girls from Early School Leaving") with EU funding is built on the model programme of "Preventing Roma Girls from Early School Leaving" announced in October 2015 and continued in 2016, implemented from domestic funds. HDOP indicator: Number of participants under the age of 25 – 20; altogether in the scheme: 1,780	The resource need of the measure is HUF 150 million for 2015, ensured from domestic budget. The programme continued in the 2016 school year with a framework budget of HUF 135,000,000, financed from domestic budget, from which 21 organisations could conduct their activities. In 2017 the programme HDOP 1.4.4-17 continues with the names Bari Shej – Big girl – Fata mare (with EU funding). Within the framework of the current scheme the applicants could submit their application for a higher, HUF 25-30 million grant with a 24-month period. 89 applicants started to implement the programme in 2017. EU funding: HDOP-1.4.4-17. The available framework budget is HUF 2.66 bn.	The number of students participating in the support programmes – altogether in the scheme: at least 1,780 Number of participants under the age of 25 – 20; altogether in the scheme: at least 1,780
33.e	Instruments facilitating the inclusive education of students with special educational needs	The Ministry of Human Capacities has adopted a 3-year textbook development plan, during the implementation of which modern educational materials and tools are being developed that can be	The measure covers the period of 2018–2020.	HDOP-3.2.2-CCHOP-15: HUF 2 bn	This development contributes to improving equal opportunities for the

		used in the education of students with special educational needs and those participating in minority education. Based on the textbook development plan, educational material will be available in modern, digital form as well, which provides teachers and students a new way of learning both in and outside the classroom. The plan is implemented and the textbooks are developed by the Eszterházy Károly University under the HDOP-3.2.2-CCHOP-15 EU priority project with domestic funding and implementation.			participating students in education.
33.f.	Implementation of the Arany János Talent Fostering Programme, the Arany János Fostering Boarding Facility Programme, the Arany János Vocational School Programme that serve for the success at school and preventing the early school leaving of disadvantaged, multiply disadvantaged and needy students in a complex way	Approximately a total number of 4,000 secondary school and vocational school students participate annually in the Arany János Talent Fostering Programme, the Arany János Fostering Boarding Facility Programme, the Arany János Vocational School Programme which support the prevention of the early school leaving of disadvantaged, multiply disadvantaged and needy students, and also support them in continuing their studies in higher education, the successful passing of the school leaving examination and the obtainment of a qualification in a complex way. The programmes provide the students with pedagogical, social, health and cultural support. The family background of the students involved: parents with low level of educational attainment, low number of cultural goods; high risk of becoming unemployed among the parents; 10–20% share of those living in material deprivation; in the Arany János Fostering Boarding Facility and Vocational School Programme a higher number of parents with low level of educational attainment and inactive parents can be observed; the highest share of Roma students can be found in the Arany János Boarding Facility Programme.	Ongoing Regarding the 2016/17 school year, in the Arany János Talent Fostering Programme 559, in the Arany János Fostering Boarding Facility Programme 225, and in the Arany János Vocational School Programme 187 students started their studies in grade 9.	HUF 2.7 bn/year; central budget	The measure is a part of the implementation of the Strategy on the prevention of early school leaving, accordingly, one of its core elements are the prevention of drop-out and intervention. Its positive impact is that it contributes to the target aiming to reduce the share of students concerned by early school leaving (laid down in the EU 2020 Strategy). In addition, it is expected to contribute to the prevention of drop-outs within the target group, thus supporting the realisation of the objective provided in the country specific recommendation, aimed at improving the educational outcomes and increasing the participation of disadvantaged groups

					(in particular, Roma) in inclusive mainstream education.
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III.2.3. Strengthening the Healthcare System

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
34.	“Local provision of screening examinations” programme	The “Local provision of screening examinations” programme: Designed to ensure equal access, the programme covers the procurement of 10 domestically manufactured, self-powered screening examination buses equipped with modern mammography devices and 10 screening and health improvement buses (for lifestyle counseling, as well as cervical screening, oral cavity screening etc. examinations).	31 December 2018	Central budget resources in 2017: HUF 130.64 million, Central budget resources in 2018: HUF 880.0 million,	Improving demographic indicators, better health conditions.
35.	Nationwide expansion of the territorial scope of organised, targeted colorectal screening for public health purposes	Nationwide expansion of the territorial scope of organised, targeted colorectal screening for public health purposes: Following several years of a series of preliminary medical screening, the third organised, targeted screening programme with nationwide expanse will be started for colorectal screening examinations recommended for men and women aged 50–70 years. General practitioners will be involved in the organisation of screening examinations (with EU funding). In the course of the programme, during the project period the goal is to ensure equal access even for the population that is registered with non-affiliated general practitioners.	31 December 2018	Central budget resources in 2017: HUF 750.0 million, Central budget resources in 2018: HUF 4563.0 million, Resources from the Health Insurance Fund in 2017: HUF 229.82 million, Resources from the Health Insurance Fund in 2018: HUF 1703.29 million, EU funding in 2017: HUF 1769.3 million, EU funding in 2018: HUF 675.3 million, HDOP-1.8.1-CCHOP/15 “Complex public health screening examinations” Total amount of resources that are available in the framework of the scheme: HUF 6.57 billion non-refundable subsidies.	Improving demographic indicators, better health conditions.
36.	Complex programme for the prevention of vascular diseases	Implementation of complex programme for the prevention of vascular diseases: The goal of the programme is to promote a change in the lifestyle of	31 December 2018	Central budget resources in 2017: HUF 1645.0 million, Central budget resources in 2018: HUF	Improving demographic indicators, better health

		<p>the population, with special respect to regular physical activities, healthy nutrition, the prevention of and assistance to efforts to quit smoking, as well as the screening of the risk factors of cardiovascular diseases, the performance of risk assessments by general practitioners. Among others, the development of specialised medical care extends to the shortening of time until the attendance of myocardial infarction and stroke cases, as well as the improvement of acute care and rehabilitation after stroke.</p>		<p>2200.0 million, total amount of EU funding in 2017 and 2018: HUF 1176.8 million, "</p>	<p>conditions.</p>
37.	<p>Supporting the preventive capacity of the healthcare system</p>	<p>The creation of new "Health Promoting Offices (HPO)" to realise nationwide coverage (the long-term goal is to have HPOs operate in all the districts). In addition to the existing ones, the new HPOs have a new function as well: they carry out mental health improvement. The existing HPOs are further developed to have a mental health improvement function.</p> <p>In the programming period of 2007–2013, 61 Health Promoting Offices (20 most disadvantaged and 18 disadvantaged districts) were established with European Union funding to support the prevention capacity of the healthcare system. The fundamental purpose of their operation is the promotion of the containment of cardiovascular diseases and tumours, the reduction of early and preventable mortality, as well as the improvement of lifestyles determining health conditions, the improvement of habits and attitudes that influence the preservation of health.</p> <p>HPOs improve the preventive activities of the healthcare system by involving people who are in need of any oriented change in lifestyles and referred to the health promoting offices by the general practitioner services, outpatient care or specialized inpatient care, as well as people contacting the offices voluntarily into lifestyle changing programmes, perform risk assessments for them, and encourage them to participate in public health screening examinations.</p> <p>Until the end of 2015, the 61 HPOs assessed the health conditions of nearly 200,000 people, including 47,000</p>	<p>ongoing</p>	<p>To finance the operations of HPOs, HUF 901.95 million was allocated from the central budget, followed by the earmarking of HUF 1537 million in 2016 and 2017.</p> <p>HDOP-1.8.19-17 "Comprehensive development of the system of basic services and public healthcare – development of local capacities for public healthcare" standard grant scheme.</p> <p>Total amount of available funding: HUF 3.74 billion</p> <p>CCHOP-7.2.2-17 "Comprehensive development of the system of basic services and public healthcare – development of local capacities for public healthcare" standard grant scheme – CHR The planned budget to be made available for funding is HUF 1.29 billion.</p> <p>HDOP-1.8.20-17 "Comprehensive development of the system of basic services and public healthcare – development of local capacities for public healthcare in the area of mental health" standard.</p>	<p>Realisation of nationwide coverage for health promoting activities, improvement of the health conditions of the population.</p>

		<p>people at HPOs who are present in the most disadvantaged districts. Data relating to 2016 are foreseen to become available at the end of H2 of 2017. To finance the operations of HPOs, HUF 901.95 million was allocated from the central budget, followed by the earmarking of HUF 1537.2 million in 2016 and 2017.</p> <p>In 2016, the Norway Grants were used to establish 6 Mental Health Centres (MHC) in the framework of a pilot programme relying on the already operating HPOs (Baktalórántháza, Szendrő, Hatvan, Csongrád, Balatonföldvár, Szentgotthárd).</p> <p>"</p>		The planned budget to be made available for funding is HUF 1.37 billion.	
38.	Primary health care development focusing on public health	<p>Within the framework of primary health care development, fifty new general partnership practices are planned to be established by involving an additional 400 practices. The services close to the population will be extended by</p> <ul style="list-style-type: none"> - organically integrating public health services into primary healthcare; - broadening the scope of locally available definite services; - strengthening the cooperation of workers in primary care; - accurately defining the competences of the on-call services provided by general practitioners, further training of healthcare workers, development of the necessary educational materials; - working out a vocational training programme for primary care; - development of the infrastructure of primary health care, moderation of inequalities in the area of access." 	30 June 2020	<p>HDOP-1.8.2-17 "Comprehensive development of the system of basic services and public healthcare – development of primary care" standard The planned budget to be made available for funding is HUF 6.46 billion.</p> <p>HDOP-7.2.3-17 "Comprehensive development of the system of basic services and public healthcare – development of primary care", budget: HUF 0.97 billion.</p>	<p>More efficient primary care, relieving the burdens of higher level services, development of services close to the population, strengthening the "gate keeper" role of general practitioners. As a preliminary stage of the measure, four praxis groups have been created in disadvantaged regions as a pilot project, and the detailed evaluation of their operation is currently in progress.</p>
39.	Professional methodological development of the healthcare system	<p>"The goal of the programme is the creation of a complex primary healthcare and public health system with renewed standards, the coordination of primary healthcare and public health tasks, the amalgamation of health-centered attitudes both in regular healthcare and public healthcare services. Promotion of the health-conscious selection of factors</p>	30 June 2020	<p>"HDOP-1.8.0-CCHOP-17 "Professional methodological development of the healthcare system" Total amount of resources that are available in the framework of the scheme: HUF 11.43 bn"</p>	<p>"Improvement of the health conditions of the population. Improvement of life expectancy at birth and</p>

		<p>that have positive influence on health conditions in childhood and the age before adulthood.</p> <p>Improvement of access to public health services, the association information and knowledge, as well as the improvement of prevention and health promotion.</p> <p>Elaboration of such a set of tools and opportunities for the development of healthcare services that allows the prevention, screening, management of mental problems. Broadening of the knowledge of healthcare service providers.</p> <p>Creation implementation and evaluation of methodologies, good practices, guidelines and protocols to enhance patient safety.</p> <p>Development of evaluation and recognition systems that are suitable for the assessment of patient safety.</p> <p>Improvement of the health-related knowledge of the population concerning healthcare services and the prevention of adverse events.”</p>			<p>the number of years lived in health</p> <p>Decreasing the burden of chronic, non-communicable diseases by sharpening the focus of the healthcare system on prevention, increasing the health consciousness of the population and moderating territorial inequalities in connection with prevention. For the implementation of developments in patient safety, the creation of an organisational culture, attitude that helps workers to recognise the sources of risks during the performance of their activities, make recommendations for their counteraction, and where there are opportunities for the discussion of any mistake made and adverse events experienced for the purpose of learning, and additionally where the management of the institution actively contributes to the improvement of patient safety.</p>
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40.	SRSP project for the development of primary healthcare	The goal of the supporting measures is the strengthening of competences; the reinforcement of medical education; the review of legal regulations governing healthcare; the elaboration of a funding model for general practitioners; the development of supervisory and professional guidance documents	The grant decision of the European Commission has announced and currently the work plan is in the process of elaboration. The project is expected to be implemented during 2018–2019.	Structural Reform Support Programme (European Commission)	Elaboration of the necessary policy measures and the conditions of efficient execution
41.	SRSP project to increase the capacity of ambulatory surgery	Increasing the capacity of ambulatory surgery for the improvement of the efficiency and standards of healthcare. Goal of the supporting measures: deployment of a system that will evaluate the performance of ambulatory surgery; introduction of cost-based models; definition of surgical procedures; provision of support to the trainings of healthcare professionals; provision of support to regular cost-benefit and cost-efficiency analyses.	The grant decision of the European Commission has announced and currently the work plan is in the process of elaboration. The project is expected to be implemented during 2018–2019	Structural Reform Support Programme (European Commission)	Elaboration of the necessary policy measures and the conditions of efficient execution

