



GOVERNMENT OF HUNGARY

**NATIONAL REFORM PROGRAMME 2013
OF HUNGARY**

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Introduction

The European Semester is a key element of enhanced economic governance aimed at the stronger economic coordination of the EU. Within this framework, all Member States submit (along with their respective stability or convergence programme) a National Reform Programme in the middle of April. In this programme the Member States present their measures taken to implement the top priorities of the Europe 2020 Strategy set out in several fields (employment, education, research and development, climate and energy policy, fight against poverty), report on the progress made during the past year, and determine further measures in response to the priorities of the European Commission's Annual Growth Survey. These priorities mean the implementation of a differentiated and growth-friendly fiscal consolidation, the restoration of the financial (banking) sector, the normalisation of lending conditions, reforms promoting growth, the elimination of the social consequences of the crisis and the modernisation of the public administration. At the same time, Member States also present within their National Reform Programmes all the measures taken in response to the European Council's country-specific recommendations.

During the compilation of the 2013 National Reform Programme, Hungary endeavoured for the presentation of the structural reforms made in order to boost economic growth, enhance employment, and ensure a sustainable level of public debt to be in line with the guidelines set by the European Commission regarding structure and content. During the past three years major structural reforms were launched within the fields of employment and labour market, pension system, higher education and public administration, among others. In addition to demonstrating the progress achieved, the 2013 National Reform Programme also provides information on the continuation, fine-tuning and planned next steps of mostly ongoing reform measures. The Government is committed to boosting growth and continuing growth-friendly reforms which enhance labour market participation, as well as continuing the fiscal consolidation which permanently reduces public debt. The 2013 National Reform Programme is particularly relevant as the planning cohesion and rural development policies for 2014-2020 has already begun both at EU and national levels, the objectives and priorities of which are tightly related to the aims of the Europe 2020 Strategy.

Hungary prepared its 2013 National Reform Programme in accordance with the Convergence Programme and, - following the Government's approval- will submit the two documents to the European Commission simultaneously. The Hungarian Government's ambition is to strengthen, through the measures presented in the National Reform Programme (and the Convergence Programme), the achievements of the structural reforms of previous years, to enhance Hungary's competitiveness, and to boost economic growth despite the adverse international economic environment.

I. Medium-term macroeconomic outlook

In this Chapter we shall briefly introduce a medium-term macroeconomic overview on which Hungary's National Reform Programme is based.

It is important to stress that, in accordance with the new, integrated approach of the European semester, Hungary's National Reform Programme and Convergence Programme were drafted in close harmony, one based on the other, and the two documents are submitted to the European Commission simultaneously. As the macroeconomic scenario relating to the period between 2012 and 2016 is discussed in detail in the Convergence Programme, the macro-economic outlook introduced below is purely confined to a summary of the macroeconomic scenario detailed in the Convergence Programme.

In terms of the external conditions of growth, in the Convergence Programme it is expected that from the second half of 2013 global growth may support the gradual strengthening of the economic growth of the EU, and thus a slow recovery may be experienced in the European markets. In 2013 world economy could expand by 3.5% while a mere 0.1% GDP growth is expected in the EU. At the same time, in 2014 already a 1.6% economic increase is expected in the EU, which may result in a dynamic growth of Hungarian exports.

The Hungarian economy may grow again in 2013 (by 0.7%). After 2013, as the result of measures influencing the labour market, enterprises and household consumption, actual GDP growth is expected to exceed potential growth. The output gap will gradually close up and Hungarian economy is expected to reach its potential output level in 2017. The long-term effects of Government measures and their influence on potential growth are considerable as these promote the expansion of labour supply and demand and boost investment. Labour force will increasingly contribute to potential growth until 2016.

In recent years, the country's net exports represented the main driving engine of growth which counter-balanced poor domestic demand and the restrictive effect of the country's limited fiscal scope. Net exports will continue to account for most of the economic growth in 2013. With slowing balance sheet adjustment, as of 2014 the domestic components, too, will significantly contribute to the development of a healthy growth structure that is sustainable in the long run. The growth of Hungarian exports has for years exceeded that of the export markets. Despite the economic downturn in Europe in 2012 and individual effects, the volume of exports has increased, in which the launch of production in the new automobile industry facilities played a key role, and this effect will remain strong in 2013 as well. Domestic demand will rise from 2013, and consequently, the gap between the growth of exports and imports will gradually close in the forecast horizon.

In 2013 the national economy's gross fixed capital formation will be slightly less than in the previous year thanks to measures improving competitiveness, the more intensive use of EU funds, the base rate reduced to a historic low, and the expansion of credit supply. Investment may increase year by year starting from 2014 in line with European growth, in which the investment activity of manufacturing companies will play a key role. The expansion of the capacity in the manufacturing will increase Hungary's potential output, thereby contributing to longer-term economic growth and macroeconomic stability. In addition, the use of EU funds will play a significant role in the growth of Hungarian gross fixed capital formation in the following years, too. Similarly to previous years, a considerable portion of these funds will be used for infrastructure projects, while the corporate and agricultural sector, too, will benefit from them.

Protracted balance sheet adjustment will result in a minor increase in household consumption expenditure in 2013, in which not only the increase of real wages but also the decrease of utility prices will play a significant role. Cautious approach is expected to meaningfully subside from 2014 and this, together with the increase of real wages, will result in the gradual increase of consumption in the forecast horizon.

Measures affecting the labour market have significantly contributed to the growth in employment last year. In 2013 the rise in the number of employees will continue in the private and public sectors, as well. Measures of the Job Protection Act will be taken one after the other in order to increase employment in the private sector, and by decreasing wage costs the employment of social groups in the most disadvantaged situation and high labour supply flexibility will be promoted. Massive manufacturing investments still have a positive impact on the employment in the primary labour market while the increase of employment in micro, small and medium-sized enterprises is stimulated by the relevant transformation of the tax system. From 2014, external and internal economic conditions and the improvement of corporate profitability will presumably further increase employment. The number of employees in the public sector will rise in 2013, as well thanks to the public work scheme, but this sector does not expect any employment growth from 2014. Economic and employment growth will cause the unemployment rate to decrease gradually in the years to come.

Inflation in 2013 may be around 3.1%. Low consumer price index is influenced by the effect of cutting overhead costs on the one hand, and the disinflationary effect of poor domestic demand, on the other. 2014 will probably see a slight increase in the consumer price index as the consequence of the boost in domestic demand, and in later years the inflation forecast (3%) is consistent with the mid-term inflation targets of the central bank of Hungary (MNB).

Past trends are likely to continue in the future development of the balance of payments items. The balance of goods and services are expected to improve in the next years. However, the rate of improvement will decline as from 2014 in addition to the dynamically expanding exports the import demand will also grow due to increasing domestic demand. As a result, the net export surplus can stabilise at 9% of GDP. The income balance will be determined by two opposite processes. On the one hand, as a consequence of decreasing debt and falling interest rates the interest payments to abroad will decrease. On the other hand, because of the improving profitability of firms, dividends going abroad and reinvested earnings will increase. As a result, the deficit on income will remain between 6-7% of GDP. Lastly, the inflow of EU transfers is expected to remain at a significant level until 2015. However, in this respect a small decline is expected in 2016 because of the T+2 rule.

As a consequence of all these factors the net external financing capacity will reach 6% of GDP, which leads to faster decrease of external debt and it significantly reduces the vulnerability of the country.

The Hungarian Government expects that the combined and consistent implementation of the structural reforms introduced in the National Reform Programme (and also in the Convergence Programme) will induce a critical mass of structural changes in the Hungarian economy, which will bring about an accelerated growth through the quality improvement of competitiveness.

Development of the most important macroeconomic indicators (2012-2016)

	2012	2013	2014	2015	2016
<i>Percentage, volume change compared with previous year</i>					
Gross domestic product	-1.7	0.7	1.9	2.3	2.5
Household final consumption expenditure	-1.4	0.1	1.8	1.8	1.8
Gross fixed capital formation	-3.8	-0.2	1.3	3.5	3.5
Exports (national accounts)	2.0	3.3	5.8	6.1	6.1
Imports (national accounts)	0.1	2.7	5.2	5.7	5.8
<i>Percentage, annual average</i>					
Unemployment rate (15-74)	10.9	10.7	10.5	10.2	9.8
Employment rate (15-74)	50.6	51.0	51.6	52.2	52.9
<i>Percentage, in relation to gross domestic product</i>					
External financing capacity	4.3	6.3	6.9	6.8	4.7
<i>Percentage, annual average</i>					
Consumer price index	5.7	3.1	3.2	3.0	3.0

II. Priorities of the Annual Growth Survey

The Annual Growth Survey published by the European Commission in November 2012 draws the attention of the Member States to the following five top priorities for the purposes of their national reform programmes:

- promotion of a differentiated and growth-friendly budgetary consolidation;
- restoration of normal lending activity directed at the economy;
- promotion of growth and competitiveness for today and tomorrow;
- tackling unemployment and the social consequences of the crisis;
- modernisation of public administration.

In the following, we will introduce the measures planned by the Hungarian Government along the priorities mentioned above. *(Detailed information on the individual measures is included in the summary table provided in Annex 1.)*

II.1. Pursuing differentiated, growth-friendly fiscal consolidation

The reduction of general government debt is still a top priority of fiscal policy in accordance with the Fundamental Law and the cardinal Economic Stability Act. The Government has put the general government debt rate on a downward path in 2011 partly by reducing the general government deficit and by stabilising the budget, and partly by using most of the one-off income for debt reduction resulting from the reform of the pension system. The Government has set out a fiscal policy path which ensures the continuous reduction of the general government debt rate. There was also a turning point in the budget processes in 2011. The general government balance fulfilled the Maastricht Criteria in 2011, and also in 2012 with a deficit of 2% of GDP without the one-off income experienced in the previous year. The general government deficit will remain under 3% of GDP in the next years. The 2013 convergence programme plans with general government deficits of 2.7% of GDP in 2013 and 2014, 2.2% in 2015 and 1.3% in 2016.

The revised fiscal path in the convergence programme sets out targets which do not obstruct economic growth through tightening demand but still preserves the achievements of fiscal consolidation. The structural budget balance deficit remains under the medium-term fiscal target of 1.7% of GDP throughout the time horizon of the programme.

In the last three years fiscal policy has sought to support the potential for economic growth, to strengthen competitiveness and to stimulate employment by its own tools. It has promoted competitiveness and employment by reducing the tax burden on labour through the reform of the tax system, by reducing the burden on SMEs and by promoting the employment of underprivileged people. The Széll Kálmán Plan, which was announced in March, 2011 helps the sustainability of fiscal consolidation through restructuring the expenditure side to a more growth friendly one. The structures of the 2012 and 2013 budgets were predominantly determined by the Széll Kálmán Plan, however a few initiatives were introduced which promoted growth on the short-term (e.g. Home Creation Programme which promotes construction, purchase and renewal of homes, expansion of the public work scheme)

The medium-term fiscal targets of the Hungarian Government and the policies behind them are introduced in details in the convergence programme.

II.2. Restoring normal lending to the economy

Ever since the outbreak of the crisis, lending provided for non-financial businesses has fallen significantly behind lending rates observed earlier; in other words, non-financial businesses have become net credit repayers. The shock resistance of the liquidity and capital of the Hungarian banking system meets the requirements and has shown substantial improvement during 2012. However, its lending activity and access to foreign sources tended to decline. The SME sector, which is especially important for the national economy, was particularly hit by restricted lending.

The Annual Growth Survey draws the attention of the Member States to the following priorities as part of the restoration of the financial sector:

- **promoting new sources of capital (including business-to-business lending, providing more possibilities to issue corporate bonds and facilitating access to venture capital),**
- **reducing late payments by public authorities through the relevant EU directive (to be transposed by March 2013) which will reduce delay to 30 days and improve compensation in case of late payment,**
- **strengthening the role of public banks and guarantee institutions in the financing of SMEs,**
- **supporting innovative schemes such as public schemes, which allow banks to borrow at a lower rate if they increase their long-term lending to businesses or provide cheaper and more accessible loans to SMEs;**
- **ensuring a balanced approach to foreclosures in case of mortgage lending and protecting vulnerable households. (Personal insolvency regimes).**

The EU directive on the reduction of late payments by public authorities was transposed to Hungarian law in March 2013 (Act XXXIV of 2013).

Restoring the lending activity of the banking system (1)

The Government is seeking for an optimal solution for the restoration of the lending activity of the banking system. The banking system's reserved lending activity is to a smaller extent due to its restricted lending capacity and to a larger extent due to its unwillingness to lend. Reducing the state of uncertainty and risk sensitivity is a key factor in promoting lending. From the priorities set in the Annual Growth Survey concerning the restoration of the financial sector, we consider from the perspective of Hungary to help SMEs find access to financial sources an especially important and relevant priority, so the National Reform Programme primarily focuses on the measures taken in this field.

Owing to the increased budgetary sources and the extended product portfolio, EXIM, which was formed through the organisational integration of Hungarian Export-Import Bank Ltd. (Eximbank) and Hungarian Export Credit Insurance Ltd (MEHIB), now plans to provide even more substantial financial assistance to the export-oriented SME sector. The integration of the two institutions has significantly increased the scope of business activity of Eximbank and MEHIB. As a result of the change, Eximbank's activity will be extended to supplier transactions, export-purpose investments and activities directed at foreign investments to Hungary. Furthermore, the legislative change regarding EXIM also provided a basis for the insurance of supplier transactions and export-oriented investments. The organisational integration of the two institutions also resulted in the development of a new product portfolio, which was mainly demanded by the owner to facilitate efficient, quick and transparent processes and minimized administrative burden. The integrated product portfolio covers all meaningful processes relating to foreign trade contracts with financing, guarantee and insurance schemes. The extension of EXIM's product portfolio is carried out in line with the relevant EU regulations.

Funding for Growth Scheme (2)

On 4 April 2013 the Hungarian Central Bank (MNB) launched its Funding for Growth Scheme. The scheme primarily aims to improve the financing situation of SMEs through preferential central bank financing, since this is crucial for the protection and expansion of production capacities and jobs. Furthermore, the Funding for Growth Scheme aims to mitigate external vulnerability of the Hungarian economy which also enables the MNB to reduce its interest costs.