Annex 2 : Measures Taken to Achieve the Europe 2020 Targets

IV.1 Employment

In addition to the measures aiming at the implementation of the Country Specific Recommendations, the following measures also contribute to the fulfilment of the employment target

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
42.	Measures promoting youth employment				
42.a	Youth Guarantee	<p>Within the framework of the project, as part of the Youth Guarantee Scheme, youth may receive targeted support based on their individual plans to find employment or gain qualifications.</p> <p>In addition to counselling and mentoring, the employment service offers a path to immediate employment, becoming an entrepreneur, gaining a marketable qualification or through enabling participants to gain the necessary primary school education. The programme is implemented by involving employers, local educational, social and youth organisations.</p> <p>As a result of the measure the number of young NEETs will reduce and the qualification and employment level of the young between the ages of 16–25 years will improve.</p>	<p>The implementation period of the projects in the less developed regions (EDIOP 5.2.1) is from 1 January 2015 to 31 October 2021, whereas in the Central Hungarian Region (CCHOP 8.2.1) from 1 September 2015 to 31 October 2019.</p>	<p>Based on the effective grant agreement, the funding that is available for the implementation of the priority project EDIOP 5.2.1 is HUF 186 billion. The priority project CCHOP 8.2.1 has a funding budget of HUF 5.2 billion.</p>	<p>Within the framework of the programme, at least 161,000 young people under the age of 25 receive Youth Guarantee offers. Until 28 February 2018, 76,551 people took part in the programme, 50,552 people found jobs, and 10,461 people earned qualification or certification.</p>
42.b	Supporting young people and job seekers under the age of 30 to become entrepreneurs	<p>The project aims to support young people and registered job seekers under the age of 30 with an entrepreneurial approach who plan to launch a new private enterprise or partnership. During the first stage, young people involved participate in the training programmes provided by the organisations selected by regions, and are provided with help in drafting their business plan. In the second stage, young people who have an approved business plan, have successfully accomplished the training and have established their enterprises, are granted non-refundable subsidies in</p>	<p>The EDIOP 5.1.9 project lasts until 31 March 2022 at the latest. Applications can be submitted for the EDIOP 5.2.3 call between 3 October 2016 and 4 October 2018. Applications for the EDIOP 5.2.7 – Supporting young people to become entrepreneurs project can be submitted from 1 September</p>	<p>HUF 1.1 billion source from ESF + HUF 380 million domestic funding (EDIOP 5.2.2, “Be a young entrepreneur in Hungary!”) HUD 3.94 bn (EDIOP 5.2.3-CCHOP 8.3.1) HUF 4 bn (EDIOP 5.1.9) HUF 16 bn (EDIOP 5.2.7)</p>	<p>The employment rate in the target group will increase, while the rate of young NEETs will reduce. Training and mentoring will be provided to altogether 7,600 young people, and the initial costs of</p>

		order to support their initial costs. (EDIOP 5.1.9, 5.2.2, 5.2.3, 5.2.7, CCHOP 8.3.1 and EDIOP-8.8.1-17 loan programme).	2017 until 1 September 2019, and lasts until 31 December 2020 at the latest.		nearly 4,500 start-up enterprises will be subsidized.
42.c	Supporting jobseekers over the age of 30 to become entrepreneurs	The project aims to support young people under the age of 30 and registered jobseekers over the age of 30 with an entrepreneurial approach who plan to launch a new private enterprise or partnership. In the first stage (EDIOP 5.1.9), young people and jobseekers involved participate in the training programmes provided by the organizations selected by regions, and are provided with help in drafting their business plan. In the second stage (EDIOP 5.1.10), jobseekers who have an approved business plan, have successfully accomplished the training and have established their enterprises, may be granted subsidies in order to support their initial costs. The amount of the non-refundable subsidy that can be requested for the enterprise ranges between HUF 3 million and HUF 5 million. Subsidies over HUF 3.5 million can be applied for only if under the EDIOP-8.8.1-17 Incentive for employment loan program at least the same amount of non-refundable subsidy is requested as the amount by which the demanded subsidy exceeds HUF 3.5 million. The consortiums participating in the implementation of the first stage continuously monitors the newly created enterprises in the first year of their operations, and provide them with mentoring, counseling as necessary.	The EDIOP 5.1.9 project lasts until 31 March 2022 at the latest. Applications for the EDIOP 5.1.10 – Supporting jobseekers to become entrepreneurs project can be submitted from 1 September 2017 until 1 September 2019, and lasts until 31 December 2020 at the latest.	HUF 2 bn (EDIOP 5.1.9) HUF 8 bn (EDIOP 5.1.10)	As an outcome of the programme, the willingness and abilities of jobseekers to become entrepreneurs will improve, resulting in better outlook and employment for them in the labour market. The number of jobseekers involved in the training until the end of the programme is 3,000. The number of the enterprises created as a result of the subsidies will be 1,600–2,670.
42.d	Traineeship programme	Within the framework of the "Traineeship Programme to Support Career Starters" scheme, the projects of those micro-, small- and medium-sized enterprises are supported that employ skilled young people. In the context of this scheme, applications can be presented for the subsidization of the wages and employment-related taxes, contributions of the engaged trainees, the wage supplements of the workplace mentors training them, as well as the purchasing of assets. The execution of the priority programme titled "Traineeship programme – Support services" concerns the popularization of the EDIOP-5.2.4 traineeship programme in the broadest possible scope among young people and business entities.	Applications for the EDIOP 5.2.4 Traineeship programme can be submitted from 1 August 2016 to 31 March 2020, and lasts until 31 July 2021 at the latest. The EDIOP 5.2.5 Traineeship Programme - Support Services as a priority project lasts until 31 December 2021. The CCHOP-8.3.2-18 Traineeship programme is foreseen to be announced in July 2018.	EDIOP 5.2.4 Traineeship Programme grant scheme, HUF 30.0 bn EDIOP 5.2.5 Traineeship Programme - Support Services priority project, HUF 2.0 bn CCHOP-8.3.2-18 Traineeship programme, funding budget: HUF 371 million	The number of young NEETs will decrease alongside the improvement of the employment of young people aged 16–25. The targeted headcount of people to be involved in the Traineeship programme is 9,000, and so far

		The second half of 2018 will also witness the roll-out of the traineeship programme in the Central Hungarian Region under the code number of CCHOP 8.3.2-18.			the employment of 4,524 people has been realised. The number of enterprises to which information has been provided has been 7,739 until 12 March 2018. CCHOP-8.3.2-18 will contribute to the employment of 150 young people.
43.	Tackling of labour shortage	<p>- Supporting the building of workers' accommodation. The building of workers' accommodation aims at the improvement of labour flow and the geographical mobility of the workforce to the regions where there is no significant labour reserve. The introduction of the measure enables the municipalities to establish workers' accommodations by building new buildings, or by refurbishing old properties owned by them.</p> <p>- Tax policy measures promoting labour mobility:</p> <p>- Tax base reduction in relation to the construction, maintenance of workers' accommodation: the profit before taxes can be reduced up to the amount of the profit before taxes, with the amount stated as the value of the historic cost of the workers' accommodation or the increment of the value of the historic costs in the fiscal year of the completion of the investment or reconstruction, as well as the amount stated as the rental fee of the real estate rented to be used as workers' accommodation, the amount expended on the maintenance, operation of the workers' accommodation in the given fiscal year.</p> <p>- Tax base reduction in relation to the construction, reconstruction of rented flats: From 1 January 2018, the profit before taxes can be reduced with the amount of the historic costs of any building that has been constructed for use as a rented flat for employees, and features a structure of long lifetime directly serving this</p>	Gov. Decree 23/2017 (II.3.) on the support of building workers' accommodation to promote labour market mobility has been promulgated in Hungarian Official Gazette's Issue no. 16 of 2017. At present, it is the second call of the central labour market programme "Establishment of Workers' Accommodation" that is being implemented, with applications to be submitted until 31 March 2018.		

		<p>activity, the amount stated as the increment of the historic costs in the fiscal year of the completion of the investment, reconstruction.</p> <ul style="list-style-type: none"> - Housing support for labour mobility purposes that can be provided as a tax-exempt benefit by the employer: the employer can grant tax-exempt support to the payment of the rental fee of such a flat where the employee can live together with the family, as the case may be. In the first two years of employment, the maximum amount of the tax-exempt support that can be granted equals to 60 percent of the minimum wage, and then 40 percent of the minimum wage in the following two years, and 20 percent of the minimum wage in the fifth year. - Housing support: the employee can request it by means of an application submitted before the commencement of employment to the district office where the employee is registered as a jobseeker, or if the legal relationship serving as the basis of employment is established before the submission of the application, then no later than within 30 days following the establishment of the legal relationship. The support can be disbursed for 12 months at the maximum, and used for paying expenses relating to rental fees and public utility fees. - The two priority labour market programmes (Road to the Labour Market, Youth Guarantee) also make supports for labour mobility available, such as the reimbursement of traveling expenses (local transport and commutation) to work, the subsidisation of group passenger transport to work and housing support. - The active labour market policies shown in the table also contribute to the tackling of labour shortages by encouraging groups currently with lower employment rates (including the young, women and the low-skilled) to enter the labour market and by the restructuring of the vocational training system; it contributes to the tackling of labour shortages that those who are currently employed in public works enter the primary labour market. 			
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44.	Incentive for flexible and family-friendly employment				
44.a	Incentive for flexible employment	The screening of the SMEs with a flexible employment approach, the preparation of their restructuring plan will be carried out (EDIOP 5.3.1). In the second round of the grant scheme (EDIOP 5.3.2), support can be granted to SMEs for the implementation of the actions included in the restructuring plan, in order to introduce flexible employment forms.	The implementation of the measure is carried out between 2015 and 2018.	EDIOP 5.3.2 with a total budget of HUF 6.39 bn EDIOP 5.3.1 with a total budget of HUF 2 bn	The measure contributes to the harmonisation of work-life balance and the employment of women with young children. In the framework of EDIOP-5.3.1, altogether 832 SMEs have been screened, which affected more than 35,000 employees. Under EDIOP-5.3.2.-16, a total number of 542 SMEs have been granted subsidies.
44.b	Supporting the establishment of workplace nurseries	This grant scheme implemented under the EDIOP 5.3.7 programme aims to support the establishment of workplace nurseries by the establishment of childcare facilities, the acquisition of equipment, as well as the training and employment of nursery teachers.	The grant scheme was announced in February 2017. Applications for grants can be submitted between 20 March 2017 and 20 March 2019. The implementation period of the projects is 12–24 months.	HUF 6 bn (EDIOP 5.3.8-17)	The measure facilitates the employment of women with young children, the harmonisation of work-life balance, and is anticipated to create places in workplace nurseries for 1,125–2,250 children.
44.c	Supporting the harmonisation of work-life balance, the moderation of regional disparities in services	The harmonisation of work-life balance aims at the targeted development of the institutions, services providing daycare for children, especially under the age of 3 (nursery, mini nursery, family nursery), as well as supporting the introduction of flexible, differentiated	The evaluation of the associated applications for support is in progress, the time period dedicated to the implementation of these	HUF 110 bn (TSDOP-1.4.1-15, TSDOP-1.4.1-16, TSDOP-6.2.1-15, TSDOP-6.2.1-16 and CCHOP-6.1.1-15) HUF 5 bn (for the domestic nursery	The nursery and kindergarten developments are foreseen to be gradually

	for caring children under the age of 3 years.	services for the moderation of regional disparities. From 1 January 2017, all local governments are required to organise nursery services where such services are demanded for at least 5 young children, or the number of children aged 0–2 years exceeds 40 in the settlement. From EU funds, so far HUF 96.03 billion has been awarded for the development of nursery capacities in the form of 4,667 new and 10,183 existing places in addition to the implementation of 3,499 new and 57,779 existing places in kindergartens.	projects is 24 months with the deadline of implementation being 31 December 2020. The grant scheme for the nursery development programme will be announced in 2018, and the developments are expected to be realised in 2018–2019.	development programme, from the central budget of 2018).	implemented until 31 December 2020. In the context of the domestic nursery development programme, approximately 1,500 new places in nurseries will be created.
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Vocational training

45.	Reduction of the number of those leaving vocational education without qualification and the comprehensive development of the institutional system for vocational training	Establishment of a comprehensive policy for the development of basic skills: establishment of the national strategy, framework system and set of tools for the support of the preparation of teachers and student competences. All the vocational training centres will execute an independent action plan for the comprehensive quality development of the institution. The integral elements of this action plan include the reduction of the drop-out rate from schools without qualification, the development of basic skills, talent management, the deepening of relations with the local society and economy.	August 2016 – 31 December 2020 – situation analysis of vocational training centres: February 2018 - action plan of vocational training centres: September 2018 - White Paper of the Basic Skill Development: February 2019	Resources of measure: EDIOP-6.2.2-16 (HUF 2.8 bn) EDIOP-6.2.3-17 (HUF 17.14 bn) CCHOP-8.6.3-16 (HUF 2.43 bn)	The priority goal is the reduction of school leaving without qualification in line with the medium-term strategy framed against School leaving without formal qualification.
46.	Developing digital literacy	EDIOP 6.1.2-15 basically aims to develop the disadvantaged people's competency by involving 200,000 persons; in order to achieve this, it is necessary to determine and update the Digital Competence Reference Framework (ICEFR) determining the knowledge levels, as well as elaborate ICEFR-based training programmes. As a result of the measure the equal opportunity indicators measured in economic dimension improve, the labour market key competencies of the social groups being sidelined from the labour market develop, and their chances for inclusion increase. The primary and secondary digital inequality decreases by the provision of the accessibility to and literacy of ICT tools.	The period of the announcement and implementation of the grant scheme: 3 April 2015 – 31 December 2020.	Resource demand of the measure: HUF 22.9 bn	As a consequence of the measure, the development of basic digital competences will decrease primary and secondary digital inequality.