In the course of implementation of the scheme, MNB will provide refinancing credit to commercial banks at preferential interest rates for a limited period and to a limited extent. The scheme has a budget of HUF 250 billion and the interest rate on the MNB loan is set at 0%. Credit institutions intending to participate in the programme have to provide the preferential MNB loan to SMEs with a fixed interest margin. The interest rate of the credit offered to enterprises may not exceed 2%. Further details of the programme are currently subject to negotiations between the MNB and credit institutions. Also relying on credit institutions, MNB wishes to provide refinancing credit to indebted SMEs at preferential interest rates for a limited period and to a limited extent, with the aim to convert their outstanding fx loan to HUF-denominated loan. The scheme has a budget of HUF 250 billion and the interest rate on the MNB loan is set at 0%. Other terms of the programme, including the fixed amount and targeted nature of the interest margin, are identical to the terms described in the previous point of the programme. The maximum amount of preferential refinancing loan that may be provided under this scheme is also limited: it is capped at 15% of outstanding fx loans provided by Hungarian banks to SMEs.

MNB, the Government and credit institutions will develop a programme to reduce the vulnerability of the economy. This programme will target the reduction of Hungary's short-term external debt by HUF 1,000 billion, which will reduce the required foreign currency reserves of the central bank, in line with the already applied rules and regulations. At the same time, the two-week MNB-bonds will drop down to HUF 3,600 billion, without jeopardising the primary target and the financial stability of the central bank. During the programme reserves compliance is ensured by the fact that the use of MNB foreign currency assets and the foreign debt due within one year decrease to the same extent.

Better access to agricultural funding (3.)

A newer modification of the New Hungary Business Credit Programme for Producer Organisations is currently under preparation with an aim to extend the credit programme, which offers credit at preferential interest rates to producer organisations and producer groups presently operating in the fruits and vegetable sector, to producer groups operating in the agricultural, forestry and fisheries sectors holding qualified accreditation, and therefore promote the forming of producer organisations.

Another credit scheme, which is similar to MFB (Hungarian Development Bank) Business Credit Programme for the Agricultural Sector but is open for a different group of beneficiaries, is also planned with an aim to improve the operating conditions of food processing. This scheme will provide a budget of HUF 6 billion for business financing at preferential interest rates subsidized from the sources of the Ministry of Rural Development (MFB Business Credit Programme for the Food Processing Sector).

Out of the forms supported by the European Agricultural Fund for Rural Development at the moment and the Common Strategic Framework (CSF) in the future, we plan to establish the co-financed credit/loan fund and capital fund, and we intend to disburse sources directly to micro-, small and medium-sized enterprises which are for various reasons deemed not creditworthy by the banks, if they submit a competitive and revenue generating investment plan.

In addition to the above mentioned priority measures, the measures directed at resolving the social consequences of the crisis, as described in Section II.4 (including the exchange rate fixing programme and the handling of the situation of foreign currency loan holders and mortgage debtors in arrears of 90+ days) also contribute to the restoration of normal lending activity.

Detailed information regarding the presented measures is included in the summary table provided in Annex 1.

II.3. Promoting growth and competitiveness

Most of the priorities set out in the Annual Growth Survey relating to competitiveness have a decisive role in the Hungarian economy, as well. The Government has been making major efforts to improve competitiveness. Hungary is ranked 60th at the 2012 WEF ranking which enlists 144 countries. Out of the countries of the Visegrád Group, Hungary is preceded by the Czech Republic (39th) and Poland (41st), while Slovakia (71st) is ranked behind Hungary. According to studies and international surveys available, one of the weaknesses of the Hungarian economy's competitiveness is the inadequate quality of the business environment. The excessive complexity and volatility of the regulatory environment, high administrative burden on businesses compared to international levels, and the inadequate enforceability of contractual obligations all have a negative impact on the business environment, while corruption present in certain fields of economic life may distort competition to a great extent (making fair businesses suffer grave competitive disadvantages).

Improving business environment was a key aspect in previous years' reform programmes as well, and current interventions now focus on the efficient implementation of these initiatives and on the development of further necessary steps following the assessment of past experiences. Within this framework, major attention will be paid to measures directly linked to the activity of enterprises, such as extending the potential of electronic correspondence with government agencies, and other measures aimed at the reduction of the administrative burdens and the improvement of operating conditions, such as broadband district networks.

In order to promote growth and competitiveness the Annual Growth Survey draws the attention of Member States to the following priorities:

- **promotion of innovation and new technologies, raising levels of public and private R&D investment;**
- **linking the worlds of work and education more closely together;**
- **improving the business environment (simplification, reducing the administrative burden, elimination of barriers in labour-intensive sectors);**
- **tapping the potential of the green economy (predictable regulatory framework, new markets, energy efficiency renovation programmes, job creation in the field of waste management, water management and recycling).**

Within the priorities set in the Annual Growth Survey in order to promote competitiveness and growth, we consider the reduction of enterprises' administrative burden, the creation of an SME Strategy, the development of a broad band district network and waste management as most relevant and important for Hungary; therefore, within the National Reform Programme we are planning measures primarily in these fields.

Measures directed at increased public and private R&D investments, more closely linked labour market and education, as well as a more effective exploitation of the potential of green economy,

which all have a substantial impact on competitiveness, are described in the Employment (III.1), R&D (III.2), Energy (III.3) and Education (III.4) Sections of the National Reform Programme.

The implementation of e-administration for enterprises (5, 6 and 7)

E-solutions and public e-services available for enterprises form an important element of the medium-term “Cutting Red Tape” Programme (Hungary’s administrative burdens reduction programme) directed at the reduction of administrative burdens on enterprises, adopted by the Government in November 2011. The implementation of the Programme’s measures relating to electronic public administration has already begun, and has resulted in a simpler electronic signature and billing procedure, and an up-to-date legislative framework for electronic archiving. The electronic payment and settlement system (EFER) is available in more and more administrative procedures. However, to enhance electronic communication between Government agencies and private enterprises several additional steps are needed. The regulatory conditions of the interoperability of state databases will be prepared by the end of 2013, but the implementation of full (organisational, technical) interoperability is a task that goes even beyond 2014. An increasing number of procedures are open for electronic data supply: authorities which most often request data supply from enterprises (e.g. KSH, NAV, NFÜ, NMH, OEP, ONYF, OBH) are currently developing action plans to switch to electronic administrative procedures, and will inform enterprises through a single, user-friendly electronic interface, which will be developed until the end of 2013.

Developing the strategy on small and medium sized enterprises for 2014-2020 (10)

The SME Strategy determines the main objectives of the Government’s SME-related policy and lays the groundwork for its measures. In addition to the provision of assistance to small and medium-sized enterprises, the strategy will also direct significant attention to the instruments conducive to the growth of micro enterprises. The main pillars of the strategy will include reinforcement of the innovation potential; development of a business environment that facilitates networking and cooperation between enterprises; reduction of the administrative burden on enterprises; elimination of excessive regulations; easier access to financial sources for enterprises; and the creation of programmes based on difficulties experienced in the past. Through creating a more transparent regulatory environment, more targeted assistance and information programmes, and the increased development of entrepreneurial skills, our aim is to build a proactive and innovative Hungarian enterprise sector that is familiar with available financial sources and is competitive even in the international market.

While making our efforts we will pay special attention to the European Commission’s communication No. COM(2008)394 titled “Think Small First – Small Business Act for Europe”, as well as to the strategic documents adopted in relation to the Small Business Act (SBA). The action plan relating to the SME Strategy will give a more institutionalized framework to the governmental coordination of the SBA. The strategy is expected to be adopted by the Government in June 2013.

Simplification of qualification requirements necessary for certain activities and jobs (8)

By adopting Government Decree 1133/2011 (02 May), the Government undertook, in an effort to open up the labour market for as many jobseekers as possible, to review the scope of qualification requirements necessary for certain activities and jobs, and make subsequent proposal to decrease their number to a professionally justifiable and more practical level. To this end, the Government has prepared Government Decree 1589/2012 (17 December) on the Reasonable Simplification of Qualification Requirements, which sets out the main directions of governmental activity in the field of the simplification of qualification requirements. It also determines the principles, with respect to

which qualification requirements have to be revised, and also calls the competent ministers to fully explore and revise regulations that include qualification requirements, and to make all legislative amendments that are necessary to the reasonable simplification of qualification requirements.

Developing further measures to reduce administrative burden on enterprises (9)

During 2012 several planned governmental measures were implemented to reduce the administrative burden of enterprises, however, both the results of the general situation analysis performed earlier and the outcome of consultations with enterprises show that substantial progress has to be achieved in this field in order to improve the conditions of competitiveness. To this end, several measures aimed at the reduction of enterprises' administrative burden are being developed currently with a primary focus on increasing the predictability of legislative practice affecting enterprises and involving even more efficiently the administrative aspects in the legislative procedure. To achieve this, in the first half of 2013, the Government will use internationally tried methods to develop measures that contribute to the strengthening of legal security and the in-depth reform of the legislative perspective.

Development of broad band district networks (11)

In spring 2012, an 18-month EU-funded programme was launched with an aim to develop district networks at micro-regional level. This will result in connecting "white" settlements without broadband service to the backbone network of suitable capacity thereby preparing around 111 micro-regional settlements to have a minimum 1 Mbps connection to the local network. In the wake of this measure, more SME businesses will have access to broadband Internet, and there may be increased scope for distance work which may in turn result in an increased employment rate.

Detailed information on the above presented measures and further measures (4. Phasing out of the tax base supplement and 12. Extending waste utilisation capacities) are included in the summary table provided in Annex 1.

II.4. Tackling unemployment and the social consequences of the crisis

The tackling of unemployment and the social consequences of the crisis cannot be separated from the Hungarian Government's most important economic, development and social policy objective: increased labour market participation and increased levels of employment. In the interest of this key Europe 2020 target, the Hungarian Government is making significant efforts to increase the employment of disadvantaged groups, including young people entering the job market, to help the active but older generations to participate more in the labour market, to make work an attractive option for the inactive outside the realm of employment, to help job-seekers to have access to appropriate support services in the interest of re-employment within the shortest possible time and the improvement of their employability, to adjust the skills of workers more to the actual labour market needs, to boost the demand for work force and to help those furthest from the labour market to obtain a chance to actively participate in the labour market.

Within the framework of the Annual Growth Survey, the Commission recommends the following to promote youth employment:

- **to maintain and boost the scope and efficiency of public employment services and active labour market measures (e.g. providing training to unemployed people and "youth guarantee" schemes);**
- **to facilitate the transition from school to work by promoting traineeships to young people;**
- **to reform health and safety regulation in cooperation with the social partners in order to reduce the over-protection of employees with indefinite term contracts and to protect and promote the access to the labour market of young people;**
- **to reform the system of unemployment aids in order to facilitate labour market reintegration (by appropriate training and supporting schemes);**
- **to further reform educational and training systems and thus create a labour market supply that better reflects market conditions and qualification demands.**

Assistance to foreign currency loan holders (13)

From July 2012 debtors paying on their loans can opt for servicing their debt at preferential exchange rates (exchange rate fixing). The new, extended exchange rate fixing system is open until 31 May 2013 for debtors who have serviced their debt according to their loan contract or have defaulted on it for a maximum of 90 days. After entering the exchange rate fixing programme, the outstanding loan is repaid at preferential exchange rates, i.e. CHF/HUF 180 for CHF-denominated loans, EUR/HUF 250 for EUR-denominated loans, and JPY/HUF 2.5 for JPY-denominated loans. The principal due as the difference between the preferential and the current exchange rates will be payable only after 30 June 2017, while the relevant interest will be permanently released. Within framework of the exchange rate fixing scheme, the Hungarian State and the banks can wipe out up to several thousand forints of specific debts. It is also a preferential term that the amount of instalments on the outstanding principal accumulated during the preferential period may not exceed 15% of the last instalment paid during the preferential period. According to the data of the Hungarian Financial Supervisory Authority, by the end of January 2013 approx. 133,000 contracts were concluded with banks, which accounts for 29% of the eligible persons. Therefore, a debt portfolio of around HUF 1,000 billion is being serviced under the preferential terms.

Foreign currency mortgage loan debtors in arrears by more than 90 days could convert their loan to HUF-denominated loan with the extra benefit that 25% of their debt was cancelled upon the conversion. Until the 30 September 2012 deadline, HUF 6.3 billion was deducted from 3,097 debtors' outstanding debt. The programme guaranteed that participant debtors' instalments cannot increase even after the conversion. In addition, the most vulnerable debtors were offered a loan at state-subsidized interest rates.

Upon their request, the National Asset Management Agency is ready to purchase the real property of the most vulnerable debtors (i.e. persons with more than 180 days in arrears, with at least one child in the family who receives child protection benefit, and if the debtor receives active working age benefit or housing support or nursing fee or pension or is a public employee) but guarantees that they can stay in the real property as lessees paying a discounted rent. Until the end of December 2012, the National Asset Management Agency had initiated the purchase of 1,970 real properties, out of which 600 purchases have already been concluded. The Agency may purchase a total of up to 25,000 real properties until the end of 2014. The anticipated budgetary expenses for purchases, maintenance and administrative costs are HUF 36 billion for 2013, HUF 46.3 billion for 2014 and HUF 12.1 billion for 2015.

Further measures, which are in accordance with the above mentioned priorities of the Annual Growth Survey, are included in Sections III.1 (Employment) and III.5 (Social inclusion) of the National Reform Programme.

II.5. Modernising public administration

The direct and indirect burdens and risks related to the functioning of the State constitute one of the bottlenecks for Hungary's competitiveness. By international comparison, the general performance of the Hungarian public administration is continuously deteriorating compared to that of the neighbouring countries. Based on surveys conducted amongst entrepreneurs, survey participants mention cumbersome administration as one of the most significant restrictive factors in their business activities, coupled with lack of transparency and predictability in state regulation and administrative burdens. Hungary's performance also falls significantly short of the average in areas such as transparency of the operation of the government, the level of corruption experienced by businesses and, in general, the quality of public services, including public administration. These factors played an important role in the deterioration of Hungary's competitiveness in the last decade.