47.	Participating in the OECD PIAAC programme	<p>PIAAC (The Programme for the International Assessment of Adult Competencies), being implemented in the framework of EDIOP 6.2.1, is an international programme directed by OECD, over the course of which the most important reading comprehension, mathematics, problem-solving and info-communication competencies of those aged 16–65 are measured and assessed by direct data collection, on the basis of a representative sample in a ten-year cycle. It aims to support the policies of the alignment of the working population's qualifications, motivation with labour market capacity and the establishment of a detailed exploration of best practices and labour market processes at national and international levels.</p> <p>Following the assessment carried out on the basis of the OECD programme, public and researchable databases will be established. As part of the relevant OECD analyses, the detailed domestic reports are prepared by relying thereon. The research results and reports relying on the databases promote the generation of structural changes supporting the national policies and aiming at the resolving the mapped problems.</p>	Date of the physical completion of the project: 31 December 2020.	<p>Resource demand for the measure: HUF 1.1 billion, EDIOP 6.2.1-CCHOP/15</p> <p>The available amount of non-refundable subsidies from EDIOP sources is maximum HUF 798.82 million, and maximum HUF 301.18 million from the sources of the Competitive Central Hungary Operational Programme.</p>	
48.	Content renewal of formal vocational education	<p>The Vocational Training Bridge Programme is going to be renewed within the framework of the reform, since September 2016, vocational school – called vocational high school – has become a school of five-year commitment, and the students can automatically continue their studies in the year of preparation for the school leaving exam. In the course of the development, the further support of the new operation structure shall be focused on, especially with regards to the 44 vocational training centres, the analysis of the how the system operates and the satisfaction of the needs revealed.</p> <p>The statutory foundation for this has already been laid in order to introduce the new type of school, the so-called</p>			As a result of the content renewal the different vocational training programmes provide the basic competencies necessary for lifelong learning and basic literacy for young people, provide relevant skill competencies and attract more

		<p>“vocational high school”. The National Qualification Register will include more professional content and more foreign language and IT training in this new type of school. The upper age limit of the participation in full-time vocational training (and so in the formal vocational training) has increased from 21 to 25, so that as many people can participate in the formal education as possible.</p> <p>As a result of the amendment to the Act on vocational training, a second vocational qualification can be obtained free of charge.</p>			students than previously.
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IV.2. R&D&I

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
49.	Policy Development	<ol style="list-style-type: none"> 1. Review of the National R&D Strategy 2. Monitoring and evaluation of the National Smart Specialisation Strategy progress 3. Establishing a "Smart Monitoring" system for complex R&D&I programme and project evaluation 	<p>The R&D&I Strategy was reviewed in 2017, and the approval of the revised Strategy is foreseen in the first half of 2018. The evaluation of the implementation of the National Smart Specialisation Strategy was carried out in 2017. The fundamental elements of the monitoring and evaluation strategy were laid down in 2017, and besides new professional cooperation was forged with the Hungarian Central Statistical Office (HCSO) in order to collect better quality R&D&I data, as well as expand the scope of monitoring and evaluation data. The programme evaluation plan for 2018–20 has been framed.</p>	<p>No additional resources are needed; the implementation is in the annual programme strategy of EDIOP, CCHOP ADB, as well as NRDIF funds.</p>	<p>Feedback on the experiences gained since the approval of the strategy documents into policy.</p>

50.	Stimulating corporate R&D&I activities	<p>The measure covers the entire corporate innovation value chain by aiming at the development of new, marketable products, services, technologies and their prototypes with substantial intellectual added value, and promotes the extension of innovation relationships in the economy. A dedicated direction of the measure helps the establishment and mentoring of start-up enterprises, and the strengthening of the environment which encourages their training. We will appropriate venture capital financing related to start-ups and the critical phase of innovation, from early phases to the growth stage. This will promote the full-scale creation of a start-up ecosystem. We also provide funding for novelty research, acquisition and maintenance, and IP evaluation activity serving the intellectual property protection of individuals, enterprises and institutions. Similarly, a separate scheme is available for the support of micro- and small-business projects aiming at the creation of innovative products, services and procedures in order to find a quick way for these new (or substantially reworked) products or services to the market (projects that feature novelties and can be utilised in business).</p> <p>Main supported activities: research, development, prototype and product development, intellectual property protection. Non-refundable subsidies, loan / supplemented with loan / combined loan, venture capital supporting schemes are available in the measures.</p>	<p><u>Schemes announced during 2015–17 and currently in the process of implementation:</u> CCHOP-2.1.1.-15 CCHOP-2.1.7.-15 EDIOP 2.1.1-15 EDIOP 2.1.7-15 NRDIF RDI_16 EDIOP-2.1.5-15 + NRDIF ECO_16 EDIOP-2.1.6-16 + NRDIF Export_17</p> <p><u>Schemes that are still in progress during 2018:</u> EDIOP-2.1.3-15 + NRDIF Industrial property right EDIOP-2.1.4-15 EDIOP-2.1.8-17 EDIOP 2.1.2-8.1.4-16 EDIOP 8.1.1.-16 EDIOP-8.1.3/B-17 + CCHOP 2.1.2.- 17 EDIOP-8.1.3/A-16</p> <p>Schemes announced in 2018: 2018-1.1.1-MSI 2018-1.1.2-RDI:</p>	<p>Corporate RDI (NR):</p> <ul style="list-style-type: none"> • CCHOP-2.1.1-15: HUF 19.97 bn <p>Prototype (NR):</p> <ul style="list-style-type: none"> • CCHOP-2.1.7-15: HUF 10.35 bn • EDIOP 2.1.1-15 HUF 76.64 bn <p>NRDIF RDI_16: HUF 35.44 bn</p> <p>Prototype (NR):</p> <ul style="list-style-type: none"> • EDIOP-2.1.7-15: HUF 48.64 bn <p>Innovation ecosystem (NR):</p> <ul style="list-style-type: none"> • EDIOP-2.1.5-15: HUF 5 bn, NRDIF ECO_16: HUF 1.5 bn <p>Exportable innovative product development (NR):</p> <ul style="list-style-type: none"> • EDIOP-2.1.6-16: HUF 1.225 bn • NRDIF Export_17: HUF 4.83 bn • EDIOP 2.1.3-15: HUF 1 bn • NRDIF industrial property right: HUF 0.4 bn • Innovation voucher • EDIOP 2.1.4-15: HUF 1.5 bn <p>Supporting adaptive technological innovation EDIOP-2.1.8-17: HUF 22.275 bn</p> <p>Corporate RDI (NR):</p> <ul style="list-style-type: none"> • EDIOP 8.1.1.-16: HUF 30.09 bn <p>Corporate RDI with loan:</p> <ul style="list-style-type: none"> • EDIOP 2.1.2-8.1.4-16: HUF 80 bn NR, HUF 40 bn R <p>Smart spec, venture capital (R):</p> <ul style="list-style-type: none"> • EDIOP-8.1.3/B-17: HUF 70 bn, CCHOP 2.1.2.-17: HUF 5.49 bn <p>National Tech. and Intellectual Prop. venture capital (R):</p> <ul style="list-style-type: none"> • EDIOP-8.1.3/A-16: HUF 32.1 bn, 2018-1.1.1-MSI: HUF 10 bn • 2018-1.1.2-RDI: HUF 20 bn <p>NRDIF Industrial property right:</p>	<p>Sustaining and wider economic embedding of increased R&D&I activities. Competitiveness improvement in the supported segments. The absorption capacity of SMEs increases, their domestic and international relationships extend. They participate in the development of new, marketable products, procedures and services, their intellectual property, management/protection awareness increases.</p> <p>Contribution to raising the level of research and development expenditures to 1.8 percent of the gross domestic product. In recent years, the domestic ratio of BERD to GDP has been increasing steadily.</p>
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				HUF 0.2 bn	
51.	Competitiveness and excellence cooperation programmes	Support to R&D&I projects implemented in broad cooperation involving industrial actors, academic and research institutions to meet industrial demand, led by the industrial consortium leader with top-down structuring and coordination where the projects aim at the performance of professional well-defined R&D&I tasks of national, strategic significance in priority sectors (S3), thereby realising the encouragement of cooperation efforts that are sustainable in the long term and have strategic significance among domestic enterprises, research units and institutions of higher education for the purpose of yielding scientific results that are also utilisable in business. Supporting access to highly significant and complex tasks, research, development and innovation results encompassing several professional fields in the framework of the cooperation of the most outstanding actors of the given disciplines. With this support, the research results will be used in the economy and other fields of social life, and contribute to the resolution of important problems. The measure contributes to enhancing the country's economic competitiveness, as well as the development of human capacities and competences in domestic R&D&I.	<p><u>Schemes announced during 2015–17 and currently in the process of implementation:</u></p> <p>EDIOP-2.2.1-15 CCHOP-2.2.1-16 NRDIF NCEP_16 RDIF CEC_17</p> <p><u>Schemes announced in 2018 with the evaluation of the submitted applications being in progress:</u></p> <p>2018-1.3.1-CEC</p>	<p>R&D competitiveness and excellence cooperation (NR)</p> <ul style="list-style-type: none"> • EDIOP-2.2.1-15: HUF 96.095 bn, • CCHOP-2.2.1-16: HUF 2.29 bn, • NRDIF NCEP_16: HUF 28 bn, • 2017: RDIF CEC_17: HUF 16.73 bn <p>Developing international R&D relationships (NR)</p> <p>2018-1.3.1-CEC: HUF 26 bn</p>	<p>Contribution to the resolution of important problems with societal significance. Improvement of competitiveness, development of domestic R&D&I competencies.</p> <p>Contribution to raising the level of research and development expenditures to 1.8 percent of the gross domestic product. Due to the cooperative efforts, innovations are expected to be used in industry, as well.</p>
52.	Establishing R&I excellence capacities	The measure primarily serves the strengthening of R&D capacities and infrastructure through a network approach, with international outlook. It aims to strengthen the R&D capacity of domestic and state- maintained knowledge bases in order to create research results of a high, international standard and establish sustainable excellence centres. Support to R&D&I projects implemented in the broad cooperation of industrial actors, academic and research institutions, led by universities, research institutions with partly top-down structuring and cooperation, for the performance of	<p><u>Schemes announced during 2015–17 and currently in the process of implementation:</u></p> <p>EDIOP-2.3.2-15 CCHOP-2.3.2-16 EDIOP-2.3.3-15 CCHOP-2.3.3-15 EDIOP-2.3.4-15 NRDIF HEICC 16 EDIOP 2.3.6-ELI</p>	<p>Excellence of strategic R&D workshops (NR)</p> <ul style="list-style-type: none"> • EDIOP-2.3.2-15: HUF 64.25 bn, • CCHOP-2.3.2-16: HUF 4.02 bn <p>Strengthening research infrastructure – internationalisation, networking (NR):</p> <ul style="list-style-type: none"> • EDIOP-2.3.3-15: HUF 25.29 bn, • CCHOP-2.3.3-15: HUF 6.01 bn 	<p>The outstanding research and awareness-raising organisations reach international levels of their development stage; it will be possible to increase the volume of involvement in</p>