The Government introduced a set of measures to modernise public administration and managed to improve effectiveness in this field in the past two years (e.g. simpler governmental structure, integration of 19 regional state agencies into county and metropolitan government offices, elimination of unnecessary capacity), further efforts will be required during the following period to increase the performance of public administration in a way which is also perceivable to businesses and citizens and to thereby improve Hungary's competitiveness.

Regarding modernisation of public administration, the Annual Growth Survey draws the attention of Member States to the following priorities:

- **employing sound financial management by making full use of public procurement opportunities;**
- **simplifying the regulatory framework for businesses and reducing the administrative burden and red tape;**
- **ensuring a widespread, interoperable digitalisation, cross-border interoperability of online services and research centres throughout the EU;**
- **improving the quality, independence and efficiency of judicial systems as well as ensuring that claims can be settled in a reasonable time frame;**
- **making better use of EU structural funds.**

As the priorities discussed in Section II.3 (Promoting growth and competitiveness) can be implemented with similar means, in that Section we focused on measures relating to the business environment, while in this Section we focus on public administration issues.

Organisational development of metropolitan and county government offices and their respective district offices (14)

District offices began work on 1 January 2013, but their rationalised and uniform operation will only take place in the future. Accordingly, the most important measures are to make government and district offices of uniform strength, and rationalise their organisational structure and procedures. In addition, it is necessary to continue the reform of the regional public administration system which process will include the review of the operation of regional public administration bodies operating outside government offices and their subsequent integration into the corresponding government

offices. These measures form part of a longer process which will end in 2016-18. They will contribute to the more efficient, simpler and cheaper public administration system, which has many benefits for citizens and enterprises during their everyday lives and business.

Development of an organisational development programme (15)

The primary aim of the organisational development programme is the targeted application of initiatives supporting the enhanced efficiency of public administration operation. The project aims to determine performance and process management methods that promote more efficient and economical way of using resources, resulting in improved performance and service quality; to integrate such methods into Hungarian central methodology, tailor them to domestic public administration needs and support the organisational background of their application. The measure rests on five elements: performance management, process management, knowledge management, quality management and change management. As part of this measure, we develop different methodologies (introduction of CAF, optimization of LEAN methodology, change management methodology), and use knowledge management to create an individual and organisational knowledge map.

Implementation of the Corruption Prevention Programme of the Public Administration (16)

In 2013 we will continue the Corruption Prevention Programme of the Public Administration which abandons the former unilateral, punishment-oriented approach and primarily aims to introduce preventive measures to fight corruption, naturally, in combination with the well-balanced application of criminal and other sanctioning instruments. Its most important elements include the development of the integrity control systems of public administration bodies, the creation of a new informant protection system, the regulation of contact between interest asserting parties, joining to the Open Government Partnership, the introduction of Codes of Professional Ethics, comprehensive training programmes on ethics and integrity, and the implementation of an awareness-raising campaign on corruption prevention. This programme will be implemented by the end of 2014. As a consequence of the implementation of the programme, on the one hand, the functioning of the State will become more transparent and economical, which has positive budgetary implications (e.g. cheaper public procurements) and, on the other hand, in response to enhanced national and international social trust, an improved investment and business environment will evolve in Hungary which will boost the economy's competitiveness.

Development of new career models for civil servants (17)

As part of the measure, the Government will use European Social Fund (ESF) sources to prepare the implementation of a job-based system relating to the career models for civil servants. The preparatory phase will include the in-depth development of the new job-based classification system and will allocate HR management tools. In 2013-14 we will continue the unification of the examination and further training system which will result in a harmonised and interoperable criteria system for examinations, better utilisation of training and further training capacity, reduced training material costs, a common integrated professional and instructor data base, and a uniform portfolio of further training programmes.

Renewal of the Government's strategic management (18)

Within the framework of the Government's strategic management, a strategic data base will be built based on the experience drawn from the ministry's strategic surveys. The strategy cadastre forms the basis of the multi-level monitoring system which is primarily directed at the implementation of the Government's programme and the support of the 2014-20 development planning. The renewal of

the strategic management gives the framework for the assessment of data collections and databases relating to strategic planning and implementation, handled at the ministries, as well as for the development of a governmental meta-database. In order to make the Government's strategic management a general practice and to promote the uniform and regular use of the developed tools, we endorse change management. The measure will be concluded in 2013.

Detailed information on the above measures is included in the summary table provided in Annex 1.

III. Europe 2020 Targets

Hungary wishes to contribute to the achievement of the five headline targets set within the framework of the Europe 2020 Strategy at the level of the European Union by meeting its national targets that faithfully reflect its own country-specific features and priorities. The 2013 National Reform Programme confirms Hungary's commitments in respect of the implementation of these targets and presents the measures planned by the Hungarian Government for 2013-14 to fulfil the national commitments.

III.1. Employment

In this Chapter, we shall present the measures aimed at increasing employment as part of the employment target of the Europe 2020 Strategy together with the measures related to the priorities identified in the Annual Growth Survey for the resolution of the problems of unemployment and the social consequences of the crisis (Section II.4).

Despite the adverse European macroeconomic environment, Hungary managed to boost employment - as employment rate has grown compared to 2011. By 2012, Hungary had achieved a 62.1% employment rate in the 20-64 age group, which is 1.4 percentage point higher than the rate in 2011, which year was also characterised by employment growth (0.3 percentage point increase compared to 2010). In comparison, the average employment rate of the 27 EU member states stagnated at 68.6% in 2011 and also stagnated or declined in the first three quarters of 2012, compared to the same period in the previous year.

Statistics show that employment growth may primarily be due to the increasing number of employees in the private sector. In previous years, unemployment rate which rose in the wake of the economic crisis has somewhat decreased since 2010; to 10.9% in 2011 (a 0.3 percentage point decline compared to the year before) and remained the same in 2012. The annual average number of registered job seekers has also declined: the 559,100 headcount of 2012 is nearly 24,000 less than the figure of the previous year. The drop in labour force demand, which was also fuelled by the crisis, had especially detrimental effect on young people intending to enter the labour market: the unemployment rate of young people under 25 increased by 2 percentage points to 28.1% in 2012 compared to the previous year, while their employment rate accounted for 18.6%. The number of registered young job seekers has also increased significantly: 11% of all Hungarian job seekers are given by new entrants to the labour market, which figure shows a 2 percentage point increase in one year.

In the past years the Hungarian Government adopted several measures to mobilize labour force and boost employment: the implementation of the Hungarian Work Plan including structural interventions is almost completed; the programme aimed at reducing access to early retirement forms was started; the social provisioning system was reformed in a way that it now promotes work; active labour market instruments were strengthened; a new Public Work Programme was launched; and the new Labour Code was adopted. All these measures were complemented by the reform of the Hungarian tax system and the implementation of a new employer benefit system which affects 1 million people and which directly reduces employment costs.

By endorsing the Europe 2020 target concerning the improvement of the employment rate, Hungary is determined to increase the employment rate in the population aged between 20 and 64 years to 75 per cent by 2020.

The implementation of the Employer Benefit System – Job Protection Act (18)

The measure helps the most disadvantaged employees keep their jobs and access the labour market, and aims to boost employment. Certain provisions of the Act enacted on 1 January 2013 introduced benefits which are applicable to monthly gross incomes not exceeding HUF 100,000, especially aimed to reduce the employment costs of young people, new entrants to the labour market, persons returning from maternity/paternity leave, elderly employees, permanent job seekers and people with lower qualifications. The entire group of beneficiaries account for around 1 million employees. The benefit gives temporary exemption from or discount on the social contribution tax and the vocational contribution, amounting in total to 28.5%. Since the measure has been recently introduced, no impact analysis has been carried out so far, but based on the first statistical data available; we can assume the measure is well-targeted. Employers requested benefit for 615,000 employees, more than half of whom are under-qualified, under the age of 25, or above the age of 55.

The small enterprise tax and the small taxpayers' itemised lump sum tax developed within the framework of the Job Protection Act also replace several types of taxes (social contribution tax, vocation contribution, corporate tax). The simplification of the taxation contributes to employment growth.

The implementation of the set of measures aimed at the reduction of youth unemployment (22, 23.)

Several governmental measures are expressly directed at the reduction of unemployment and the labour market reintegration of young people. We plan to introduce, in line with the relevant Council Recommendation, a Youth Guarantee through the utilisation of EU funds of the next programming period.

In order to tackle the tension deteriorating the labour market prospects of young people, improve their labour market conditions, help them find their first job and help them acquire the necessary work experience, we announced the "First Job Guarantee" central labour market programme on 1 September 2012 as a new measure, which is in line with the European Commission's recommendation set forth in the 2013 Annual Growth Survey. Employers undertaking to employ young job seekers within the framework of this programme were fully refunded for the wage and social contribution tax paid by them between 1 September and 31 December 2012. The programme helped altogether 7243 young job seekers to find employment nationwide. The First Job Guarantee programme was announced again on 1 March 2013 which supports youth employment until 31 December 2013.

The EU (ESF) co-financed programme, first announced in 2012, supporting young people between 18-35 to become entrepreneurs, is continued in 2013. The programme supports the acquisition and development of entrepreneurial knowledge and skills (financial knowledge, business plan, marketing, legal environment, etc.) and secures non-refundable assistance for young entrepreneurs for the start up, as well. Beyond that, after the start up the programme provides professional advice and mentoring to maintain the enterprise. The first trainings under the programme may start in the first half of 2013, while support to new start ups will be available in the second half. In addition, we launched apprenticeship-type programmes (also co-financed by ESF) encouraging the employment of young people and facilitating the transition from vocational training to employment, the primary purpose of which is, in addition to promoting direct job creation, to facilitate the utilisation of first

vocational qualifications acquired in training in the school system, to help young people obtain work experience at an early stage and to thereby enhance their subsequent employability. The civil employment programmes will be continued in 2013 in an ESF co-financing scheme.

Furthermore, we have taken steps at sectoral level to improve the employment conditions of young people, including the Resident Physician Support Programme which aims to promote young candidate medical specialists to find job at Hungarian health service providers and to reduce brain drain in the health care sector.

Improvement of women's labour market activity, promoting the reconciliation of work and family (21)

The Government supports women's increased labour market participation through several instruments. It helps the labour market reintegration of disadvantaged women (raising small child/ren, persons over 50 years, young entrants to the labour market, low-skilled and long-term unemployed) with active labour market policies. Furthermore, the Government also facilitates the employment of disadvantaged women by granting benefit for their employers. The START Bonus Programme offered 27% tax refund for employers who employed a disadvantaged job seeker. From 2013 through the Job Protection Act, the Government extended and integrated into the tax system the system of benefits available for employers when employing disadvantaged job seekers, which contributed to the employment of even more disadvantaged women.

One of the greatest obstacles to the return to the labour market of women with small children is the scarce capacity of day-care services for young children and the lack of flexible jobs. In line with the country-specific recommendations for 2012 and within the framework of the regional development operational programmes, 817 new kindergarten places were created in 2012. In addition, the Social Renewal Operational Programme (co-financed by the European Social Fund) announced several calls for applications to facilitate reaching the reconciliation of work and family which also contribute to the establishment of flexible day-care services for children under 3 years. According to the original plans, 2000 new day-care places will be created for children all over the country in 2013. The extension of kindergarten capacities is also in progress with an anticipated 5000 new kindergarten places to be created between 2013 and 2015.

The better reconciliation of work and private life commitments and more flexible employment is also facilitated by the new regulations (e.g. the new Labour Code).

Active labour market policies (20)

In accordance with 2012 country-specific recommendations, Hungary strengthened the active labour market policies aimed at promoting the employment of the unemployed and the inactive. In 2012, the annual expenditure on strictly interpreted employment (active) measures increased sharply (by about 20 percent, to HUF 73 billion).¹ The share of active measures co-financed by the European Social Fund (ESF) increased further.

The Government introduced a new active measure aimed at supporting mobility: in October 2012, it introduced a housing allocation for job seekers who could not find a job locally due to the unavailability of local jobs. This grant can be used for renting accommodation, and it may be provided for 18 months (during this period it is gradually reduced) in the case of employment that is located at least 100 km from the permanent residence or to which commuting by public transport takes at least three hours (six hours total per day). The employment relationship has to last at least six months and it must involve at least 20 hours of work a week. Five hundred support grant

¹ this does not include programmes funded through tenders and public employment programmes

agreements were signed by March 2013, with most applications being submitted in Szabolcs-Szatmár-Bereg and Borsod-Abaúj-Zemplén counties. Based on the experience gathered so far, making flexible the conditions of requesting housing support is currently in progress.

The content of decentralized active labour market programmes has been changed: a significant share of the extra funding is spent primarily on improving the employability and labour market integration of young people, in accordance with the Commission's 'Youth Opportunities Initiative'. More than 30% of the target group is made up of young job seekers looking for their first job, and we also place great emphasis on reaching young people who are not registered job seekers but are neither studying nor working. The support planned for this group is primarily made up of services aimed at assistance in career choice, defining further educational pathways (possibly within the school system) and acquiring the competences necessary for finding employment. The programme also provides services to young people who are currently still studying within the school system, mainly in the shape of employment information services and career counselling. Employment centres have made a commitment to include 16,500 Roma job seekers in the project (a 15% ratio); in order to reach this target, two Roma desk officers will be employed in each county-level employment centre.

Development of the National Employment Service and labour inspections (25)

As a result of the measure aimed at improving the National Employment Service, the position of customers will be mapped precisely, individualized services will be provided, the system of support available to employers will be improved in order to increase their job creation and job maintenance potential, the demand side of the labour market will be surveyed, international cooperation will be strengthened and best practices will be adopted and the internal operation and human resources of the NES will be improved. The implementation of the first phase of this measure ended in 2012, and the second phase started in autumn 2012 with a detailed survey of the remaining development needs and the current information needs of job seekers and employers, setting out the framework for the services to be provided and developing the IT systems supporting them. In addition to the strengthening of active measures, the capacities of the National Employment Service devoted to implementing these programmes are also being strengthened. The acquisition of the tools necessary for carrying out controls and improving their effectiveness will begin in early 2013, laying the foundations for the successful development of this organization.