		<p>professionally well-defined R&D&I tasks of national, strategic significance that are aligned with social challenges. The National Excellence Programme consists of five sub-programmes:</p> <p>Sub-programme “A”: ELI Related Experimental Research National Programme</p> <p>Sub-programme “B”: Artificial Intelligence in Application National Programme</p> <p>Sub-programme “C”: Secure Society National Programme</p> <p>Sub-programme “D”: “Clear Drinking Water” National Programme</p> <p>Sub-programme “E”: Protein Science and Applications National Programme”</p> <p>The measure also supports researcher careers. Professionals with a PhD degree at the early stage of their career may constitute the scientific community which is later expected to elaborate new methods and procedures, to renew and strengthen the excellence centres in a dynamic way, to create research programmes establishing new schools of thought and to carry out the training of a new generation of researchers, to support talented young researchers and build research groups with international influence.</p>	<p>HDOP-3.6.3-CCHOP-16 NRDIF post-doctoral excellence programme, supporting research groups, New National Excellence Programme NEP_17 E_15 E_16 E_17 YR_17 PD_15 PD_16 PD_17 RD_17 ECP_17</p> <p>Schemes announced in 2018: 2018.1.2.1-NEP RD_18: HUF 1.2 bn PD_18: HUF 1.5 bn R_18 and YR_18: HUF 9.4 bn ECP_18: HUF 3.0 bn</p>	<p>Higher Education and Industrial Cooperation Centre – Research infrastructure development (NR):</p> <ul style="list-style-type: none"> • EDIOP-2.3.4-15: HUF 26.86 bn, • NRDIF HEICC_16: HUF 8 bn <p>ELI-ALPS EDIOP 2.3.6: HUF 40.05 bn</p> <p>Supporting workshops and programmes of students in higher education (NR):</p> <ul style="list-style-type: none"> • HDOP-3.6.3-CCHOP-16: HUF 1.82 bn <p>NRDIF post-doctoral excellence programme, supporting research groups (NR): HUF 2.5 bn</p> <p>New National Excellence Programme: HUF 4 bn (for the 2017/18 school year)</p> <p>NCP_17; HUF 10 bn R_15; HUF 5.98 bn R_16: HUF 7 bn RD_17, RD_18: HUF 1.2 bn ECP_17: HUF 3 bn E_17 and YR_17: HUF 9.5 bn PD_15: HUF 1.5 bn PD_16: HUF 1.5 bn PD_17: HUF 1.5 bn</p> <p>2018.1.2.1-NEP: HUF 5 bn RD_18: HUF 9.4 bn</p>	<p>international cooperation. The critical phase of a young researchers' career will be more predictable. The relationship between enterprises, publicly financed and non-profit research units (research and awareness-raising organisations) will strengthen.</p> <p>Contribution to raising the level of research and development expenditures to 1.8 percent of the gross domestic product.</p>
53.	Supporting international R&D&I cooperation	<p>The strengthening of international R&D&I cooperation is served by several grant schemes: from the support to the mobility of researchers to the implementation of joint R&D&I projects. In the framework of calls for project-based applications based on bilateral or multilateral cooperation, opportunities are available for the support of joint basic research efforts (research topic grant schemes), industrial applied research, as well as the fostering of innovation activities.</p> <p>Besides, there are several measures assisting the successful participation of Hungarian organisations and enterprises in the</p>	<p><u>Schemes announced during 2015–17 and currently in the process of implementation:</u></p> <p>Domestic grants connected with the grant schemes announced for the researchers of the European Research Council (ERC) ERC_HU_15; ERC_16_MOBIL Research topic grant schemes based on international cooperation NN_15, NN_17 SNN_17; KNN_16</p>	<p>ERC_HU_15 (HUF 450 m); ERC_16_MOBIL(HUF 200 m) NN_17, ANN_17, SNN_17: HUF 1.0 bn SME_15 (2015–16: HUF 60 bn, 2017: HUF 100 bn; 2018: HUF 80 bn); EU_EP_16 (HUF 230 m, HUF 80 m for 2018); NAT_15 (HUF 1.38 bn); NAT_16(2016: HUF 710 m, 2017: HUF 697.5 m); Supporting ERA-NETs: Infect-</p>	<p>Contribution to the resolution of important problems with societal significance. Improvement of competitiveness, development of domestic R&D&I competencies.</p> <p>Contribution to raising the level of</p>

		<p>EU Horizon 2020 Initiative and the related joint programmes. These grant schemes partly aim at the promotion of international consortial cooperation efforts, and partly provide for domestic co-financing to joint EU projects targeting the development of marketable products, technologies and services, among others in the field of embedded, complex systems, lifestyle-supporting IT developments. Several call for proposals encourage the realisation of the marketable ideas of innovative small and medium-sized enterprises.</p> <p>The measures (a) encourage the cooperation of enterprises, research units and institutions of higher education with international partners in the field of R&D&I, the implementation of joint R&D&I projects (b) promote the joining of Hungarian institutions into EU/international R&D&I programmes and projects, (c) help individual researchers to forge contacts with international R&D&I communities (d) increase the competitiveness of small- and medium-sized enterprises, and target their entrance into international markets.</p>	<p>Encouragement of Hungary's participation in the joint programmes and joint technological initiatives related to Horizon 2020: SME_15; EU_EP_16; NAT_15; NAT_16; Supporting ERA-NEs: EUREKA_15; EUREKA_16; Programme-based bilateral R&D cooperation programmes: S&T_15_IN; S&T_15_IL; S&T_16_CN; TNN_16; INN_16; S&T_17_IN; S&T_17_CN; S&T_IL_17; S&T_17_RU; S&T_17_VN; NRDIO-TÜBITAK cooperation; Bilateral S&T cooperation programmes: S&T_15 / S&T_16 - AT, TR, AR, MN, FR, CN, HR, SI, PT, RS, MC, JP</p> <p>Schemes announced or planned in 2018: ERC_HU_18, NN_18, ANN_18, SNN_18, NAT_18 (HUF 1.2 bn) EUREKA_18; , 2018-2.1.2-NAT Complementary support to the domestic projects of H2020 Teaming: S&T-IL_18; S&T_Iran_18; S&T-MC, S&T-RS, S&T-HR, S&T-SI, UK_PRA, S&T-FR, S&T-PT, S&T-HR ; S&T-SI</p>	<p>ERA (2015: HUF 40 m, 2016: HUF 40 m); ERA-NET E-Rare-3(2015: HUF 45 m, 2016: HUF 45 m, 2017: HUF 45 m, HUF 45 m in 2018); M-ERA.NET-2 (2015: HUF 90 m, 2016: HUF 90 m, 2017: HUF 90 m); JPND (2017: HUF 190 m); FLAG-ERA JTC (2015: HUF 200 m, 2017: HUF 155 m); Quant-ERA (2017: HUF 90 m); EUREKA_15(HUF 400 m); EUREKA_16 (2016: HUF 400 m, 2017: HUF 400 m); S&T_15_IN (HUF 300 m); S&T_15_IL (HUF 310.93 m) ; S&T_16_CN (HUF 200 m); TNN_16 (HUF 150 m); INN_16 (HUF 150 m); S&T_17_IN (HUF 300 m) S&T_17_CN (HUF 200 m); S&T_IL_17 (HUF 300 m); S&T_17_RU (HUF 150 m); S&T_17_VN (HUF 200 m); NRDIO-TÜBITAK cooperation (HUF 150 m); S&T_S&T-IL_18 (HUF 300 m); S&T_Iran_18 (HUF 150 m) 2018: ERC_HU_18 (HUF 450 m) NN_18, ANN_18, SNN_18: HUF 1.0 bn, NAT_18 (HUF 1,200 m) EUREKA_18(HUF 400 m); 2018-2.1.2-NAT (HUF 442 m), H2020 Teaming: HUF 380 n, S&T_S&T-IL_18 (HUF 300 m); S&T_Iran_18 (HUF 150 m), Bilateral S&T cooperation programmes (HUF 400 m)</p>	<p>research and development expenditures to 1.8 percent of the gross domestic product. Due to the cooperative efforts, utilisable innovations are expected to be used in industry, as well.</p>
54.	Implementing the objectives of the National Environmental Technology Innovation Strategy (NETIS)	<p>Achieving the objectives of NETIS by the calls for 2014- 2020 OP schemes and the planning of the Norway-EEA Grants (2009–2014) in accordance with the implementation of NETIS. Promotion of NETIS and its objectives. In line with the details of the European Parliament's report of</p>	<p>From 2007 until 2013, EU grant funds made payments in an amount of HUF 1600 bn (half of the approximately 12,000 grant applications</p>	<p>At present, the resource demands of measures are covered from the funds that are available in the framework of the operational programmes for 2014–2020.</p>	<p>Contribution to the "sustainable growth" priority, to the more resource-effective,</p>

	(between 2011 and 2020)	October 2013 published under the title of <i>On eco-innovation – jobs and growth through environmental policy</i> , NETIS also builds on the concept that investment into green growth is not a costly responsibility, but rather a huge economic potential.	received were awarded, and just a part of them can be directly associated with the implementation of NETIS). In the period of 2009–2014, the Norwegian and EEA Financial Mechanism disbursed nearly HUF 24 billion to programme areas focusing on environmental protection. Consultations pertaining to the potential continuation of NETIS after 2020 (renewal, integration with other strategies etc.) are planned to start in 2018.		environmentally-friendly (circular) and competitive economy. Indirectly it is also linked to the objective of inclusive growth.
55.	Tax base reduction for taxpayers acquiring participations in early-stage enterprises	The extent of the allowance corresponds to the three-fold amount of the historic cost of acquiring share in the early-stage enterprise in the fiscal year of the acquisition and in the subsequent three years, in equal installments, up to HUF 20 million in each fiscal year as a maximum, with respect to the additional conditions defined in the Act on corporate income tax. Early-stage enterprises and other business entities supporting early-stage enterprises may apply for registration with the Hungarian Intellectual Property Office. The procedure is free of charge.	This measure came into effect in December 2017.		Reduction of tax burden.
56.	Introduction of group certification for R&D projects	The group certification for R&D favours enterprises that have larger research and development budgets and have the intention to certify large numbers of rather low-cost R&D projects with the National Intellectual Property Office in a cost-efficient manner. With the project group certification, enterprises have the option to have several (e.g. 10–15) projects qualified in the framework of a single procedure, and if the certification is successful, based on NIPO's resolution, all the projects have to be regarded of R&D nature.	This measure came into effect in December 2017.		It increases the R&D expenditures of companies, but considerably reduces administrative burdens.

IV.3 Energy efficiency

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
57.	Review of the Renewable Energy Use Action Plan of Hungary on the basis of the National Energy Strategy revised on 2018	The Gov. Decision 1491/2012 (XI.13) on the review of Hungary's Renewable Energy Utilisation Action Plan 2010–2020 addressed the minister responsible for national development at the end of 2012 to review the document and to propose its amendment where appropriate, with special regard to the utilisation of the results of technological development, the capacity of energy consumers, and the complex interaction of biomass utilisation between agriculture and rural development. Following this the Gov. decision 1969/2013 (XII.18) on the review of Hungary's Renewable Energy Utilisation Action Plan 2010–2020 extended the review aspects with the changes affecting the Hungarian and EU regulatory environment, and with the amount of the EU resources available in the area between 2014 and 2020. Given that the complete volume of energy use is expected to be lower in 2020 than earlier planned and forecasted, the commitment of the share of 14.65% will be realised with a smaller volume of renewable energy. At the revision of the NREAP, from now on the 2020 energy prognosis values revised in the National Energy Strategy – approved by the Strategic Cabinet, and soon to be accepted by the Parliament – have to be taken into account.	The measure will exercise its effect until 2020. The elaboration of the reviewed action plan is in progress, the document is expected to be finalised in the second half of 2018. The Government still has not approved the revised version of the Energy Strategy. The outcome of the revision of the National Energy Strategy significantly influences the finalisation of the action plans.		As a result of the measure, our energy import dependence and CO2 emissions will decrease, and the production rate of the renewable energy sources will increase, which will contribute to the achievement of the renewable rate prescribed by the Europe 2020 Strategy. The use of renewable energy sources locally (at the users) will reduce energy costs, and, especially in the case of biomass and solar energy utilisation, will contribute to the boosting of employment in rural areas.
58.	Continuation, further development of support schemes promoting the use of renewable energy sources: Warm Homes Programme	The goal of the “Warmth of Homes Programme” is to rely on various means of subsidisation to increase the use of renewable energy sources. In the framework of this measure, plans to be realised during 2018 relate to the performance of the execution tasks connected with the implementation of the grants schemes announced in recent years (payment, implementation), as well as the announcement of new subsidisation programmes. One of the major sources of the support schemes has been the Green Economy Financing System (GEFS) since 2014, which is financed by part of the quota income from the EU Emissions Trading System. The underlying reason is that Directive 2003/87/EC states that at least 50% of quota revenues is required be expended on the development of the green economy (utilisation of renewable	GEFS: ongoing, as the aim is to continuously use the realised quota income for household energy efficiency programmes.	From 2014 until 2017, approx. HUF 31 billion in the Warm Homes Programme.	As a result of the measure, our energy import dependence and CO2 emissions will decrease, and the production rate of renewable energy sources will increase, which will contribute to the achievement of the renewable rate prescribed by the Europe 2020 Strategy. The use of renewable energy sources will locally (at the users) reduce energy costs, and, especially in the case of biomass and solar energy utilisation, will contribute