Introduction of the new vocational training system (26)

The new Act on Vocational Training adopted in 2011 laid down the foundations for a new vocational training system by changing the rules on the content and length of vocational school education, strengthening the vocational element in vocational secondary school training, introducing a new type of vocational certificate, prescribing minimum training times (in hours) for adult vocational training and many other measures. The full adoption of implementing legislation makes it possible to start the mandatory introduction of the system as required by the Act, first affecting trainings starting in autumn 2013. By this time, the preparation for the necessary organizational changes will also be completed. The system strengthens dual training elements, the drastically increased role of chambers of commerce will enable for the representation of economic interests, and professional and examination requirements (and thus the content of trainings) will follow labour market needs more closely. These measures are expected to improve the quality of trainings and the employability of participants.

Renewal of adult training, the new Act on Adult Training (27)

As part of the modernization of adult training, the drawing up, adoption and gradual implementation of the new Act on Adult Training and the associated Government and Ministerial Decrees are

currently in progress. The new Act on Adult Training will primarily focus on vocational training, language teaching and the regulation of training programmes supported by state or EU. The new Act will prioritize training programmes that are capable of meeting labour market needs. There will be guarantees built into the Act and the decrees on implementation in order to ensure that those who finish supported training programmes receive high-quality training, comparable in level with the vocational qualifications acquired within the school system.

Projects funded by the State and the EU aimed at adult training and adult retraining for increased labour market participation will continue. One such programme is the programme aimed at developing key language and IT competences, which started in January 2013. A programme was launched to support the training of low-skilled adults and those with outdated vocational qualifications, with a special focus on skills shortages and trainings related to public employment. The trainings associated with agricultural pilot projects and national public employment started in September 2012. The launching of general labour market trainings is currently in progress.

Strengthening the activating elements of public work (27, 58)

Public work is a special form of employment; a type of state-supported 'transit employment' aimed at successful integration or reintegration into the primary labour market. By providing job seekers with the necessary skills, public work gives them a better chance to find employment in the private sector or become self-employed after leaving the public work scheme.

In order to promote individual job search and open-market employment, the legislation in force requires public work employers to provide unpaid leave for the employee for fixed-term employment for a period of at least 3 to no more than 90 days.

With regard to training associated with public work programmes in 2013, there are plans for the participation of 20,158 people in training associated with the agricultural part of the micro-regional START work model programmes, and 6,147 persons are going to participate in training through national public work providers.

In the light of the fact that 52.8% of participants in public work have elementary level educational qualifications or lower in 2012 and 20.8% of participants are above the age of 50, it is clear that mentoring is necessary for persons participating in public e-work. Policy discussions are currently in progress with the National Roma Self-Government (ORÖ) regarding the continuation of the national public work programme launched in 2012 and the employment of mentors alongside the helpers who are already involved in the programme. After a policy analysis report is adopted on the results of the programme launched in 2012, the programme can be drawn up taking into account the considerations identified in the report.

Taking into account the experience gained through the implementation of the 2012 Social Land programme, the overarching aims of the 2013 Social Land Programme are as follows: managing unemployment and promoting employment, especially by involving disadvantaged social groups. The programme gives preference to planned local production and sale chains and presence and sales in local and regional markets, and contributes to the self-sufficiency of the settlements involved. The programme provides public work to 1000 people for 5 months from March 2013.

Development of the social economy through the enlargement of social cooperatives and supporting transit employment (29)

The social economy is a special means of the stimulation of labour demand. This is generally carried out by supporting or developing an economic activity that responds to local demand in a manner that combines financial sustainability and social considerations. In 2013, a call for applications system

aimed at promoting the development of the social economy will be launched with ESF co-financing, with a total budget of HUF 15 billion, in order to support the development projects of social and employment cooperatives, the self-employment of disadvantaged cooperative members and the strengthening of market-oriented and social undertakings. Among other things, supporting the social economy can promote job creation in disadvantaged regions and in villages. In the next programming period, from 2014, ad hoc applications will be replaced by a formalized system in the area of supporting the development of the social economy. Support will be planned in a complex and horizontal fashion, together with the sectoral objectives and funding associated with the development of the social economy. Loans and grants may be combined, encouraging sustainable and self-sustaining economic operation among social economy actors.

Concept for enhancing groups requiring special enterprise development arrangements in becoming entrepreneurs (30)

The concept, to be drawn up in 2013, will be aimed at eliminating the barriers standing in the way of the economic activity of women, the young, the Roma and people with disabilities, encouraging these groups to become entrepreneurs and developing businesses that are already ran by members of these groups. The concept contains enterprise development measures that promote the groups covered by the National Youth Strategy, the National Social Inclusion Strategy and the National Programme of Disability Affairs in becoming self-employed and increasing their role in economic life. The women's enterprise development programme drawn up as part of the concept is designed to strengthen and complement the effects of the measures taken or planned in 2012-2013 and support women in becoming self-employed and strengthen and develop their existing businesses. The timeline of the concept extends from 2013 to 2020, and it was drawn up so as to complement the implementation of the relevant strategies.

Job creation in small and medium-sized enterprises (24)

The Hungarian Government is committed to boosting the economy and improving the situation of enterprises in general and SMEs in particular, which is a precondition for the growth of investment and the creation of new jobs. Within the framework of the calls for applications to be issued, businesses may apply for grant for technological developments and the promotion of employment, including the hiring of new workers, asset procurements and IT developments.

Building on the experience of the 2012 central tender programme for supporting job creating investments², the Ministry for National Economy will call for application for supporting the job creating investments of micro-, small and medium-sized enterprises in 2013 as well. In addition to the base support of HUF 1.5m/job, this measure provides a high level of support (HUF 500,000/new job) to SMEs that commit to hiring and providing long-term employment to job seekers who were registered after the completion of the investment project. Starting businesses located in all regions and settlements of Hungary may also participate in the call procedure. Promoting companies' investment projects in disadvantaged micro-regions and settlements is a priority objective, as is employing as many registered job seekers in these new jobs as possible. Each project has to create at least two new full-time jobs. Supplementary support can be requested in addition to the above in order to mitigate regional differences in employment.

Detailed information on the measures above and other measures (31, Promotion of employment of people with disabilities through new rehabilitation services; 32, Strengthening economic and social

² In 2012, 585 businesses – many of them micro-businesses and small businesses – were supported from the HUF 10 billion available for supporting job creation by SMEs. The businesses were awarded support for creating 4012 new jobs and employing 3295 job seekers for at least two years. The support also contributes to maintaining 6230 existing jobs.

cooperation and 33, Improving the health status of the working-age population, 34, Involving 5,000 people in employment in connection with foster parent care), is included in the summary table provided in Annex 1.

III.2 Research and development

In 2011, R&D spending increased by 8.5% (from 1.17% of GDP to 1.21% of GDP), to more than HUF 336bn. The increased importance of research and development is signalled by the increased share of R&D employment within employment as a whole, which has shown a clear growing trend since 2005. In 2005, only 0.6% of all employees were working in the field of R&D, and this ratio increased to almost 0.9% by 2011. The growth of R&D investments was also tangible, from 0.7% of all investments to 0.9%.³ The changes in the composition of R&D spending followed earlier trends in 2011 as well: the role of enterprises in financing continued to increase (although the growth was less than in 2010, from 47.4% to 47.5%) and that of the national budget continued to decrease (from 39.3% to 38.1%).

As part of the research and development objective of the Europe 2020 Strategy, Hungary undertakes to increase the level of research and development expenditures to 1.8 per cent of the gross domestic product by 2020.

In 2012, the "National Research and Development and Innovation Strategy 2020" (hereinafter: RDI Strategy) was drawn up in order to ensure the meeting of the research and development targets. The strategy is expected to be approved by the Government in the first half of 2013. The RDI Strategy employs direct and indirect tools, tax relief, adjustments of capital market conditions, tendering systems and innovation services to promote specialization built naturally on the characteristics of local actors and market-driven and society-driven innovation processes. These activities are supplemented by the drawing up of the Hungarian smart specialization strategy, planned for 2013.

In 2013, particular attention must be paid to the preparation for the research and development and innovation regulations, funds and programmes of the 2014-2020 EU budget period (Horizon 2020 and cohesion funds). With that in mind, a comprehensive research and development and innovation promotion system will be drawn up in 2013.

Drawing up the Hungarian smart specialization strategy (35)

Within the framework of the Europe 2020 Strategy, the European Commission encourages national and regional authorities to draw up research and innovation strategies aimed at smart specialization (smart specialization strategy - S3) in order to make the use of the EU's structural funds more effective and increase synergies between the various EU, national and regional policies and publicly and privately funded investments.

The S3 is an integrated, region-specific economic restructuring strategy, which focuses support and developments on national/regional priorities, challenges and needs in order to ensure knowledge-based development, and relies on the strengths, competitive advantages and excellence potentials of each region. Drawing up an S3 strategy involves identifying the unique characteristics, values and competitive advantages of the region involved and lining up regional actors and resources behind a vision of the future built on excellence. The S3 approach is a bottom-up approach, in keeping with and complementing the contents of the RDI Strategy: it includes businesses, research centres and universities in the cooperation so they can determine the most promising areas for the region with

³<http://www.ksh.hu/docs/eng/xftp/idoszaki/tudkut/etudkut11.pdf>

regard to specialization and identify the weaknesses hindering innovation. It also takes into account the varying innovation capacities of regional economies. The S3 strategy is expected to be adopted in the second half of 2013.

Drawing up a comprehensive research and development and innovation support scheme (36)

As a result of this measure, a comprehensive scheme for promoting RDI activities will be set up. This requires drawing up and coordination of the Economic Development and Innovation Operational Programme and the Research and Technology Innovation Fund. In particular, the aim is designing application solutions aimed at achieving the objectives laid down in the RDI Strategy, evaluating the R&D qualification system, drawing up tax proposals for promoting R&D and setting up the related regulatory environment, as well as drawing up the details of the direct support system. This requires the 2014-20 EU co-financed RDI support system to be drawn up, the Research and Technology Innovation Fund's 2014-16 programme strategy to be formulated, the RDI tender monitoring system's basic principles to be determined, the specialized monitoring system of knowledge bases to be set up and the system of R&D funding by unique Government decision to be set up in accordance with the RDI Strategy. The Research and Technology Innovation Fund will be notified of the planning and regulatory tasks related to the review of the rules on research and development and innovation support, we will cooperate in the notification of RDI funding from the Structural Funds and an organizational structure will be set up for the management and administration of RDI tenders. In addition, the management framework for the applications in the 2014-2020 programming period needs to be set up, the procedures for the technical evaluation of RDI applications need to be established and a system of indicators for RDI tender processes needs to be drawn up.

Drawing up of the Science Policy Strategy (41)

The objective of the Science Policy Strategy is to provide a basis for the basic infrastructure for research and financing of the academic sector, as well as to systematically renew the acknowledgement and publication of scientific results. As a result institutes of higher education, institutes of the Hungarian Academy of Sciences, research facilities supported by the state budget and non-profit institutions should be able to get involved in the programmes of Horizon2020, and to receive the appropriate ESF grants for that. The Strategy is expected to be approved by the first half of 2013 and will be in line with the Research-development and Innovation Strategy.

Measures aimed at supporting certain innovative sectoral goals (38, 39 and 40)

Measures aimed at innovation are carried out in the areas of agriculture, culture and healthcare, with IT support.

The aim of the integration of state-run agricultural research institutes is setting up a much more organized and concentrated system of research institutes that is capable of emphasizing applied research and development geared towards practical applications and creating a critical mass of researchers that is able to carry out complex major projects.

The cultural development projects aimed at promoting the R&D and innovation goals focus on making the traditional and digital databases widely accessible. The aim is to allow cultural institutions – libraries, arts institutes, and museums, public cultural institutions – to provide competitive services in research and development. The special public cultural institutions set up in major college towns will help showcase new research and development achievements, housing interactive exhibitions associated with the themes of local universities' research and development programmes.

As a result of healthcare development projects supporting the achievement of research and development and innovation goals, the groundwork is laid for a modern healthcare system: one that responds to needs and functions efficiently and effectively. As a means to this goal, synergies will be

sought by harmonizing healthcare, science and economic policies and by strengthening the links between the health RDI sector and healthcare services.

Detailed information on the measures above and other measures (37, Implementation of certain measures of the National Environmental Technology Innovation Strategy) is included in the summary table provided in Annex 1.

III.3 Climate and energy

In the area of climate and energy policy, the EU set three main targets: reducing greenhouse gas emissions by 20% compared to the 1990 levels, increasing the share of renewable energies to 20% of total gross energy consumption, and improving energy efficiency by 20%.

As part of the energy and climate targets of the Europe 2020 strategy, Hungary agreed to raise the proportion of renewable energy sources to 14.65 per cent, to achieve a 10 per cent overall energy saving and increase its greenhouse gas emissions in sectors outside the EU Emission Trading Scheme by no more than 10 per cent (compared with the 2005 level) by 2020.

The EU's energy consumption dropped significantly in 2009 due to the crisis, but consumption started to increase again in 2010. The temporary reduction in primary energy consumption that took place after 2008 can also be attributed to the crisis, not to structural changes. Hungary's greenhouse gas emissions are on a consistent decreasing path, with 2011 emissions (66.2 m tonnes of carbon dioxide equivalent) being the lowest over the entire greenhouse gas emission tracking period (1985-2011).

With regard to the use of renewable energy sources, Directive 2009/28/EC (hereinafter: the RED) requires from Hungary a 13% renewable share within total gross energy consumption by 2020 with binding legal force. However, considering national economic interests and climate protection objectives, Hungary is aiming at 14.65% target for 2020, above the binding minimum target. In 2010, the share of renewable energy in end user energy consumption was 8.79%, which is a 0.61 percentage point increase compared to 2009. This places Hungary approximately on a par with the average of other countries with similar levels of development.

Development of action plans aimed at the implementation of the National Energy Strategy (42.)

The National Energy Strategy, which is built on new foundations, guarantees the long-term sustainability, safety and economic competitiveness of domestic energy supply. While serving primary national interests, it ensures supply safety, considers the least cost principle, asserts environmental aspects and makes it possible for Hungary to contribute to the resolution of global problems in proportion to its international weight and the extent of its resources. The implementation of the National Energy Strategy will be promoted by thematic action plans incorporating certain complex fields (e.g. Reserve Management and Utilisation Action Plan; Power Plant Development Action Plan; District Heating Development Action Plan; Awareness-Raising Action Plan; Energy Industry Development and R+D+I Action Plan). Their elaboration will finish and they will be adopted by the Government in 2013.

Introduction of measures planned for climate protection (43)

In the period since the 2008 adoption of the National Climate Change Strategy, EU-level documents were adopted which are considered as milestones in the field of climate policy, furthermore new research results and more detailed climate models became available. As a result of these changes, a full review of the National Climate Change Strategy became necessary. Between 2014 and 2020, the

main goals of the new National Climate Change Strategy to be drawn up as part of this measure are expected to be served by – among other programmes – the Environment and Energy Efficiency Operational Programme. Within the programme, the priority axes of energy efficiency, the promotion of use of renewable energy and climate change adaptation will be the ones that are most closely associated with the goals laid down in the National Climate Change Strategy.

The European Union's Decarbonisation Roadmap proposes a low-carbon society in Europe by 2050. Based on the EU-level document, Member States prepare their own Decarbonisation Roadmaps. Hungary's Decarbonisation Roadmap establishes emission reduction paths for the country's largest greenhouse gas emitting industries up to 2050. As the Roadmap is part of the reviewed Climate Change Strategy, these two programmes will share funding as well. The requirement to reduce greenhouse gas emissions by 80% overall – which cannot be achieved through using renewable energy and increasing energy efficiency alone – will put an especially high pressure on the energy sector and the transport sector. Hungary's interest demands that the decarbonisation targets be reached through the use of diversified supply technologies. In this scenario, there is no single preferred technology; all energy sources compete on market basis, without specific support measures. Decarbonisation requires the acceptance of nuclear energy and clean coal by public opinion, and their widespread use.

A call for application was published for the purchase of new gas-powered (CNG) buses for transport companies owned by the State or by local governments, with a view to promoting environmentally friendly modes of transport. The funding covers the price difference between diesel-powered and gas-powered vehicles with similar specifications. The spreading of gas-powered vehicles can contribute to reduce the carbon dioxide emission of public transport and the air pollution and particulate matter concentration in urban areas. The grants, financed from emission allowance trading revenues, are disbursed via a post-financing arrangement by the relevant ministry, the Ministry of National Development within the framework of the New Széchenyi Plan's Green Investment Scheme. The budget available at the time of the publication of the call is HUF 1.6bn. Applications may be submitted between 4 April and 30 September 2013 or until the available funding is used up. The purchases affected by the application are expected to be completed by 31 December 2014.

Increasing energy efficiency and energy savings among the general public, public services and the business sector (45)

The goal of this measure is to set up a complex set of long-term tools that can contribute to improving energy efficiency among the population, in public services and in the business sector, thereby also contributing to reduce energy costs. These priorities are reflected by both ongoing and planned actions. The launch of the Green Economy Financing Scheme is planned for 2013. As part of the system, 50% of the revenues from the EU's new emission trading scheme launched in 2013 will have to be spent on developing the green economy. The important goals for 2013 include improving the energy efficiency of existing buildings and drawing up a National Building Energy Strategy covering energy efficiency in new buildings, providing a unified framework for the building energy use measures taken in recent years and setting out detailed targets. The transposition of the EU's new Energy Efficiency Directive into national law may boost the efforts made in the area of energy efficiency. Draft regulations are expected to be drawn up in 2013. According to the draft of the cohesion policy legislative package, more residential investments may become eligible for support in the future; therefore, new support schemes are expected to be announced from 2014 on, ensuring the effective achievement of the 2020 climate protection and energy strategy goals.

The main intervention areas include the building energetic investments of businesses, the modernisation of district heating and preparing the improvement of the energy efficiency of power

stations and the distribution network. The following actions are planned for 2013 as part of this measure: carrying out the implementation tasks related to the support schemes announced in 2011 and 2012, and announcing of new support schemes.

Increasing the use of renewable energy sources (44)

The aim of this measure is to increase the use of renewable energy. Regulatory, administrative and funding measures are planned for 2013 in this context. As a result of the measure, the dependency on energy import and CO₂ emission will decrease, and the share of renewable energy will grow, thus contributing to achieve the goals laid down in the RED. Using renewable energy sources reduces local (users') energy costs, and – especially in the case of biomass – contributes to the expansion of employment in rural areas. The review of the Hungary's Renewable Energy Action Plan is planned for 2013 (without changing the 14.65% target, but making refinements if necessary). The review will take into account the complex interrelationships of renewable energy and rural development, the steps taken by the European Commission with regard to biofuels and sustainability criteria, technological developments and the changed financing conditions of renewable energy development projects. Within the framework of the review of the Renewable Energy Utilisation Action Plan, the creation of a new energy potential map will begin with a view to the more efficient use of the funding to be allocated in the 2014-2020 period. The existing heating companies will be identified where the use of geothermal energy or biomass is justified and feasible. In the course of planning the budget of the 2014-2020 period (MFF), among the thematic objectives set by the Commission, the promotion of the shift towards a low-carbon economy in every sector will receive special emphasis. In this context, supporting the production and distribution of renewable energy was chosen as a headline investment priority.

Detailed information on the measures presented above and other measures (46, Providing possibilities for the use of thermal water extracted for energy use in agricultural production) is included in the summary table in Annex 1.

III.4 Education

The fact that the expertise dispersion of graduates and the quality of the education system do not, in many respects, satisfy the actual needs of the labour market is a major obstacle to the growth of the Hungarian economy and the increase of employment. The labour market participation of persons who only completed elementary school or left school even earlier is extremely low; their employment rate is more than 20 percent below the EU average. As a result of the expansion experienced in education in recent decades, a large number of disadvantaged children – often struggling with major skills deficiencies – gained admission to vocational training; however, as the performance and efficiency of vocational schools gradually deteriorated and there is a higher than average early school leaving rate in vocational schools (almost 30 per cent), almost one half of disadvantaged students are unable to obtain qualifications. The proportion of early school leavers in Hungary is lower than the European Union average: In 2011, it was 11.2% (in the 18-24 age group), which constitutes a minor deterioration compared to 2010 (10.5%). Socio-cultural disadvantages and lack of access to high quality services, which represents a serious problem particularly in disadvantaged regions, should be mentioned as primary causes of early school leaving. The cultural institutions of settlements significantly contribute to the elimination of these disadvantages; they serve as local resources through their informal skills and competence development programmes and integration courses.

The effect of the recent increase in the percentage of students entering secondary education was minimal among children with multiple disadvantages and Roma students; the percentage of such

students applying to secondary school programmes that offer them the chance to take a final examination is rising only slowly. Labour market status, educational qualifications, socioeconomic factors and geographical features play a dominant role in determining later participation in life-long learning. In the light of this, the most important goal is improving the quality and efficiency of public education, including the improvement of the level of qualification obtained, and reducing the share of students leaving education in the school system without qualifications – the legislative preconditions for achieving these goals were provided by the Act on Public Education and the National Core Curriculum in 2011 and 2012, respectively.

The primary task of the development of higher education in Hungary is bring training outcomes in accordance with actual economic needs, to develop training contents with a view to quality and, as a result, to improve employment and economic competitiveness. One of the goals in higher education is to increase the share of training providing vocational qualifications that directly satisfy labour market demand, and to adjust regional developments in higher education institutions accordingly. The development of the training system of higher education requires a deep knowledge of the employment structure, which, in the lack of detailed labour market demand surveys, is supported by the career tracking system of higher education.

The proportion of people in the 30-34 age group who have tertiary or equivalent educational qualifications in Hungary is 28.1% at present (2011 data), which is below the European average but represents a 2.4 percentage-point rise compared to the year before (and has increased by almost 10 percentage points in the last 10 years). The ratio was estimated at 29.5% for 2012. The main target groups of the planned measures in higher education aimed at attaining the 2020 target are students aged between 20 and 24 who are already in higher education. In order to increase their share, we need measures that permit the successful and timely completion of the studies of students attending courses in higher or equivalent education, and measures that help increase the number of disadvantaged students studying in institutions that offer a secondary school final examination that go on continue their studies in higher education.

The fragmentation of training is a structural factor that significantly reduces the efficiency of training in higher education today. What is meant by fragmentation is that certain higher education institutions launch programmes with very low student numbers (as low as 1-3 students). Increased drop-out rates also slow down the emission of degrees at the desired rate.

As part of the Europe 2020 objective aimed at the improvement of the level of education, Hungary intends to increase the share of the population (aged 30-34) having tertiary level or equivalent qualifications to 30.3 per cent and to reduce the early school leaving rate⁴ (in the 18-24 age group) to 10 per cent by 2020.

Drawing up and implementing a comprehensive national strategy aimed at reducing the number of early school leavers (50)

As a result of the measure, a comprehensive strategy will be drawn up, the goals of which are centred around the three levels of reducing early school leaving rates (prevention, intervention, compensation), and the main priorities of which are improving the quality, efficiency and effectiveness of education (including the level of qualifications obtained in order to improve

⁴ In the 18-24 age group, the rate of people who do not have upper secondary qualifications and were not participating in education or training at the time of the survey. Upper secondary qualifications: secondary school graduation or NQR-3 level vocational qualifications.

employment), broadening access to quality education and improving the chances of students through public education.

Achieving the aims of the strategy – which is currently under preparation – will be supported by measures like the broadening of education for small children, strengthening basic competences to improve higher education statistics and reduce early school leaving, the organization of education aimed at promoting success in school (support measures for student groups that require special attention from teachers, modern teaching methods, Tanoda programmes implemented by NGOs and religious organizations), and correction measures (Bridge (*Híd*) programmes and Second Chance (*Második Esély*) programmes). As part of the preparation of the strategy, a list of identified problems is drawn up with a view to increasing awareness and recognizing the problems and signs associated with early school leaving, and the relationships between specific symptoms and their potential consequences are identified.

Expansion and reinforcement of quality education in early childhood (47)

Research results confirm that kindergarten education in Hungary is, in many respects, of great significance and is offered at the highest standards. The extremely extensive kindergarten network reaches 85 per cent of children. At the same time, the fact that some of the children most in need do not attend kindergarten (or only reach kindergarten at the age of five) poses problems – and even if they do attend kindergarten, they do not necessarily receive the assistance they need based on their age and state of development. Therefore, pursuant to the Public Education Act in force as of September 2012, kindergarten attendance will be compulsory from the age of 3, rather than 5, as of September 2014. As a result of this change, children will enter a community in their early childhood, thus facilitating their subsequent successful integration and performance in school, which also contributes to preventing early school leaving. Kindergarten capacities are also limited or unavailable in areas where they are most needed. Therefore, kindergarten capacity increase and kindergarten care improvement programmes will be implemented in the 2013-2014 period with EU financing through the regional operational programmes.

As a result of this measure, kindergarten capacities will be expanded, and kindergarten care improvement programmes will be supported using EU funds.

Preventing disadvantaged children and children with multiple disadvantages, including Roma children, from early school-leaving (56, 59)

The measures – which are aimed at helping disadvantaged children and children with multiple disadvantages, including Roma children – contribute to achieving the anti-poverty EU 2020 targets; therefore this package of measures and the associated programmes are presented in detail in the Section III.5 (Social inclusion).

Improving the rate of academic success of special education pupils (49)

As a result of the programmes and measures to be implemented with EU funding in the course of 2013 and 2014, the special care of children with special educational needs will be ensured through early care and development, kindergarten education and personalized development in special programmes, classes and groups or in an integrated fashion together with other children. The EU programme aimed at developing specialised services is designed to improve access to services and to enable pupils and their families to gain access to modern, complex, consciously organised care services in specialised pedagogical institutions to the same standards throughout the territory of Hungary, at or near their place or residence. Two new specialized service activities were introduced in 2013: the care of talented children and pupils and kindergarten and school psychological care.

Public Education Bridge (“Híd”) programmes (48)

The Public Education Act adopted in December 2011 introduced the concept of the Bridge programme. The programme will continue in 2013, facilitating access to the labour market by improving basic competences and skills. The Public Education Bridge programmes represent a form of training in the school system which provides assistance for pupils who are performing poorly in elementary education and offers a chance to those who are unable to complete their elementary studies to continue their studies in secondary education. In addition to the goals that are planned to be achieved by developing basic competences, the system allows students who wish to leave the school system before finishing secondary studies to acquire a partial vocational qualification in order to facilitate their access to the labour market. One aim of the Bridge programmes is to support students of compulsory schooling age who have completed their elementary school studies but were not admitted to a secondary school. They can continue their studies in the Bridge I programme. The training provided in the Bridge I programme supplements the missing fundamental skills and competences that are necessary for the continuation of studies. If a pupil of compulsory schooling age who has completed his or her elementary school studies does not wish to go to a secondary school, the elementary school initiates the pupil’s admission to the Bridge II programme. The Bridge II programme prepares pupils who were unable to complete their elementary school studies before reaching the limit of compulsory schooling age for the commencement of vocational training. The training provided in the Bridge II programme motivates learning and develops the skills necessary for the acquisition of a profession.

The general curricula of Bridge I and Bridge II were issued in March by ministerial decree. This will be followed by the preparation of teachers. The implementation of the programme will involve schools that have practical experience in the relevant areas. The implementation of the programme will start in September 2013.

Streamlining of the education structure of state-owned higher education institutions (52)

The aim of the Government is to set up a more efficient higher education system that provides better, high-quality education using less funding and fewer teachers. Therefore, the Hungarian Government is continuously striving to rationalize the training structure of state-owned higher education institutions by increasing the share of students participating in science and technology programmes in order to promote programmes that directly satisfy labour market needs. The December 2012 amendment of Act CCIV of 2011 on National Higher Education gave the minister responsible for education the power to determine the number of students that can be admitted to (partially) state-funded education in each programme, and thereby regulate their minimum size. This provides a means of rationalizing the training structure of each higher education institution and the system of higher education as a whole, in keeping with the institutional capacities of each higher education institution and the expected regional labour market demand; in case of very low student numbers, by concentrating programmes, and in case of programme types with high student numbers, by introducing limitations regarding lower-quality programmes that are not preferred by students. At the same time, new forms of bursaries and the “Diákhitel II” student loan programme provide support for higher education studies in fields with societal importance. This measure reduces the fragmentation of training – which is a structural factor that significantly reduces the efficiency of training.