		energy sources, enhancement of energy efficiency). The revenues realised on these sources are used under the GEFS programme by MND, from which MNE has had a share since 1 July 2014. In the framework of GEFS, 2017 saw the announcement of 3 sub-programmes. In the case of these sub-programmes, at present the implementation and settlement of the grant applications received are in progress. Furthermore, the Ministry of National Development currently is in quest for new schemes to ensure the support of energy-related modernisations in households as a continuation of the “Warmth of Homes Programme”.			to boosting employment in rural areas. Failure to implement the measure will be a risk in meeting the member state requirements defined by Directive 2009/28/EC.
59.	Continuation, further development of support schemes promoting the use of renewable energy sources: Sources for 2014–2020, METÁR surcharge system	<p>The increase in renewable energy sources plays a major role in the use of the available EU Funds in the 2014-2020 period. A total of HUF 760 billion can be used for this purpose in the various operational programmes. From the beginning of 2018, interest-free credits aimed at enhancing the energy efficiency of residential buildings and increasing the utilisation of renewable energies can be requested under more favourable conditions and in a simpler manner, in the framework of the EDIOP-8.4.1 / A-17 and CCHOP-5.2.1-17 programmes managed by the Hungarian Development Bank.</p> <p>Besides, the legal regulations pertaining to the surcharges in the new system of operational subsidies provided to the production of electricity from renewables (Premium scheme of electric power and heat produced from renewable and alternative energy resources, “METÁR”) were adopted in October 2017, and will enter into force in the summer of 2018. The purpose of the concept is to ensure that the new power plants to be constructed in the future can operate sustainably and in line with the aspects of national economy in the long term. The bonus–malus system introduced in relation to the establishment of surcharges provides the market integration of the producers generating electricity from renewable energy sources.</p>	<p>EDIOP-8.4.1 / A-17: HUF 105.2 bn ; CCHOP-5.2.1-17: HUF 9.41 bn bn.</p> <p>METÁR surcharges: The relevant legal regulations has been in effect since 1 January 2017 (the individual stages since 1 July 2018), and will remain in effect until 2026, or as long as those having become eligible to remain in the system (for 20 years at the maximum).</p>		<p>As a result of the measure, our energy import dependence and CO2 emissions will decrease, and the production rate of renewable energy sources will increase, which will contribute to the achievement of the renewable rate prescribed by the Europe 2020 Strategy. The use of renewable energy sources locally (at the users) will reduce energy costs, and, especially in the case of biomass and solar energy utilisation, will contribute to the boosting of employment in rural areas. Failure to implement the measure will be a risk in meeting the member state requirements defined by Directive 2009/28/EC.</p>
60.	Monitoring activities for the new energy efficiency programmes	Evaluation of the first results of the energy efficiency programmes launched in 2017 (corporate income tax allowance, network of professional programme officers, national network of energy councilors) and elaboration of proposals as necessary.	During 2018.		Improvement of efficiency in the field of execution.

61.	Reconsideration of the professional requirements of energy audit obligations.	Prescribed by Article 8 of the Energy Efficiency Directive, the obligation to conduct energy efficiency audits in every 4 years has been transposed to Hungarian law, but here a relatively wide context has been left for the definition of professional requirements. The second energy audits of the obligors are expected to start in 2018 and close at the end of 2019. Before that time, the review of the adequacy of the professional requirements jointly with the supervisory authority will be on the agenda.			
62.	Monitoring of Article 5 and Article 7 of the Energy Efficiency Directive from the perspective of the 2020 obligation. Proposal for new measures as necessary. Ensuring the fulfillment of the reporting obligation towards the EU.	Article 5 sets out a special requirement in relation to the renovation of the buildings of central public bodies (3% p.a.), whereas under Article 7 the state is required to directly accomplish targeted saving with reliance on alternative policy measures.			Any non-compliance with these EED goals may entail infringement procedures with all the associated, disadvantageous political, legal and probably financial consequences. Furthermore, the certification of the proper fulfillment of the obligation can be a requirement during the ex-ante valuation of the associated EU grant applications, the omission of which can potentially be penalised with financial repayment.
63.	Elaborating and Accepting the Climate Change Action Plan	Action Plan that serves the accomplishment of the objectives defined in the second National Climate Change Strategy in a breakdown of 3-year time horizons, and that defines specific measures and financial resources for the realisation of the goals. The Action Plan also extends to the monitoring system for the tracking of implementation.	3-year periods following the approval of the strategy.	The EU funds that are available for the execution of the measure will become quantifiable later.	The adoption and implementation of the Action Plan contributes to the realisation of the objectives set out in the second National Climate Change Strategy and which have been developed in line with the Paris Agreement.
64.	Creation of the National Greenhouse Gas Database	The measure foresees the establishment of an IT system for the support of the preparation of the European Union and international report in relation to climate change, as well as policy decisions and EU reform processes. The improvement of the quality of these reports will promote better forecasts with respect to greenhouse gas emissions, and allow more proper quantification of the effects expected from mitigation policies and measures. The data and calculation methodologies of the National Emissions Inventory are being developed on the basis	Duration of the project: 1 August 2016 – 30 September 2019	Planning, IT and monitoring development in connection with water management and the effects of climate change, EEEOP-1.1.0	The model to be developed as a result of the project allows for the preparation of forecasts that will be more accurate than the currently applied models, which in turn results in the more precise assessment of the effects of strategy making (Action Plans of the National Climate Change

		of the emission calculation guidelines published by the Work Group for National Greenhouse Gas Inventories of UN's Intergovernmental Body.		(Amount of funding: HUF 350 million, intensity: 100%).	Strategy, National Energy and Climate Plan) and policy measures. In the light of the principles and scenarios revealed with the use of NGGD, Hungary's objective to reduce emissions (i.e. decarbonization target) becomes feasible in the way towards zero carbon economy, which also has a beneficial effect on the development of the economy.
65.	Agricultural harmful emission research and data collection programme	The 2009/406/EC (ESD) decision and the 2016/2284/EC (NEC) directive provide for the reduction in the levels of pollutant emissions. For Hungary, the directive prescribes 32% reduction of ammonia until 2030 (in comparison to 2005 as the benchmark year), which would mean radical restrictions on animal farming, the reduction of livestock and limitations on the sustainable nutrient supply to our soils. It is necessary to conduct researches and set up continuously updated national emissions databases so that we can modify the emission reduction value that would seriously impact animal production in Hungary, and promote sustainable agricultural practices. Research that is suitable for the analysis of the applied maintenance, animal nutrition, fertiliser management and application technologies, and enabling the measurement of the effect of the real harmful emission of agricultural on climate, shall be carried out.		National Protein Feed Programme (2018–2021): 5. Studies on the development of feeding systems for the reduction of emissions to the environment on the national level; Knowledge Pool, the execution of the measure is planned in the framework of the programme point focusing on the transfer of plant farming practices with a funding demand of HUF 270.0 million in 2018.	The research results serve for the creation of country specific emissions inventories and emission forecasts, thereby promoting the reduction of administrative burdens for producers. The research results strongly support the implementation of the policy measures, and consequently the mainstreaming, coordination of mandatory reports. If Hungary is unable to find a solution for the 32% ammonia reduction until 2030, it will become subject an infringement procedure for its non-compliance with the directive. The establishment of researches and database will contribute to sustainable agriculture, the promotion of environmentally conscious production, as well as the improvement of the

					competitiveness of the sector.
66.	Development of methodology and capacities for the elaboration of the Climate Gas Database	<p>The project has the goal to reduce Hungary's fluorinated greenhouse gas (F-GHG) emission in line with the global climate protection aspirations, and as a result to moderate the unfavourable effects of climate change. To meet the associated EU requirements, it is necessary to set up a standardised monitoring and record-keeping system for F-GHG emission and operate a Climate Gas Database (hereinafter Database).</p> <p>The Database functions as the essential system of registration, invoicing, as well as personal and company qualification for equipment, cooling plants and data, and is necessary for the National Climate Protection Authority to perform and execute its tasks belonging to the scope of its competences that are defined in Government Decree 14/2015 (II. 10.) on the conditions of the pursuance of activities in connection with fluorinated greenhouse gases and ozone-depleting substances, as well as for the management of data qualifying as authentic records.</p>	Duration of the project: 30 September 2015 – 31 August 2018	<p>Planning, IT and monitoring development in connection with water management and the effects of climate change, EEEOP-1.1.0 (intensity: 100%, HUF 490.80 million</p>	<p>A direct outcome of the project is the creation of a proper background for the control and supervision of the activities connected with F-GHG gases in line with the relevant EU requirements. Beyond meeting EU requirements, control activities can be expanded to the entire sector with reliance on the database alongside the integrated monitoring of activities connected with F-GHG gases. As a result of the foregoing and the awareness-raising activities associated with the Database, the ratio of those acting in conformance to the relevant legal regulations will increase among operators involved in activities that are related to fluorinated greenhouse gases and ozone-depleting substances.</p> <p>Among the target groups concerned, law-abiding behaviour and climate consciousness are expected to gain grounds, which will indirectly lead to the reduction of GHF having negative impacts on the ozone layer, and the moderation of the damage caused by climate change.</p> <p>As the damage caused by violators will be paid by those</p>

					who actually commit the violation, instead of law-abiding, responsible citizens, the principle of social justice will be fulfilled, while opportunities for market act to assert their interests by unfair means will become scarcer.
67.	Energy Industry Development and R&D&I Action Plan	<p>The Energy Industry Development and R&D&I Action Plan (EIDAP) aims at orienting the players of the Hungarian energy industry and providing them policy support in order that investments and R&D&I activities can be created, harmonised and stimulated in line with the objectives of the national energy strategy.</p> <p>With respect to the foregoing, the EIDAP measures are:</p> <ul style="list-style-type: none"> • For the monitoring and evaluation of the energy industry and the energy-related R&D&I processes: <ul style="list-style-type: none"> ○ Establishment and maintenance of a database for the provision of information in relation to the energy-related R&D&I activities of the public and private sectors ○ Creation an information interface in association with energy-related R&D&I activities ○ Continuation and expansion of international energy-related R&D&I cooperative efforts • For the intensification of the energy industry and energy-related R&D&I processes: <ul style="list-style-type: none"> ○ Human resources development ○ Creation of financial and other means of support that take priorities in energy technology into account • For making the role of the state as moderator in the energy industry more weighty: <ul style="list-style-type: none"> ○ Establishment and continuous maintenance of cooperation in working groups 	Public administration consultation and public consultation have been closed. The opinions exposed in the course of the public administration consultation and public consultation have been integrated into the plan. The elaboration of the action plan has been completed. The plan is expected to be announced in Q2 or Q3 of 2018.		<ul style="list-style-type: none"> - The level of information available to institutional and economic stakeholder that pursue research and development activities in relation to the directions of energy technology developments and the operations of the potential cooperating partners will elevate. - More research results can become utilised, research and development activities can carry larger value added. - Larger participation rates can be foreseen in international cooperative efforts and projects, which may give the opportunity to market domestic developments and knowledge, while the attainment of international knowledge can result in a competitive advantage in the market. - More domestic research and development applications can be awarded with grants in international and central EU grant schemes (for instance,

					Horizon 2020). - The successes of innovative projects, that is the companies producing new technologies and services can create jobs, and boost Hungary's economic performance through manufacturing operations to be realised domestically.
68.	Mineral Resources Action Plan	<p>The Mineral Resources Utilisation and Stock Management Action Plan (MRAP) has been adopted on the basis of the authorisation granted in Paragraph 4 m) of Resolution 77/2011 (X. 14) of the Parliament on the National Energy Strategy (Resolution of the Parliament). The general goal of the action plan is to ameliorate the position of mining and energy industries based on mining in economy and society, by taking account of the present and expectable technological, environmental and economic tendencies. The reasonable and responsible management of minerals in public ownership is a common interest of the state, economy and society.</p> <p>The operative elaboration of MRAP has been undertaken by a working group comprising the professional of the Ministry of National Development and the Hungarian Office for Mining and Geology (HOMG). During the public consultation, the opinions of the Professional Association of Hungarian District Heat Supplier, MVM Group and MOL Plc have been sought. Strategic environmental studies have also been conducted.</p> <p>MRAP relies on currently applied, state-of-the-art methods to re-evaluate the potentials of mineral raw materials used by or associated in any form with the energy sector alongside their extractable quantities and significance for the national economy. The evaluation extends to the following: fossil coals, hydrocarbons, fissile materials, geothermal energy, capacities of underground gas storage facilities, which latter aspect can be useful for both natural gas storage and carbon capture and storage (CCS1). The key finding of the re-assessment of exploitable reserves was that all of the mineral raw materials examined as well as the geothermal energy potential have real</p>	Professional and public administration level consultations have been completed. With the involvement of the professional and sectoral actors, the action plan has been elaborated. The plan is expected to be announced in Q2 or Q3 of 2018.		Our import dependency can be moderate with the large utilisation of domestic energy carrier resources where the requirements of environmental, landscape and climate protection are also taken into consideration. The replacement of imported fuels with domestic fuels can largely improve foreign trade balance, has the potential to create jobs, increase tax revenues, promote the reduction of energy import dependence, thereby contributing to the strengthening of safe supply, the formation of a domestic supply chain, and even the improvement of the social and economic situation of lagging regions.

¹ Carbon Capture and Storage

		utilisation possibilities.			
69.	District Heating Action Plan	<p>With the adoption of the Resolution of Parliament no. 77/2011. (X. 14.) on the National Energy Strategy (Resolution of the Parliament), a policy framework was created which allows for the harmonisation of energy and climate policy while taking into account economic development and environmental sustainability, as well as for the inclusion of actors of the sector in shaping the future of energetics. Item 4.q of the Resolution of the Parliament authorises the Government to examine experiences concerning the implementation of energy policy, price regulation and legal provisions, and based on that to prepare an action plan aimed at ensuring the competitiveness of district heat supply, increasing efficiency and including renewable energy sources.</p> <p>The primary task of the Hungarian district heat supply is to achieve the annual targets of Hungary for cutting energy use and CO2 emissions by exploiting the possibilities residing in district heat supply, and to reduce Hungary's energy import dependence by better exploiting Hungarian energy sources. For these reasons, the protection, development and expansion of district heat supply systems must be strengthened by legislation as well. In view of these challenges, the overall goal of the District Heating Action Plan (DHAP) is to maintain the competitiveness and to improve the social image of district heat supply and the energetics industry based on district heat supply by creating a stable regulatory and financial background, by awareness raising programmes and by increasing the technical-technological level. The District Heating Action Plan puts forward resources and legislative amendments thereby presenting a specific action plan which needs to be implemented in order to accomplish the major energy policies goals set out in Hungary's Renewable Energy Utilisation Action Plan and in the National Energy Strategy.</p>	<p>Professional and public administration level consultations have started. The action plan is in an advanced stage. The plan is currently being finalised. It is expected to be promulgated in the second half of 2018.</p>	<p>The adoption of the DHAP, through technical and energy efficiency developments of district heat supply, contributes to reaching the targets set out in Hungary's Renewable Energy Utilisation Action Plan and the National Energy Strategy, as well as to implement agreed climate and energy policies.</p> <p>District heat supply developments have considerable environmental health impacts as well, since there is practically no air pollution at the place of consumption, and district heating, in contrast with individual heating, is generated in compliance with strict environmental protection rules.</p> <p>The DHAP wishes to raise the awareness of decision-makers and consumers to the fact that in addition to its environmental health benefits, district heat supply could be a highly important tool in increasing the utilisation of renewable heat energy and thereby lowering greenhouse gas emissions, that is, protecting the climate.</p>	

70.	National Energy and Climate Plan	<p>In the framework of the governance of the Energy Union (debate on the draft Regulation on the Energy Union is under way, the trialogue is going on), every Member State shall adopt a National Energy and Climate Plan (NECP), and shall prepare a progress report concerning its implementation. Both the NECP and the progress report shall be prepared based on a common template.</p> <p>The NECP will cover the period 2021 to 2030.</p> <p>Contents of the NECP, based on the 5 dimension of the Energy Union:</p> <ul style="list-style-type: none"> • Decarbonisation: <ul style="list-style-type: none"> ○ Cutting and eliminating greenhouse gases (in the period 2021 to 2030, the target for 2030 is to lower greenhouse gas emissions in Hungary by at least 40% in the entire economy as compared to 1990 levels) ○ Renewable energy (target in 2030) • Dimension of energy efficiency (target in 2030) • Dimension of energy security • Dimension of internal market <p>Dimension of research, innovation and competitiveness</p>	<p>Consultations have started. The outline of the plan is currently being developed. The plan can be drafted, finalised and promulgated after the adoption of the draft Regulation on the Governance of the Energy Union. The planned deadline for the preparation of the plan is 31 December 2019. (Review will take place in every 10 years. Deadline for the first review: 31 December 2029).</p>		<p>The National Energy and Climate Plan has a double legitimacy:</p> <p>2) it supports the EU's efforts to create low carbon emission societies</p> <p>2) and it contributes to the implementation of the National Climate Change Strategy and the 1st Climate Change Action Plan, both of which set out national climate protection priorities.</p>
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² Legal legitimacy derives from the communication of the committee evaluating the implementation of the “Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy” published by the European Commission in 2016, in which evaluators concluded that the Energy Union needs an integrated governance and monitoring process, to make sure that energy-related actions at European, regional, national and local level all contribute to the Energy Union's objectives. The communication designated integrated national energy and climate plans as the core of the governance system, which should build on existing building blocks, such as national climate programmes, and national plans for renewable energy and energy efficiency.

IV. 4 Education

In addition to measures aimed at implementing educational Country Specific Recommendations, the following measures also contribute to achieving the education objective.

IV. 4. 1 Public education

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
71.	Prevention of early school leaving without formal qualification, Improving the operation of the early warning and pedagogical support system introduced to support the successful educational progress of students at risk of early school leaving, including disadvantaged students	The key element of the warning system is prevention. The aim is to identify the earliest warning signs, and address the situation of the student at risk of early school leaving as soon as possible and in an established, professionally well-founded way. The system also includes pedagogical professional service which provides support to pedagogues in this work. The early warning and pedagogical support system aims to draw attention to situations and areas in need of development which could help prevent drop-out both at the level of student and pedagogues, and at the level of institutional development and management. Institutional professional support is being reinforced in 2018 based on the warning system.	Continuation of the previous measure. ongoing	In the budget of the Educational Authority	The benefit of the warning system is that it contributes to achieving the target set for the reduction of early school leaving encompassed in the EU2020 Strategy (EU average of below 10%, Hungarian target: to 10%. In 2017, this data was 12.2% in Hungary (preliminary data).).
72.	Non-formal and informal learning programmes provided by cultural institutions supporting public education and lifelong learning	Within the framework of the measure, cultural institutions place great emphasis on reducing the disadvantages which formal education is unable to compensate for on its own (e.g. quality effects). Within the framework of the measure, programmes which support lifelong learning and reduce early school leaving, and which help people without formal qualification above school-age to return to the system of public education or adult education are organised as well.	Ongoing. For the EU development period 2014 to 2020: implementation of programmes organised by cultural institutions aimed at fostering successful public education, implementation of projects aimed at strengthening communities and community activity, and implementation of projects aimed at reducing school leaving without formal qualification and supporting lifelong learning, by 2020 and in the subsequent maintenance period.	HDOP 3.3 measure: non-formal and informal learning programmes supporting public education: HUF 32.84 billion. HDOP 3.7.3 measure: non-formal and informal learning programmes supporting lifelong learning: HUF 7.75 billion. HDOP 4.1 measure: infrastructure development related to the above mentioned measure supporting education and training: HUF 5 billion. Included in the institutional budgets within the national budget (appr. HUF 5 billion annually). TOP: appr. HUF 20 billion for non-formal and informal education (within the framework of measures aimed at developing cohesion).	As a result of the systemic developments carried out by cultural institutions, public education indicators improve, and the number of students leaving school without formal qualification decreases.

IV. 4. 2 Higher education

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
73.	Providing for the recruitment of researchers				
73.a	Excellence Programme for Higher Education Institutions in order to ensure the long-term international competitiveness of higher education R&D&I.	The programme aims to ensure the long-term international competitiveness of Hungarian higher education R&D&I by keeping researchers in the profession and by providing for the recruitment of researchers, as well as to increase spending on R&D as a share of GDP. The programme supporting institutional research in topics of excellence, built on interdisciplinary areas, with a focus on innovation aim at putting in place differentiated wage settlement for teachers and researchers involved in higher education research of high importance from the point of view of the national economy: at least 40% of the grant can be spent directly on wage costs. Measurable targets set by the institutions in relation to scientific and financial benefits, as well as targets for increasing the number of researchers constitute the major criteria for awarding the grant. Cooperation between the Hungarian Academy of Sciences and higher education institutions may be facilitated by the mandatory expectation of signing a cooperation agreement with one of the institutions of the academic researcher institute network.	Based on Gov. Resolution no. 1381/2017. (VI. 16.) on the Excellence Programme for Higher Education Institutions, criteria for awarding the grant were defined, and related data reporting was submitted by the institutions selected on the basis of the above criteria in 2017. Based on the recommendation of the professional forum, grant decisions are expected to be made in March 2018, and an initiative to sign the grant awarding documents will be put forward in April.	The programme starting in 2018 appropriates an annual HUF 15 billion for grants. Financial resources for 2018 of this programme will be covered by the appropriation for Excellence grants chapter 20/3/3 in chapter XX. Ministry of Human Capacities in Annex 1 of Act C of 2017 on the central budget of 2018.	

73.b	Supporting the scientific workshops and programmes of higher education students	<p>The overall aim of the project is to support the internal renewal of higher education institutions in the interest of quality scientific recruitment training. Activity groups:</p> <p>1) Improving the quality and standard of doctoral training</p> <p>2) Involvement of talented students in the training and research process</p> <p>3) Research-skills development among students, PhD candidates and young researchers in the case of the recruitment of researchers.</p>	<p>The first phase of submitting applications was closed on 10 March 2017.</p> <p>Winning applications: 6 projects</p> <p>Consortium members: 17</p> <p>All grant contracts signed.</p> <p>Advance payments were disbursed.</p>	<p>HDOP 3.6.3-CCHOP-16.</p> <p>HDOP: HUF 8.16 bn</p> <p>CCHOP: HUF 2.42 bn</p>	
74.	Strengthening the relationship between higher education and the labour market				
74.a	Strengthening the relationship between tertiary education and the business sphere	<p>The Dual Education Council decides about the courses to be launched. The rate of first-year students participating in dual BA courses shall reach 8% in the relevant fields of training by 2020. In order to strengthen the relationship between tertiary education and the business sphere, 24 higher education institutions launched dual training in the school year of 2016/2017 in 6 different fields (agriculture, technology, economic sciences, IT, social sciences, natural sciences), offering dual training in 49 different courses (40 BSc and 9 MSc). In the autumn semester of the school year 2017/2018, 1,530 students participated in dual training at 24 higher education institutions and at partner businesses cooperating with them.</p>	<p>Ongoing measure.</p> <p>Planned implementation period: 2017-2019. Within the framework of the HDOP-3.5.1-16 "The development of dual and cooperative higher education trainings, vocational and specialised trainings in higher education" scheme, 16 institutions and their consortium partners have received grants.</p> <p>Grant contracts were signed on 31 July 2017.</p> <p>Advance payments disbursed (HUF 1,808,689,024).</p>	<p>HDOP-3.5.1 EU funds: HUF 5.72 bn</p>	

74.b	Strengthening the labour market-oriented operation of higher education at a structural level	Developing higher education training sites in accordance with local social interests (for example in the form of Community-based Higher Education Centres (KFKK)), thereby giving communities of underdeveloped regions access to competitive knowledge which ensures prosperity primarily in their region.	Ongoing measure. Planned implementation period: 2017-2020. The HDOP-3.4.3 scheme was announced in October 2016. Total winners: 22, Consortium members: 4 Date of signing the contract. 15 June 2017. Advance payments disbursed (HUF 6,728,306,990).	HDOP-3.4.3: HUF 24.95 bn	
74.c	Educational innovation and training development in certain professions high in demand	Development of educational material, and development of practice-oriented and student work-focused educational methodology in the field of social work, assisting professions, and in specialised teacher training courses.	The HDOP-3.5.2_2017 scheme appeared in the spring of 2017. Applications can be submitted and will be evaluated between 2017 and 2019 in four stages. Grant contracts entered into force on 22 September and 26 September. The disbursement of advance payments is in progress. The number of projects supported is 3.	HDOP-3.5.2 framework budget: HUF 1.2 bn. EU funds available for the implementation of the measure: ESF funding.	
75.	Supporting higher education career guidance with special regard to the fields of STEM	Within HDOP supporting career guidance activities, it is a priority to increase the number of applications for science, technology, engineering and mathematics (STEM) courses and increase the rate of STEM qualifications in higher education.	2017–2020 HDOP-3.4.4-16. Number of winners: 23, Grant contracts signed.	EU funding: HUF 7.92 bn HDOP-3.4.4.	
76.	"The development of higher education institutions to improve both the quality and accessibility of tertiary education" - HDOP project	Within the framework of the complex development scheme announced for higher education institutions, the areas of mentoring, tutoring, skills development, language programmes can be supported, through which there is a growing chance for those at risk of dropping out and for disadvantaged students to obtain a degree. Within the framework of the project, a competence assessment system and a digital library will be set up.	HDOP 3.4.3. Planned implementation period: 2017–2020 Total winners: 22, Consortium members: 4 Date of signing the contract. 15 June 2017. Advance payments were made.	EU funding: HUF 24.95 bn HDOP-3.4.3.	