Broadening access to higher education

The Hungarian State promotes the availability of access to institutions of higher education with an extensive aid and funding system. In September 2013, vocational training in higher education will be

introduced as a new training form. It may play a key role in increasing the rates of people with higher education qualification in line with the commitments made for 2020. Knowledge gained in vocational training in higher education (represented by credits) may be transferred toward specialized studies aimed at acquiring higher education qualification and vocational qualification; vice versa, studies in basic training programmes may be considered as a part of vocational training in higher education. The latter is a prerequisite for employment in a given position and for acquiring tertiary qualification that enables its holder to perform certain activities.

The Government employs several tools to enhance the access of disadvantaged groups to higher education. The scholarship grant support and self-financing support programme "Út a felsőoktatásba" ("A Way to Higher Education") contributes to the commencement of higher education studies for disadvantaged students and students with multiple disadvantages – including, Roma. Furthermore, applicants with multiple disadvantages, disabilities and those receiving child care benefit are given priority in the course of the application procedure; additionally, a Mentor Programme assists them in their studies and life. The system of extra scores given to disadvantaged applicants will be maintained in an unmodified form; nevertheless, continuous negotiations are held about its possible review and development with the National Conference of Students' Self-Governments.

Reinforcing progress in studies, reducing early school leaving rates (53)

With regard to the increased drop-out rates and the prolongation of studies, an objective is to enhance students' sense of responsibility and motivation. The State therefore requires scholarship-holders to obtain a degree within one and a half times the prescribed training time. Otherwise, students must repay 50 per cent of the scholarship grant.

As a reason for the prolongation of higher education studies is the lack of language examination certificate (a prerequisite of obtaining a degree), projects launched in the field of the development of foreign language skills and supported by EU Structural Funds continue in order to enable students to attend foreign language courses and trainings. The main tools of the projects are the renewal of the methodology of language teaching in higher education, institution-level developments and the implementation of language courses. Moreover, in 2013 and 2014 student services will continue to be provided for students of higher education financed from EU funds (ESF) (career consulting and tutorial activities) to help students obtain their degrees within the shortest possible time.

Measures intended to enhance the development of high-quality higher education (53)

In the interest of providing opportunities for those with academic pursuits and recognising excellence, the ESF-funded National Excellence Programme, launched in 2012, will continue in 2013. The comprehensive grant system provides for support given to MA/MSc or PhD students of excellent performance, doctoral candidates and teacher-researchers with PhD degrees who intend to participate in national R&D programmes in Hungarian institutions of higher education.

The Act on National Higher Education introduces several types of qualification procedures, as part of which institutions of higher education may be awarded priority or research status, and may be eligible for additional funding on the basis of certain target tasks. In the qualification period from 2013 to 2016, 3 universities were granted the status of priority institution of higher education and research university, 3 universities were granted the status of research university, 1 university was granted the status of priority institution of higher education, 4 university faculties were granted the status of research faculty, and 2 colleges were granted the status of college of applied sciences.

Detailed information on the measures presented above and further measures (51, Provision of non-formal and informal forms and programmes of learning that support the attainment of the objectives of public education, especially to prevent early school dropout and to bridge social and regional gaps), is included in the summary table of Annex 1.

III.5. Social inclusion

According to the statistics available, 3.05 million people live in poverty or social exclusion in Hungary (2011). This ratio (31 per cent among the total population), is higher than the EU average, as well as among the higher ones of the East- Central European Member States. Poverty risks affect mainly children, those living in disadvantaged regions, and a high share of the Roma population (ca. 500 to 600 thousand out of the estimated 750,000 people) - most of whom live in extreme poverty. In Hungary the economic crisis and the austerity measures have negatively affected those living below the poverty line. Therefore it is an important objective of the Hungarian Government to improve the situation of these people so that they – given the country’s financial situation – may have access to a fair share of the wealth produced by the economy.

The last ten years have seen an increase in migration intensity from rural to urban areas. If the present trends persist, the social situation will deteriorate in all rural regions of Hungary: the age structure of the active population will change, the rate of the active population and the level of education will decline, consequently the share of persons entitled to social benefits and services will rise.

In respect to the poverty target of the Europe 2020 Strategy, Hungary aims to reduce the level of poverty amongst families with children, the number of people living in severe material deprivation and the number of people living in households with low work-intensity by 20 per cent each by 2020. Taking the relevant overlaps into consideration, the population covered by these three indicators adds up to 450 thousand people who shall be elevated from poverty.

In 2008 the number of people living in poverty or social exclusion was 2.83 million. Based on more recent statistical data, this number has been rising in 2009, 2010 and 2011 (by approximately 220,000 in total) as a result of the economic crisis, growing unemployment and the negative effects of the austerity measures on low-income people. As indicated by the detailed statistics, the rate of those living in severe material deprivation (the indicator best reflecting the extent of absolute poverty) has deteriorated substantially. The relative poverty rate of families with children increased only slightly, while the share of individuals living in households of low work-intensity has barely changed. Breaking down the three indicators into age groups, it can be concluded that the indicators worsened primarily amongst children. In the light of data available since 2008 and the presently known trends (the short-term social effects of the fiscal austerity measures and structural reforms), the number of people living in poverty or social exclusion is not expected to have improved in 2012 either. The share of individuals living in severe material deprivation may decrease as a result of the country’s general economic performance and accelerated economic growth. Meanwhile the rate of individuals living in low work-intensity households may decline along the lines of increase in employment levels.

The Hungarian Government promotes the reduction in the number of those living in poverty through complex programmes and with integrated regional programmes and programmes for equal

opportunities focussing on disadvantaged regions, additional to comprehensive measures of economic and social policy.

The Government adopted the National Social Inclusion Strategy in December 2011. The implementation of the Strategy rests on three-year governmental action plans. To ensure the efficient implementation of the National Social Inclusion Strategy, a monitoring system was set up. A new set of indicators of the National Social Inclusion Strategy was developed and is being collected by the National Regional Development and Spatial Planning Information System (TEIR) operated by VÁTI (a Hungarian institute for Regional Development and Town Planning). The operational working group, which coordinates the monitoring of the measures, started its work in the autumn of 2012. The implementation report on the first full year will be prepared by the end of May 2013.

Reversal of processes of territorial exclusion (54)

10-12 Hungarian towns, building on the creativity, intellectual and social capacity of local communities and applying an innovative approach, will elaborate a local development plan to offset the negative economic and social trends, within the framework of a model programme (which is funded from the European Social Fund). The local community and social capacity required for its implementation shall be developed.

Implementing local programmes for equal opportunities and establishing regional cooperation (57)

Within the framework of this measure, three EU-financed programmes will be launched and executed in 2013 and 2014. Developing a unified policy of social inclusion, enhancing the social inclusion policy tools, and a modelling of local cooperation development in the public services, based on the principle of equal opportunities are the main objective of the programmes.

According to the provisions of Act CXXV of 2003 on Equal Treatment and Promotion of Equal Opportunities, as of 1 July 2013 local municipalities will be eligible for grant support, if they have an existing local programme for equal opportunities. The priority project "Capacity building of the regional policy based on the principle of equal opportunities" offers assistance in the preparation of programmes by running a mentor network.

The grant scheme "The introduction of programmes for regional cooperation at local municipalities in the convergence regions" offers support to micro-regional level cooperation, which is indispensable for the efficient implementation of the local municipalities' programme for equal opportunities and are implemented in partnerships, with the involvement of NGOs and church organizations.

Implementing complex programmes of segregated slums, including the provision of humane and housing factors. Developing of a housing strategy, supporting the further developments linked to programmes for segregated settlements (55)

Within the framework of this measure, the implementation of the human service component of the complex programmes for segregated slums, announced in 2012 and supported by the European Social Fund, is in progress. In 2013 this will be supported by a programme, aims to improve the housing conditions, promoting the mobilization and inclusion of target group with individual development plan and supported by social work. A housing strategy linked to the segregated settlements will be prepared in 2013, to set up the measures to be taken after 2014. To eliminate those housing facilities in disadvantaged Roma neighbourhoods which are hardly suitable for human accommodation – and, in certain cases, to rehabilitate them, taking the individual conditions into account – a comprehensive long-term strategy and a related action plan will be developed, which (on the basis of previous experience and in consideration of the Hungarian and international legislative environment) will create the framework of successful implementation.

Preventing disadvantaged children and children with multiple disadvantages, including Roma children, from early school-leaving (56, 59)

As this measure is closely related to the objective of combating early school-leaving (specified in Section III.4, Education), the section below offers a combined presentation.

This complex measure, co-financed by Hungary and the EU, serves to promote success at school for disadvantaged children and children with multiple disadvantages, also inclusive education, thus improving their chances of continuing their studies and reducing the risk of dropping out. The goal is facilitated by skills development and integration preparation, supporting disadvantaged children and pupils with multiple disadvantages, of which three main pillars are the methodological renewal, the legislative anti-discriminatory elements and the introduction of financial incentives.

Targeted programmes (Arany János programmes, alternative learning facilities programme) and scholarships ("Útravaló" or "Provisions") will continue in 2013, to promote a smooth transition to secondary education institutions and to alleviate the financial burdens of the successful continuation of studies. The objectives of the equal opportunities sub-programmes of Útravaló Scholarship Programme (Road to secondary School, Road to final examinations, Road to a qualification, Road to science) are to promote the access of disadvantaged students to secondary education, success in secondary education studies, acquirement of vocational qualification, and to assist the initiation of higher education studies of disadvantaged students through the mentor system and with scholarship grants. At least 50 per cent of those participating in the programme are of Roma origin.

Early kindergarten care is promoted by a financial support to ensure equal opportunities – under its common name, the "integrated pedagogical programme" (IPR) – which is focused on the child's transition to school, where successful studies is viable, given that the school established the environment and the pedagogical approach, that enables children with social disadvantages to find their footing. At schools, IPR offers incentives and aid for maintaining institutions and teachers. The Arany János Talent Fostering Programme offers aid for talented disadvantaged students. Its objective is to offer opportunities and talent fostering for those social groups whose members would not have access to institutions of higher education without such help. The objective of Arany János Talent Fostering Boarding Facility Programme for Disadvantaged Students is to offer the opportunity to learn a profession in demand for the multiply disadvantaged young people who, without participating in the programme, would most probably fail to acquire vocational qualification. In 2013, with the use of EU funds, Tanoda programmes (alternative learning facilities programmes) will continue with the involvement of NGOs and church organizations. The objective of the Tanoda programmes is to contribute to the enhancement of the school performance of the target group and to improve their future labour market chances. Finally, the "Second Chance" programmes function as a corrective measure to remedy early school-leaving. The purpose of these programmes is to help young people beyond the compulsory school attendance age, who dropped out of the school system without secondary qualifications, to obtain secondary qualifications and to reduce school failure and frustration through the introduction of new, personalised methods assisting learning. In response to the measures listed above, the conditions of education in disadvantaged regions will improve, which will have a positive impact on the school progress of disadvantaged children.

The micro-regional child programmes to be implemented in the period from 2012 to 2014 help approximately 20,000 young people living in extreme poverty. The programmes include healthcare, community, leisure-time programmes and programmes promoting better school performance, as well as the Sure Start Children Centres (in 2013, 48 centres operate in the most disadvantaged micro-regions of Hungary). In Children Centres, operating as a part of complex programmes, experts offer help children at the earliest possible age to overcome difficulties. They help the children integrating

into kindergarten and school communities and improving their school performance, as well as offering practical guidance or assistance in job seeking for the parents. Local municipalities are entitled to apply for support for the Sure Start Children Centres in 2013.

The non-formal and informal learning aid programmes offered by cultural institutions, which help, among others, disadvantaged children overcome socio-cultural disadvantages and compensate disadvantages resulting from regional disparities with equal opportunities in access to cultural content, will continue.

School milk and school fruit schemes contribute to the catering of those children attending schools and kindergartens who live in extreme poverty. Another objective of the scheme is to increase the amount of vegetables, fruits and milk consumed by children in the long run, and – through changing their dietary habits – to combat overweight and obesity. The implementation of the programmes is supported by the EU.

Detailed information on the above measures is included in the summary table provided in Annex 1.

IV. The implementation of the 2012 country-specific recommendations

Within the framework of the European Semester and on the basis of the national reform programmes and convergence programmes of 2012, on 10 July 2012 the Council of the European Union adopted the annual country-specific recommendations and opinions for the 27 Member States and for the euro zone. Similarly to most countries, Hungary received 7 recommendations focusing on improvements on the fields of employment, the tax system, education, energy price regulation, the independence of the energy authority, and the entrepreneurial and regulatory environment. Moreover, the recommendations include the implementation of the National Social Inclusion Strategy in policies and the improvement of the efficiency of public transport. For all countries, the first two recommendations pertain to the general government deficit and the central budget.

The country specific recommendations offered to Hungary are consistent with the main objectives of the 2012 National Reform Programme, and therefore the implementation of the measures planned as part of the National Reform Programme broadly represents an adequate governmental response also to the country specific recommendations. For the majority of the recommendations, Hungary has started implementation or has developed plans for implementation. In the following, we shall briefly summarise the measures Hungary has adopted in response to the country specific recommendations. Most of these measures are also featured in the 2012 National Reform Programme; however, there are additional measures in the Programme.

IV.1. The reduction of budget deficit

The Council of the European Union identified the following recommendation for Hungary with respect to the reduction of the general government deficit.

In 2012 [Hungary is recommended to] correct the excessive deficit in a durable manner, by implementing the 2012 budget and the subsequently approved consolidation measures, while reducing the reliance on one-off measures. Thereafter, specify all structural measures necessary to ensure a durable correction of the excessive deficit and to make sufficient progress towards the MTO, including meeting the expenditure benchmark, and ensure sufficient progress towards compliance with the debt reduction benchmark. Also to help mitigate the accumulated macroeconomic imbalances, put the public debt ratio on a firm downward path.