77.	Supporting Roma colleges for advanced studies	The measure aims to develop complex student services for disadvantaged, multiply disadvantaged, primarily Roma students accepted into higher education institutions in order to facilitate their graduation, reduce their risk of dropping-out, as well as enhance their social engagement and community activity.	The network of Roma colleges for advanced studies was launched in the school year 2011/2012 with the participation of 93 students. Currently there are 11 special colleges (Pécs, Kaposvár, Szeged, 2 colleges in Debrecen, Nyíregyháza, Miskolc, 2 colleges in Budapest) supporting 296 students. The number of students in Roma colleges is expected to grow to 351 in the school year 2018. HDOP-3.4.1-15 Supporting Roma colleges for advanced studies CCHOP- 7.4.1-16 Supporting Roma colleges for advanced studies Project period: 3 school years	HDOP 3.4.1 Supporting Roma colleges for advanced studies Budget announced: HUF 1.15 billion CCHOP 7.4.1-16 Supporting Roma colleges for advanced studies: HUF 300 million	
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IV. 5. Reducing social exclusion

	Description of measure	Brief introduction of measure	Status and further schedule of implementation	Sources and indication of domestic and EU funds	Description of expected effects
78.	Mitigating regional disparities				
78. a	Homestead Development Programme	The programme aims to reduce the disadvantages of the farmstead lifestyle, as well as to renew farming by saving its values. A specific target area is the electric power supply of farmsteads without electricity, by way of developments using renewable energy, typically solar energy. The main target group of the scheme is the people farming and living on homestead farms. In addition, within the developments announced for local communities within municipalities, it will be possible to	Ongoing measure, the funding demand relates to 2018.	Provided from budgetary sources, the annual budget amounts to HUF 1.2 billion.	During the 6 years so far, altogether 1,942 applications have been supported in a combined value of nearly HUF 8.3 billion.

		develop farmstead caretaker services (target group: the elderly, families with children, those socially in need), to establish farmstead trademarks, as well as water quality examinations, improvements aimed at public security and the implementation of public lighting and farmstead dormitories.			
78. b	Backyard Revitalisation Programme	By implementing the programmes of backyard farming, local food production will increase, partly with the aim of personal food provision (self-sufficiency), and partly with the aim of processing and selling products locally. The programme puts considerable emphasis on mentoring, and leading the village population back to work is of primary importance in the programme. As the result of 3 years of activities, with support provided to 90 applications, altogether 69 settlements were awarded subsidies in a total amount of more than HUF 770 million for the implementation of the model programme. From an indicative budget of HUF 300,000,000 in 2017, the applications of 34 settlements were granted subsidies ranging from HUF 2.6 million to HUF 10 million.	Ongoing measure; it is a multi-year programme and the funding demand relates to 2018. From 2018, an independent Backyard Programme will be launched under a new chapter-managed heading, while the utilization of the funding will be reported to the Government in every 2 years	Provided from budgetary sources, the annual budget amounts to HUF 2 bn.	
78. c	Endless opportunities - Pilot programme for the regional inclusion of the least developed districts	Based on the Gov. Decree 290/2014. (XI. 26), the project aims to launch the pilot programme in the 5 districts with the lowest complex indicators, on the basis of the "Presence programme" elaborated and applied by the HCSOM. Practical modelling of adaptable interventions, methods and innovative tools filling the gap in the system is carried out, which later (in the interest of their sustainability as well) can be fitted in the social protection system (services, training professionals); operational methods based on cooperation, experiencing and introducing partnership solutions, which, beyond self-sufficiency of the local communities, help the relevant policy take the most appropriate measures for the inclusion of those living under the most disadvantaged conditions. In 35% of the 102 settlements of the 5 districts (altogether about 86,000 people) the rate of the Roma population	Ongoing measure On the basis of the Gov. Decree 1037/2016. (II. 9), the announcement of the call: 28 April 2017 Project period: 2018–2022 (implementation period: 4 years	Gov. Decision 1037/2016 (II. 9) HDOP 1.5.1. Pilot programme for the regional inclusion of the least developed districts: Budget of call: HUF 1.98 bn	The target area of the project is the 5 districts that show the most outstanding rates of the accumulation of economic, infrastructural, social and labour market disadvantages, and where the proportion of the population living in poverty is substantially larger than the Hungarian average. As the result of the project, cooperation among the settlements of the district in question will intensify. The access of the inhabitants of the settlements in the district to public services will improve. The local development policies in the

		exceeds 30%. In the case of 18 settlements, it exceeds 50%, and in 6 settlements it is over 90%.			settlements of the district, their coordination on the district level, their abilities to involve the resources needed for developments and execute programmes will also improve. Differences among the settlements within the district will moderate. The experience earned in the project will help policy-making in working out and applying more adequate measures, methods for closing the gap in the case of people living under the most miserable circumstances, good solutions will be integrated in the social service system (services, training of experts).
79.	Increasing the participation of people with reduced capacity to work in employment, creation of the National Rehabilitation Concept (NRC)	It is Hungary where the employment rate of people with disabilities and reduced capacity to work tends to be one of the lowest in the EU, while differences between the labour market activeness and life standards of people belonging and not belonging to these groups are fairly large. Although Hungary has a good chance to accomplish its employment target under EU2020 until 2020, sustainable growth cannot be achieved without the considerable improvement of the employment level and living standard of these groups of the society. Therefore, it is important to shape an inclusive labour market, which cannot be successful without the establishment and operation of effective rehabilitation services. The necessity of rehabilitation and conceptual thinking is specifically highlighted UN's Convention on the Rights of People with Disabilities and the National Disability Programme.	The concept is foreseen to be worked out and accepted within a year.	As part of the HDOP 1.9.3. priority project, it can be funded from EU sources (HUF 4.20 bn).	The implementation of the concept developed as a result of the measure will significantly improve the participation of the target groups in need of rehabilitation in the open labour market, as well as their social inclusion and acceptance.
80.	"Chances for Children Programmes" – Programmes for				

	disadvantaged and multiply disadvantaged children				
80. a	Supporting integrated regional child programmes in disadvantaged regions	In response to local demands and needs, the comprehensive goal of the development is to further improve the integrated regional children-related programmes launched in the programming period of 2007–2013, expand its scope to new target areas by achieving new targets (e.g. the transformation of family farming strategies for the reduction of poverty, the long-term improvement of low schooling, the development of abilities and skills of disadvantaged children in formal and non-formal education etc.).	ANNOUNCED ON 22.04.2016 Project period: 54–60 months Most of the projects have been launched (in Q4 of 2017 and Q1 of 2018)	Human Resources Development Operational Programme, Priority 1, Measure 4 Government Decision 1037/2016. (II. 9.): HDOP 1.4.2. Supporting integrated regional child programmes in disadvantaged regions Budget announced: HUF 15 bn (to be implemented only in the convergence regions)	21 and 11 applications were received in the first and second round, respectively. HDOP indicator: Number of participants under the age of 25 (persons) – on the level of the scheme: 24,800 (800 persons (in the case of district with fewer than 25,000 inhabitants) 1200 persons (in the case of district with more than 25,000 inhabitants). Number of persons completing the programmes related to children in need with positive outcomes – on the level of the scheme: 6,200 (200 persons (in the case of districts with less than 25,000 inhabitants) 300 persons (in the case of districts with more than 25,000 inhabitants). Number of participants under the age of 25 (persons) – 800 persons (in the case of districts with less than 25,000 inhabitants) and 1,200 persons (in the case of districts with more than 25,000 inhabitants)
80. b	Sure Start Children's House, Good Place to Be	In response to local demands and needs, the comprehensive goal of the developments to be implemented is to further improve programmes focusing on the chances of children in settlements that are regarded as disadvantaged from the perspective of children in order to better access to quality services. Goal of the related programmes: <ul style="list-style-type: none"> • ability development in early childhood • establishment of family farming strategies for the moderation of poverty, shaping of visions 	ANNOUNCED ON 27 September 2016 Project period: 48 months The conclusion of GA is in progress, more projects have been launched.	HUF 5.50 bn (HDOP + CCHOP) Since 2012, the central budget has been contributing to the operation of Children's Homes (founded in the programming period of 2007–2013), with the annual specific costs being HUF 6,245,115 p.a.	In the first round, 74 and 36 applications were accepted in relation to Sure Start Children's House and Good Place to Be activities, respectively. HDOP indicator: Number of participants under the age of 25 – on the level of the scheme: 1,150, (in the case of the Sure Start Children's House activity

		<ul style="list-style-type: none"> • improvement of low schooling, the development of abilities and skills of disadvantaged children in formal and non-formal education • promotion of health-conscious lifestyles • capacity expansion in human services • improvement of cooperation among the institutions of the social, educational, cultural and healthcare service systems, • increasing the number of experts, making up missing expert capacities • establishment of local communities with ability to act, encouragement and reinforcement of self-organizing initiatives. 			<p>group: 7; in the case of the Complex children programmes in small settlements activity group: 10)</p> <p>For children's homes financed from the central budget, there is no closing time set for funding.</p>
80. c	Professional support of integrated child programmes	<p>The priority project provides for the permanent professional support of 31 integrated regional children's programmes of beneficiary districts, 110 old and 130 new Sure Start Children Houses, as well as Good Place to Be small settlement programmes, characteristically in the peripheral regions of the country which are difficult to access. It aims to provide harmonised, practice-oriented background support for those implementing regional and settlement projects, enhancing the opportunities of children, helping to develop an integrated approach, increasing professional efficiency of local projects and establishing sustainability.</p> <p>Activities: implementing trainings, raising awareness, developing community and mentoring within the framework of methodological and professional support.</p>	<p>It was announced on 26 January 2016. Project period: 73 months. Ongoing measure.</p>	<p>HDOP 1.4.1. Professional support of integrated child programme Budget announced: HUF 3 bn EU funds available for the implementation of the measure: HDOP HUF 3.0 bn. A new call has been published under the title of HDOP 1.4.1-17, with a budget of HUF 1.54 bn. The submitted application was awarded with the grant on 12 March 2018. The combination of the two projects is in progress.</p>	<p>The continuation of the regional integrated children's programme in the 2014-2020 programming period will be spread to 31 districts, and will concentrate on the small settlements lacking service to a much greater extent.</p>
80. d	Infrastructural background for the Chances for Children programmes	<p>The infrastructural background for HDOP 1.4.2 and 1.4.3 is provided by this scheme. Its aims correspond to the aims of HDOP 1.4.2 and 1.4.3 programmes providing human development. The scheme supports the modernisation of involved (existing) buildings, making them appropriate for the required function.</p>	<p>Ongoing measure. The call for application was published in August 2016. Project period: 2016–2022 (implementation: 48 months) The call was announced on 11 August 2016. Submission is only</p>	<p>HDOP-2.1.2 Infrastructural background for the Chances for Children programmes Budget announced: HUF 5.5 bn.</p>	<p>In the 2007–2013 period, infrastructure developments required for the Chances for Children programmes – rather to a moderate extent covering renovation, conversion and the procurement of assets – were funded from cross-financing. As a result, 43 community homes and 114 Children's Houses were created. Described now in a</p>

			possible after the evaluation of the ESF type applications under the HDOP 1.4.2 and HDOP 1.4.3 schemes.		separate call, the development serves similar ends: our aim is to improve access to quality services, programmes, create chances to leave poverty behind in the beneficiary districts supported on the basis of the call titled HDOP-1.4.2-16 Supporting integrated regional child programmes in disadvantaged regions; as well as to establish the background infrastructure needed for the implementation of the projects having been awarded in the settlements supported on the basis of the call title HDOP-1.4.3-16 Sure Start Children's House, "Good Place to Be" – complex children programmes in small settlements (hereinafter jointly as HDOP-1.4.3-16).
81.	Measures for disadvantaged, primarily Roma, people's social inclusion				
81.a	Actively for knowledge	The aim of the development is to improve the social situation and employability of the disadvantaged from a labour market point of view with a low level of, or no educational attainment, through trainings helping them finish elementary school and developing their basic skills and competencies, by providing work practice and programmes aiming at the decrease in functional illiteracy and giving the base for learning a skill. In addition to the trainings aiming at the accomplishment of elementary school and the reduction in illiteracy, the programme provides trainings and work practices that correspond to each other while targeting the chances for employment, as a result of which the involved target group members' attendance in the trainings providing a skill is made	The HDOP 3.7.1-17 Actively for knowledge call was announced on 31 January 2017 Project period: 4-year project	Human Resources Development Operational Programme, Priority 3, Measure 7 Gov. Decision 1037/2016 (II. 9) HDOP 3.7.1 Actively for knowledge Budget of call: HUF 6.3 bn	The priority project is implemented by involving 25,000 persons, out of whom 12,000 persons are expected to participate in improvement trainings (supporting them to finish elementary school, mitigating functional illiteracy, giving the base for learning a skill, developing their basic skills and competencies). The expected number of those successfully accomplishing the training is 10,000 persons, the number of those participating in work practices is 500 persons.