In the first data set which was sent to the Eurostat, the Hungarian Central Statistics Office has recorded a general government balance which was more favourable than the target set in the previous convergence programme and in the 2012 autumn forecast: the general government deficit was only 2% of GDP according to the EDP methodology. According to the data, general government debt was 79.2% of GDP at the end of 2012 while it was 81.4% at the end of 2011. The general government debt rate – in accordance with the debt-reduction targets – will decrease and the general government deficit will remain under 3% of GDP in the next years. The 2013 Convergence Programme plans with general government deficits of 2.7% of GDP in 2013 and 2014, 2.2% in 2015 and 1.3% in 2016.

The measures promoting the reduction of general government deficit are presented in detail in the Convergence Programme

IV.2. Budgetary frameworks

In addition to the reduction of the general government deficit, a separate recommendation is aimed at the necessity of creating a new fiscal governance framework.

[Hungary is recommended to] revise the cardinal law on economic stability by putting the new numerical rules into a binding medium-term budgetary framework. Continue to broaden the analytical remit of the Fiscal Council, with a view to increasing the transparency of public finances.

The debt reduction rule identified in the law on Hungary's economic stability, which constrains the possible annual growth of the nominal general government debt to the difference of the planned inflation and one half of the planned (real) GDP growth, is simple, it ensures the continuous reduction of the general government debt in relation to the gross domestic product in the event of a positive economic growth (until the attainment of the 50 per cent threshold) and also contains anti-cyclical elements as it automatically has regard for the stipulation of the Fundamental Law on the basis of which, in the event of a long-term and significant economic decline, debt reduction may be suspended. Both the 50 per cent debt brake laid down in the Fundamental Law and the rule prescribed in the Act on Hungary's Economic Stability ensuring the attainment thereof are fundamentally more stringent than the EU's debt rule. The Government monitors the observance of the debt reduction rule semi-annually and if it detects any discrepancy, initiates an amendment to the budget.

On 24 September 2012, the Parliament adopted the Act on the Amendment of Act CXCV of 2011 on Hungary's Economic Stability (HES). Primarily, the amendment broadens **the scope of authority of the Fiscal Council (FC)** and specifies the details of some provisions on the Council's operation. The amendment was adopted after consultations with the FC members and on the basis of their consent.

The provisions of Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States are required to be transposed to Hungary's national law by 31 December 2013. The coordination of the legislative alignment provided by the Directive has started. In the framework of **the transposition of the Directive**, in the second half of 2012 a new public accounting system was set up. It will enter into force in 2014 (Gov. Decree No. 4/2013 (I.11)). The new system will be able to manage cash based accounting and accrual based accounting with regard to all public finances within a single system; in addition, a transparent and unified economic and functional classification (COFOG) will be introduced.

IV.3. Alleviating the impact of the tax reform on low-income earners, enhancing the labour market participation of women

The Council of the European Union identified the following recommendation for participation enhancement in the labour market.

[Hungary is recommended to] make the taxation of labour more employment-friendly by alleviating the impact of the 2011 and 2012 tax changes on low earners in a sustainable, budget-neutral manner, for example by shifting part of the tax burden to energy taxes and recurrent taxes on property. Strengthen measures to encourage women's participation in the labour market by expanding childcare and pre-school facilities.

From 2011 Hungary has commenced the transformation of the tax system by reducing the tax burden on labour and increasing the role of consumption and purchase taxes.

Within the framework of the transformation of the tax system, the proportional, flat-rate personal income tax extended by tax allowance for families improved the taxation position of individuals working and raising children, acknowledging the cost of having children. From 2012 an Act stabilizes the financial situation of individuals with lower income and the employer implementing a wage increase to maintain the financial situation of its employees receives compensation. Wage compensation is also available in 2013.

From 2013 a significant step in the transformation of the personal income tax system is the termination of the so-called tax-base addition; as the joint consequence of the 2012 and 2013 measures, all individuals will see an improvement in their financial situation. 2013 will also see the termination of the upper limit of pension contributions, and citizens with higher income will have to pay higher taxes even if tax-base addition is terminated.

Within the framework of the Job Protection Act, from 2013 employers are entitled to a social contribution tax allowance and a discount on vocation contribution for the preservation of jobs and the expansion of employment of disadvantaged job seekers (under the age of 25, above the age of 55, those returning from child care, those without qualification, permanent job seekers). On a national level employers benefited from the tax relief on social contribution introduced within the framework of the Job Protection Act, which meant HUF 8.1bn after 615,000 individuals in January, and a total of HUF 9.7bn after 653,000 individuals in February; the number of those benefiting from the tax relief is expected to further increase in the rest of the year. *For more details, see the chapter of the Convergence Programme on the transformation of the taxation of labour incomes.*

All in all, the tax level on labour decreased further in 2013 as the consequence of the transformation of the tax system, which thus has become more "employment-friendly" and promotes employment more, in line with the recommendation.

Within the framework of the tax system transformation, the tax on labour decreased resulting in a loss of revenue which may be supplemented by the increase of consumption and purchase taxes and the introduction of more and newer consumption and purchase taxes, while the tax system now reflects the consideration of environmental and health aspects to a larger extent (the amount of excise duty on alcohol and tobacco has been increased, and the products subject to public health product taxation has been defined). In July 2012 Hungary introduced the telecommunications tax as a new turnover tax, which is set at HUF 2 (0.67 cent) per minute or text/multimedia message. From 2013 the financial transaction tax has been introduced on financial flows, which is set at 0.3

thousandths per cash withdrawal, and at 0.2 thousandths per transfer or comparable financial transaction.

The role of property-type taxes becomes more decisive from 2013 in accordance with the transformation of the tax system. The tax on public utility lines has been introduced in 2013 together with insurance tax referring to property insurance premiums and consequently, partly belonging to property-type taxes. Within the framework of the transformation of the tax system, no general tax has been imposed on real estates, taking special Hungarian characteristics into consideration.

In Hungary, contrary to Western European and European practice, the majority of homes (90%) are private property and typically are in the possession of the residents. Many times the only personal property of the individual is his/her home. Due to their nature, general property-type taxes cannot make a connection between the tax-base as property and the taxable income, e.g. pension, or the connection would challenge tax efficiency, neither are they able to consider the fact that the property may serve as financial guarantee. Therefore, the introduction of a general property tax not properly reflecting income conditions entails serious moral and economic (real estate, mortgage, and other) risks in Hungary. In addition, in this context it is important to see that in the Hungarian tax system there have been other types of property taxes on buildings, lots, and the individuals' municipal tax as local taxes, in consideration of the above-mentioned special features, providing income for the local governments since 1991. If the general property tax was introduced on real estates, the income of local governments would decrease by HUF 126bn, as the result of exclusion of double taxation.

The implementation of the measures described in the National Reform Programme aimed at **encouraging women's participation in the labour market** is ongoing, mainly financed from EU funds (by expanding pre-school facilities, the popularization of flexible employment types, etc.).

- to support the creation of alternative day childcare services; to create day childcare services for companies and institutions (SoROP 2.4.5.);
- to expand day childcare facilities for children under the age of 3 years, to expand pre-school facilities;
- to improve reconciliation of work and family life, promote flexible forms of employment and local innovative initiatives that improve such flexibility (SoROP 2.4.5);
- to strengthen the active labour market programmes to promote the employment of disadvantaged persons, including parents with small children.
- to strengthen decentralized active labour market programmes to promote the employment of disadvantaged persons, including parents with small children (between May 2011 and December 2012, approx. 30 thousand disadvantaged women have been involved in these active labour market programmes).
- In 2012, 56 thousand disadvantaged persons, including 30.7 thousand disadvantaged women, have been employed within the framework of the START Bonus programme (providing 27 percentage point social contribution tax allowance for the employers). From 2013 this allowance has been implemented in the tax system within the framework of the Job Protection Act, and has been expanded over to more disadvantaged groups. In the framework of the Job Protection Act – to encourage the participation of parents with small children in the labour market – the social security contribution was decreased as of 1 January 2013. For employees returning to or finding another job after the period of the payment of childcare fee, or during or after the period of the payment of childcare benefit and child-raising allowance, the rate of the contributions (social contribution tax and vocational contribution) paid by the employer on the basis of the gross wages is 0 per cent in the first two years of employment (instead of 28.5%) and 14 per cent in the third year (instead of 28.5

per cent) in case of a full-time job with a maximum wage of HUF 100,000 (in case of a part-time job, the maximum wage is calculated in proportion to the hours of work). (For details of the Job Protection Act, see the section on the measures aiming to reach the employment-related targets.)

IV.4. Active labour market policies, mobilisation of disadvantaged groups

The Council's recommendation below serves to tackle bottlenecks on the labour market.

[Hungary is recommended to] strengthen the capacity of the Public Employment Service to increase the quality and effectiveness of training, job search assistance and individualised services, with particular regard for disadvantaged groups. Strengthen the activation element in the public work scheme through effective training and job search assistance. Implement the National Roma Integration Strategy, and mainstream it with other policies.

In the period between February 2009 and July 2012, the Hungarian Labour Inspectorate implemented a priority project of almost HUF 8 billion **to modernize the National Employment Service**. A part of the development was the employment of Roma employment organizers. As a result of their work, the rate of Roma people participating in active labour market programmes has grown significantly. In the next phase of development (from autumn 2012 onwards), another priority project of HUF 3 billion helps to adapt the toolkit of the National Employment Service to the current needs of the disadvantaged unemployed persons, the labour market actors and the clients. In addition, the second phase of a priority project, aimed at the content-related and methodological development of the career orientation system is being implemented.

In the period between May 2011 and April 2015, **decentralized labour market programmes are being implemented** at the National Employment Service, with a frame amount of HUF 113 billion (increased several times) to promote the employment of disadvantaged persons. The implementation staff financed within the framework of these projects work for the NES. Within the framework of the measures, people with low qualification or non-marketable qualification, career starters, people above 50 years of age, people returning to the labour market after a period of receiving child care fee, child care benefit or care allowance, people receiving unemployment benefits or threatened by permanent unemployment (a total of 116,000 job seekers) receive complex, tailor-made support and service package to gain or regain competitiveness in the labour market. The project emphasizes the importance of offering the people involved trainings demanded on the labour market and tailor-made service before receiving wage-type benefits.

To ensure **the training of persons in public work and of low-skilled persons**, 3 training programmes were launched for persons in public employment working in the agricultural programme element of the micro-regional START work model programmes. The programmes were launched in September 2012 within the framework of the SoROP programme 2.1.6 "I learn again" and financed by the European Union. In 2012, the agricultural training of more than 9,300 persons started; the trainings will finish in 2013. Financed from the same funds, professional trainings related to the national public employment programmes may be organized if required. Altogether, 13,000 persons are expected to participate in the supported training programmes.

The Government adopted **the National Social Inclusion Strategy** in December 2011. By the end of May 2012, the first report on the implementation of the Strategy was submitted to the Government. To guarantee the efficient implementation of the National Social Inclusion Strategy, a monitoring

system was set up to follow up the development of the programmes, the indicator system of the National Social Inclusion Strategy was set up and is being uploaded to the National Regional Development and Spatial Planning Information System (NSPIS) operated by VÁTI Hungarian Non-profit Limited Liability Company for Regional Development and Town Planning, and the operational working group coordinating the monitoring of the implementation of the measures started its work in autumn.

IV.5. Improvement of the business environment

[Hungary is recommended to] implement measures envisaged to reduce the administrative burden. Ensure that public procurement and the legislative process support market competition and ensure a stable regulatory and business-friendly environment for financial and non-financial enterprises, including foreign direct investors. Reduce tax compliance costs and establish a stable, lawful and non-distortive framework for corporate taxation. Remove unjustifiable restrictions on the establishment of large-scale retail premises. Provide specific well-targeted incentive schemes to support innovative SMEs in the new innovation strategy.

The objective of **the Simplification Programme adopted to reduce the administrative burden of citizens** is to simplify administration with regard to 228 procedures in a manner discernible for citizens. Since April 2012 all procedures involved in the programme have been reviewed. The Government adopted legislative amendments aimed at simplification or management orders were made in case of 215 procedures. By 31 December 2012, the reduction of administrative burdens was implemented in 14+1 areas:

- Taxation;
- Citizenship, immigration;
- Family, children;
- Healthcare benefits;
- Death, inheritance;
- Marriage;
- Issues related to real estate;
- Public education, higher education;
- Issues related to road transport;
- Agriculture-related issues;
- Employment, unemployment benefits;
- Pension-related issues;
- Documents, official certificates;
- Social benefits;
- Horizontal issue (specimen signature)

The actual degree of the reduction of administrative burdens will be defined by the end of the programme on 30 April 2013.

The implementation of the medium-term governmental programmes aimed at the reduction of the administrative burden on enterprises is ongoing ("Cutting Red Tape"); the programme was adopted by the Government in November 2011. The programme includes 114 concrete measures in ten intervention areas which reduce the administrative burden on enterprises by HUF 500 billion. The programme terminates in 2014 yet the implementation deadlines of most measures are in 2012 and 2013. So far, the Government has approved 93 measures as complete. Taking into account the effect of other measures aimed at the reduction of administrative burdens on enterprises and implemented before the launch of the Cutting Red Tape programme (the effects are of an estimated

value of HUF 50-60 billion), it is estimated that the value of the total burden reduction that can be achieved by the end of 2012 is HUF 190-250 billion, which roughly equals to 25 per cent of the original burden level (an estimated HUF 800-850 billion).

Act CVIII of 2011 on Public Procurement (new PPA) entered into force on 1 January 2012. With the entry into force of the new PPA and the implementing regulations a stable, transparent and reliable legislative system on public procurement was created. The new PPA falls in line with the EU directives on public procurement in all respects, and contains provisions that embed the relevant case law of the European Court of Justice in the legislation. A primary objective of the new PPA and its implementing regulations is to make it easier for enterprises to participate in public procurement procedures and thus to enhance competition. To this end, the new regulations have simplified the certification of eligibility, and reduced the obligations related to the documents to be submitted in public procurement procedures (for instance, the obligation of the certification of subcontractors has been lifted; in an increasing number of cases, paper-based certificates were substituted with electronic registers; notarization is no longer necessary if the chamber performs the required task; and if the tenderer offers a responsible translation, no certified translation is needed). To influence the practice of contractors, the Ministry of National Development has published directives on the reduction of the tenderers' burden. To guide and assist practices, the Ministry of National Development organizes professional forums where, among others, the regulations aimed at the reduction of administrative burden are presented.