		<p>easier, and their opportunity to enter the labour market will be augmented.</p>			<p>(Projects precedent to the measure: 1. SROP 5.3.8.-B – results: Number of people involved in the programme: 44,142. Number of people involved in the competence development training: 17,846. Number of people successfully completing the competence development training: 14,500. Number of participants in employment/public employment from among those having completed the competence development training successfully, as well as the number of participants joining the employment programme: 3,500. Number of people who were wage earners for at least 90 days within the 180-day period following the successful completion of the competence development trainings: 1,750.</p> <p>2. SROP 5.3.10 – results: On a country-wide level, the competence assessment was conducted with the involvement of 16,000 people. 8,602 of them started the 400-hour training for the development of key competences, with lifestyle-related knowledge also taught, but based on the existing needs basic household, agricultural and architectural knowledge could similarly be learnt. 7,544 people were certified to have completed the training</p>
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					successfully. 2,851 could find jobs in the labour market within a short period of time.)
81. b	"Growing Chance" schemes	Fundamental objective of the call: 1. the training of the target group (primarily Roma women) at social, child welfare and child protection institutions, and at institutions providing public education services, in the interest of their employment at the organisations; 2. the training of the target group (primarily Roma women) embedded in employment, and their further employment at social, child welfare and child protection institutions and at institutions providing public education services (registered service provider). In order to employ as many Roma women as possible the training of the target group embedded in employment is implemented, and their employment and the training aiming at learning the appropriate skill run parallel until they acquire a qualification.	The call for HDOP-1.1.2-16 Growing Chance – training and employment scheme was announced on 29 April 2016. The call for the CCHOP-7.1.1-16 Growing Chance scheme was announced on 21 December 2016. Project period: 4.5 years On the basis of the Gov. Decree 1037/2016. (II. 9), the announcement of the HDOP-1.1.3 call: 7 March 2017 Project period: maximum 27 months	Human Resources Development Operational Programme, Priority 1, Measure 1 Gov. Decision 1037/2016 (II. 9) HDOP 1.1.2. Growing Chance – training and employment Budget of call: HUF 8.62 bn Gov. Decision 1011/2016. (I. 20.) CCHOP-7.1.1-16 Growing Chance – training and employment Financing on the budget of CCHOP: HUF 0.25 bn Human Resources Development Operational Programme, Priority 1, Measure 1 Gov. Decision 1037/2016 (II. 9) HDOP 1.1.3. Growing chance – employment Budget announced: HUF 1.63 bn	As a result of the project the Roma, especially the Roma women's employment increases, the Roma's social acceptance strengthens, and the Roma's trust in institution improves. Within the framework of the project altogether 1,100 Roma people, primarily Roma women, are being employed in public service. The implementation of the project is in progress, until January 2018 the employment of 687 people started, further 213 people are expected to find employment until the middle of March.
81. c	Developing inclusive mentor network	The basic aim of the call is that the programmes appropriate for the goals included in the NSIS 2015–2017 action plan and serving social inclusion shall reach the disadvantaged, primarily Roma, people at the highest possible rate and as widely as possible, and the Roma communities shall be provided with information, given opportunity to participate in various inclusive programmes, and in the help of the Roma mentor network being established.	The call for the HDOP 1.3.2-16 "Inclusive mentor network" scheme was announced on 18 October 2016. Project period: 48 months Number of mentors: 98, number of mentor	Human Resources Development Operational Programme, Priority 1, Measure 3 Gov. Decision 1037/2016 (II. 9) HDOP 1.3.2 Developing Roma mentor network Budget announced: HUF 2 bn	During the implementation of the programme 100 persons, primarily Roma mentors and 10 mentor coordinators will help the involvement of probably more than 40,000 disadvantaged people, out of whom 8,000 Roma people will get mentor support, with the aim to support their participation in the employment and training programmes (HDOP, EDIOP).

			coordinators: 11 Number of people contacted in a documented manner until 31 January 2018: 11,270 people. Of this, mentoring is in progress with 2,600 people.		
81.d	Supporting inclusive cooperation	Through the nationwide professional support of the certain regional programmes, the development aims at - establishing coherence in the implementation of certain settlement and regional inclusive programmes, and the mutual learning and exchange of experiences between the programmes ("networking operation"), - the implementation of successful dialogue between the programmes and their immediate and wider environment, - the strengthening of Roma women's active engagement, the technical incentive for their communities and for becoming civil organisations, - the implementation of the quality change in the cohesion between Roma and non-Roma people and communities, - the establishment of professionalism in case management created on a standardised basis regarding the work on the sites, the practice of which will be built in the work of the local social service system, - the implementation of the systemic maintenance of the results achieved by the certain regional programmes.	Ongoing measure The call for HDOP-1.6.1-CCHOP/16 Supporting inclusive cooperation was announced on 19 July 2016. Project period: 48 months.	HDOP 1.6.1 Supporting inclusive cooperation Budget announced: HUF 1.98 bn Financing on the budget of CCHOP: HUF 0.22 bn	The inclusive regional programmes, primarily the complex segregated settlement programmes, are given continuous, standardised and comprehensive professional and methodological support through the work of the priority project. The lack of the TOP applicants' cooperation with the priority project can appear as a risk, resulting in the failure to establish a standardised methodology in connection with the implementation of the segregated settlement programmes.
81.e	Complex programmes to eliminate segregated settlements (ERDF)	HDOP 1.6.2 The programme aims to complement the interventions of Complex Programmes to Eliminate Segregated Settlements (ERDF) scheme with the support of housing investments. Sub-targets: 1. The improvement of housing conditions by • launching and strengthening desegregation	The call for the HDOP-2.4.1-16 Complex Programmes to Eliminate Segregated	Human Resources Development Operational Programme, Priority 2, Measure 4 Gov. Decision 1037/2016 (II. 9) HDOP 2.4.1 Complex Programmes to Eliminate Segregated Settlements	Across the territory of the country, there are 709 settlements with altogether 1,384 such settlement parts that are segregated or embedded in the structure of the respective settlements, where

		<p>processes, establishing new social housing and with the promotion of housing mobilisation,</p> <ul style="list-style-type: none"> • developing residential buildings, • eliminating life-threatening flats and those inappropriate for living in order to dissolve segregation. <p>2. The development of environmental infrastructure, the promotion of access to services by</p> <ul style="list-style-type: none"> • moderating the degree of underdevelopment • handling health-damaging environmental problems and establishing a more liveable residential environment, • improving access to services (establishing houses providing services, service points). 	<p>Settlements scheme was announced on 21 September 2016.</p> <p>Project period: maximum 28 months</p>	<p>(ERDF): Budget of call: HUF 22.85 bn</p> <p>HDOP-Priority 2 Code number: HDOP-2.4.1</p>	<p>approximately 3% of the country's population lives. 482 of these 709 settlements are villages or large villages, and they are eligible to submit applications for this grant. Within the framework of the scheme complex programmes are going to be launched in at least 110 segregated settlements by involving at least 6,000 persons.</p> <p>The scheme supplements the intervention instruments supported by HDOP 1.6.2 "Eliminate Segregated Settlements" complex scheme (ESF) with the improvement of housing conditions by involving at least 5 properties per programme. In the case of 110 programmes at least 550 families' housing condition will improve. (Its precedent project SIOP 3.2.3.A-13/1 "Supporting Housing Investments" scheme, which granted support to 8 settlements in order to launch and strengthen desegregation processes by developing new social rents and supporting housing mobilisation. Results: 73 refurbished flats, 488 target group members affected by the development. The net floor space of the refurbished flats is 3470 sq m. The number of renovated residential buildings: 17, their net floor space: 2961 sq m. The number of newly built social rents: 39. The number of families affected by housing investments: 132.)</p>
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81. e	Complex Programmes to Eliminate Segregated Settlements (ESF)	<p>The programmes aim to help the inclusion and integration of disadvantaged people living in segregated environments and severe deprivation. Sub-targets: Improvement of the access of people living in segregated settlements and segregated residential environments to services; Enhancement of the level of schooling for the people involved; Increasing the number of people who join programmes for social inclusion; Increasing the number of people who live in the target area and can find employment; Improvement of the kindergarten attendance rates of children living in segregated environments; etc.</p> <p>Within the framework of the project the interventions can aim at three types of target areas:</p> <p>target area a): segregated settlements not affected by the SROP 5.3.6-11/1 Complex Programmes to Eliminate Segregated Settlements,</p> <p>target area b): non-urban places of segregation where complex segregated settlements programmes have already been carried out,</p> <p>target area c): Segregated settlements beyond public administration</p>	<p>The call for the HDOP-1.6.2-16 Complex Programmes to Eliminate Segregated Settlements scheme was announced on 26 September 2016. Project period: 36–48 months</p> <p>The call for the CCHOP-7.1.4-16 Complex Programmes to Eliminate Segregated Settlements (ESF) scheme was published on 23 December 2016. Project period: 36–48 months</p>	<p>Human Resources Development Operational Programme, Priority 1, Measure 6</p> <p>Gov. Decision 1037/2016 (II. 9)</p> <p>HDOP 1.6.2 Complex Programmes to Eliminate Segregated Settlements (ESF)</p> <p>Budget of call: HUF 21.31 bn</p> <p>Gov. Decision 1011/2016. (I. 20.)</p> <p>CCHOP 7.1.4-16 Complex Programmes to Eliminate Segregated settlements (ESF)</p> <p>Financing on the budget of CCHOP: HUF 0.45 bn</p>	<p>Expected quantifiable results:</p> <ul style="list-style-type: none"> • At least 7,000 target group members • At least 110 settlements, where programmes for integrating segregated settlements are implemented • The number of people participating in the training as a result of the programme: at least 5,250 persons • The number of people successfully completing the training as a result of the programme: at least 3,150 persons • The number of people provided with health screening and specialized care within the framework of the programme: at least 1,400 persons • The number of people leaving the programme with a positive result: at least 4,200 persons • The number of people spending at least 3 months in employment within 6 months after the closing of the individual development plan: at least 786 persons <p>(The precedent project of the scheme is the SROP 5.3.6-11/1 Complex segregated settlements programme under which HUF 8.04 billionn funding was used to implement programmes in altogether 55 settlements (25 settlements with non-urban and 30 settlements with urban legal status). The number of people involved in the programme was more than 5,600; the number of</p>
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					people involved in trainings was more than 3200, whereas the number of successful participants in the training exceeded 2700. The share of Roma people participating in the project was 61%.
82.	Supports targeting people with extremely low income				
82. a	Deinstitutionalising institutions with large number of disabled people.	The aim of SIOP 3.4.1 "A"-11/1 is to deinstitutionalise the institutions providing nursing and care for disabled, psycho-socio disabled people and addicts with place for more than 50 people (budget: HUF 7 billion).	The deadline for the implementation of the individual programmes varies, but they will be implemented until the end of 2022.	HUF 78 bn in total.	In the framework of the grant scheme, altogether 6 institutions have been deinstitutionalised, and new capacities for 672 subsidised housing places have been created. Through the HDOP-2.2.2 and HDOP-2.2.5, as well as CCHOP-6.3.2 programmes, which are in the phase of calls or public consultation, until 2022 approximately 10,000 people will be concerned by the deinstitutionalisation with the use of about HUF 78 billion, and they are also expected to be part of expanding employment.
82. b	Housing first	The reduction in the number of people living in the streets, developing services in order to achieve the goals in encouraging them to give up their homeless lifestyle (complex social and healthcare services, special knowledge for deviant target groups, safe and long(er) lasting stable housing for people living in the streets, helping those who have just become homeless (have just lost their housing), avoiding institutional service (thereby the risk of hospitalisation).		HUF 1.7 bn HDOP-1.1.4 (HUF 1.4 bn) and CCHOP funding (HUF 0.3 bn)	As precedent projects, the SRP 5.3.3 programmes made HUF 2.9 billion available to 1,966 people for the elaboration of individual development plans. From among the beneficiaries of the housing subsidies furnished in the programme, the ratio of people in continuous employment for at least 60 days during a period of 4 months was around 80%, whereas the ratio of people who received housing subsidies, and then during the programme period maintained their independent housing even

					without subsidies was approximately 90% (these are approximate figures in lack of accurate factual data).
82. c	Providing benefits in kind for poor families with children and people with extremely low income	Providing benefits in kind for poor families with children, homeless people and people with extremely low income	Years between 2017 and 2023	altogether HUF 33.94 bn SPNOP-1.1.1.-16 SPNOP-2.1.1.-16 SPNOP-3.1.1.-16 SPNOP-4.1.1.-16	The antecedent of the programme can be seen in the EU Food Aid Programme coordinated by the Agricultural and Rural Development Agency (ARDA), which distributed packages to approximately 900,000–1,000,000 in 2100–2500 settlements in the country, from 2006 to 2014 annually on 2–3 occasions, from an annual fund of HUF 3–4 bn.
83.	Conversion of capacities in nursing and care institutions for people with disabilities into subsidised housing services	In the period of 2018–2020, 10,000 places will be converted with the use of nearly 80 billion		In addition to subsidised establishment of the housing and service infrastructure, considerable funding is also available for professional developments and training programmes.	So far, grant agreements have been concluded for 30 projects, covering approximately 2,700 places. In the Central Hungarian Region, an additional scheme-based grant agreement is in the phase of preparation for 80 places.