Overall, **the modifications of the taxation system introduced in autumn 2012** reduce the administrative burden of enterprises. These modifications include the introduction of the specific tax of small tax-paying enterprises and the tax of small enterprises. The small taxpayers' new itemised lump-sum tax replaces the small tax-payer's corporate tax, personal income tax, allowances, social contribution tax and vocational contribution. This tax substantially eases taxation primarily for enterprises providing service to individual clients (e.g. for mechanics, taxi drivers, hairdressers). The small enterprise tax replaces several taxes (social contribution tax, vocation contribution, and corporate tax) and is primarily open for micro, small and medium enterprises with not more than 25 employees and with a balance and annual sales revenue of max HUF 500 million. The tax base is determined by the sum of the enterprises accrual based profit and the amount of wage costs of employees; the flat tax rate is 16%. This flat tax rate helps to create an employment-friendly environment for enterprises and is also favourable for enterprises implementing major investments.

Regulations on the establishment of large-scale retail premises targets the settlement of conflict between the different interests of environmental protection and sustainable development, on the one hand, and commerce, on the other, by the reduction of environmental impact generated by busy facilities and the promotion of sustainable development. As the majority of areas affected by massive environmental impact mostly coincide with commercially well-supplied, concentrated regions, exactly because these commercial facilities have so great environmental impact, the general prohibition temporarily introduced by the regulation is at the service of both commerce as well as sustainability and environment protection through preventing the establishment of retail shops creating and maintaining considerable environmental impact in areas with good commercial services. This objective may not be reached by other, less restrictive measures as prohibition serves preventive purposes. Commercial activity may have such an impact on the environment or may lead to the introduction of such practice that cannot be reversed by repressive measures taken after controls by environmental protection authorities. In terms of environmental protection, no solution may offer an alternative to preventive mechanisms as environmental authorities could take only subsequent controls too late to be really effective.

The elimination of regulation as an immediate action is, however not justified as the regulation is only temporary and the general prohibition expires on 31 December 2014. This transitional period

has been defined exactly to allow the Government to develop those environmental protection, transport, rural development and consumer protection aspects based on preliminary drafts until the defined date which will be included in the construction authority procedures so that the current sustainability objectives of the regulations could be promoted in the future.

The National Research Development and Innovation Strategy (2013-2020) is intended to enhance corporate R&D activity. The social consultation on the strategy terminated at the end of 2012; presently, the opinions submitted are being processed. The Government is expected to receive the Strategy in the first quarter of 2013. The main objectives of the Strategy include to increase the ratio of R&D spending to t 1.8 per cent of GDP by 2020 (in conformity with the relevant national objective) and to ensure that within spending on R&D the ratio of corporate spending reach 2/3 (BERD). Falling in line with these objectives, the strategy specifies a significant strengthening of Hungary's R&D basis (particularly, corporate R&D), including an increase of R&D jobs; the development of new, fast-growing small and medium R&D enterprises; and the strengthening of top-ranking scientific teams which actively participate in international cooperation.

IV.6 Decreasing early school-leaving, higher education

Prepare and implement a national strategy on early school-leaving by ensuring adequate financing. Ensure that the implementation of the higher education reform improves access to education for disadvantaged groups.

The **strategy targeted on early school leavers** is under preparation. The major elements of the strategy are expected to be based on the objectives specified in NRP, that is – falling in line with the policy recommendations of the Council aimed to decrease the rate of early school-leavers –, they focus on the three levels of counteracting drop-out: prevention, intervention and compensation.

The improvement of the quality, efficiency and effectiveness of public education, including the level of qualifications acquired in order to improve employment, broadening access to quality education and improving the chances of students through public education are primary objectives. Achieving the aims of the strategy will be supported, among others, by measures like broadening education for small children, strengthening basic competences to improve higher education statistics and to reduce early school leaving, organizing education aiming at promoting success in school (support measures for student groups that require special attention from teachers, modern teaching methods), correction measures (Bridge and "Second Chance" programmes), and ensuring non-formal and informal forms of learning and programmes offered by cultural institutions.

Access of disadvantaged groups to higher education: The scholarship grant support and self-financing support programme "**A Road to Higher Education**" contributes to the commencement of higher education studies for disadvantaged and multiply disadvantaged – in particular, Roma – students; furthermore, multiply disadvantaged applicants, applicants with disabilities and applicants receiving child care benefit are given priority in the course of the application procedure, and a Mentor Programme assists them in their studies and life. The system of extra scores given to disadvantaged applicants will be maintained in an unmodified form.

IV.7 Public transport, energy control, energy network

Reform the public transport system to make it more cost efficient. Increase the cross-border capacities of the electricity network, ensure the independence of the energy regulator and gradually abolish regulated energy prices.

The reform of the public transport system aiming at enhanced cost efficiency includes the introduction of an electronic road toll system, an overview of the efficiency of public transport schedules, the elimination of duplications, the creation of a more cost efficient and simpler organization of transport companies and the reform of the fare system. The Parliament adopted the act on passenger transport services which provides the legislative background for a unified regulation of public transport and for the creation of an efficient organizational structure of transport service providers with state ownership. The act entered into force on 1 July 2012. The Passenger Transport Act created a new legal basis for discounts and a new framework for the financing of transport preferences. Discounts offered on social basis, however, can only be reviewed gradually due to social and transport policy reasons. From April 2012 the changing railway timetables reduced the number of trains by 13% (an 8% decrease in train km). In the case of Volán, the reduction of the number of 24 regional companies to 7 is currently in progress.

Presently, in Hungary – as in most Central European countries – wholesale energy prices, and especially gas prices, are considerably higher than in Western Europe. To strengthen social security, in February 2011 the Government initiated the freezing of overhead prices (natural gas, electricity, district heating) in the Széll Kálmán Plan. In our opinion, the gradual elimination of the regulated consumer prices provided for small and medium enterprises will be possible only later, after the full European price convergence is achieved with the implementation of a single internal energy market and when the operation of proper cross-border capacity starts.

As a result of the reform of the Hungarian Energy Office the Hungarian Office of Energy Management and Public Utility Regulation was set up as an office with legislative powers. According to the relevant law, the president of the Office issues the organisational and procedural rules of the Office. The Office's duties may only be determined by legal regulation; its budget forms a separate title within the Parliament Chapter. The Office continues to fulfil the official supervision and in part the operating regulation of fixed line energy supplying activities (gas, electricity and district heating).

In conformity with the presidency conclusions adopted at the European Council meeting of 15-16 March 2002 in Barcelona, **the total cross border interconnection capacity** of a member state must be at least 10 per cent of the member states' domestic built-in production capacity. In Hungary, the total capacity of cross-border lines is 30 per cent of the total built-in production capacity, and its grid is connected to those of the neighbouring countries with the exception of Slovenia. Hungary takes an active part in regional market integration processes.

V. Accordance between the National Reform Programme and the planning of the programming period 2014-2020

In autumn 2012 Hungary started to draft the main strategic programmes of the programming period 2014-2020. As the eleven thematic objectives of the cohesion and rural development policies represent the priority objectives of the Europe 2020 Strategy, the proposals for regulations for the new period establish a close relationship between the Europe 2020 objectives and the thematic objectives of structural policy. The national reform programmes and the related country-specific recommendations form a part of the preparation of the Partnership Agreement. Therefore, it is of paramount importance for Hungary to ensure that the drafting and implementation of the National Reform Programme make an authentic contribution to establishing the planning of the next programming period.

In this context, Hungary is planning the Partnership Agreement and drafting the operational programmes in accordance with the Europe 2020 targets, taking the measures of the National Reform Programme and the country-specific recommendations into consideration.

The European Union structural funds available in the period between 2014 -2020 must be used for strengthening the growth potential of the Hungarian economy. In accordance with this fact, the Partnership Agreement specifies sustainable growth based on the production of high added value and on the extension of employment as a comprehensive development objective of highest priority.

This comprehensive objective includes the five specific development priorities below:

1. *Improving the competitiveness and global performance of the business sector*

Priority 1 promotes the implementation of the objective of smart growth defined in Europe 2020 Strategy. Related developments contribute to the national commitment defined in the National Reform Programme (NRP) according to which the share of Hungarian R&D&I activities to Hungary's GDP will be increased to 1.8 per cent.

2. *Increasing the level of employment through economic development, employment, education and social inclusion policies, taking account of territorial disparities*

Within the framework of this priority, we intend to improve activity rate by promoting employment among groups in a disadvantaged labour market position and with a low rate of labour market activity (including low-skilled workers, employees, the Roma, parents with small children and disabled persons), to improve their employability and assist them in finding job. Special attention is paid to young persons. Public employment, the support of social cooperatives and the factors related to additional training and to assistance in job seeking contribute to the re-entry of low-skilled, long-term unemployed persons to the labour market.

Priority 2 promotes the implementation of the objective of smart and inclusive growth defined in Europe 2020 Strategy. The development measures taken along this development priority promote the achievement of 75 per cent employment rate in Hungary (a commitment specified in NRP).

3. *Enhancing energy and resource efficiency*

Within the framework of this priority, special emphasis is laid on the building energetic developments in the public sector, the business sector and among the residents, and on the mitigation and prevention of the effects of climate change processes.

Priority 3 promotes the implementation of the objective of sustainable growth defined in Europe 2020 Strategy. Related developments promote the decrease of carbon dioxide emission in Hungary, the improvement of energy efficiency and renewable energy production, and the implementation of the national commitments based on these efforts and defined in the NRP (raising the rate of renewable energy consumption to 14.65 per cent; increase the energy efficiency by 10 per cent; decrease the emission of greenhouse gases by 10%).

4. *Tackling social and demographic challenges*

Severe challenges related to social inclusion hamper economic growth. For this reason, a major tool of integration is the creation of employment for disadvantaged groups and of their ability to produce income. The fastest way to achieve this is to develop public employment and social economy. In response to these challenges, the welfare system of social inclusion and the communities must be developed.

Priority 4 promotes the implementation of the objective of inclusive growth defined in Europe 2020 Strategy. The related developments contribute significantly to the implementation of the following national commitments specified in the NRP: the share of persons completed higher education qualification will be increased to 30.3 per cent within the age group of 30-34, the share of persons with maximum primary school qualification will be decreased to 10 per cent within the age group of 18-24, and the share of people living in poverty will be decreased by 5%.

5. *Local and regional development aimed at promoting economic growth*

Within the framework of development priority 5, the focus is on urban development, the improvement of the local economic potential of rural regions, the relations between urban and rural areas and urban networks. Since this priority is aimed at a horizontal regional objective, it promotes the achievement of all Europe 2020 objectives on the local level. Urban development serves economic development and employment, while the development of lagging regions also contributes to the increase of employment, social inclusion and, on the local level, to the increase of the rate of renewable energy.

Annex 1. Detailed review of measures planned within the National Reform Programme

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
Annual Growth Survey 1st Priority: Pursuing differentiated, growth-friendly fiscal consolidation (Section II.1)						
<i>The Measures are presented in the Convergence Programme.</i>						
Annual Growth Survey 2nd priority: Restoring normal lending to the economy (Section II.2)						
1. Restoring the lending activity of the financial sector	<p>The Government is searching for an optimal solution for the restoration of the lending activity of the financial sector. Owing to the increased budgetary sources and an extended product portfolio, EXIM, which was formed through the organisational integration of Hungarian Export-Import Bank Plc. (Eximbank) and Hungarian Export Credit Insurance Plc. (MEHIB), now plans to provide even more substantial financial assistance to the export-oriented SME sector, an important actor for economic growth.</p> <p>The upper limit of the total cumulative amount of the deposits accepted and credits used by Eximbank – guaranteed by the joint and several personal guarantee of the state –, of the loans used and bonds issued to obtain financing, and of the replacement costs of foreign currency transactions and interest rate swaps was increased from HUF 320 billion to HUF 1200 billion. At the same time – pursuant to existing regulation – the upper limit of the amount of loan collateral guarantees and commercial</p>	The objective is to guarantee that the measure contributes to economic growth in 2013 and after.	MNE	The measures entail budgetary expenditures: Refund of surtax on credit institutions due to SME credits and the refund of the Eximbank interest rebate.	The measures are intended to enhance the credit activity of the financial sector with regard to SME credits, retail mortgage loans and loans related to EU tenders. Furthermore, with regard to Eximbank, credit activity that covers export transactions and promotes the internationalization of the SME sector may be expected.	<ul style="list-style-type: none"> ▪ Restoring normal lending to the economy (AGS-2)

⁵ This column indicates the relevant objectives and priorities towards which the various actions are primarily directed, taking into consideration the 5 priorities formulated by AGS and the 5 objectives of the Europe 2020 Strategy

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>guarantees offered by Eximbank and guaranteed by the joint and several personal guarantee of the state was increased from HUF 80 billion to HUF 350 billion.</p> <p>The new product portfolio is characterized by a minimised set of administrative requirements and – with financing, guarantee and insurance schemes – covers all main processes relating to foreign trade contracts.</p> <p>As a result of a legislative amendment, Eximbank's activity will be extended to supplier transactions, investments aimed at exports and activities directed at foreign investments in Hungary. Furthermore, the legislative change provided the basis for insuring supplier transactions and investments aimed at exports.</p>					
2. Funding for Growth Scheme	<p>On 4 April 2013 the central bank of Hungary (MNB) launched its Funding for Growth Scheme. The scheme primarily aims to improve the financing situation of SMEs through preferential central bank financing, since this is crucial for the protection and expansion of production capacities and jobs. Furthermore, the Funding for Growth Scheme aims to mitigate external vulnerability of the Hungarian economy which also enables the MNB to reduce its interest costs.</p> <p><i>1. Preferential MNB refinancing loan to promote HUF-denominated lending to the SME sector</i> The MNB has initiated, with the involvement of credit institutions, a Funding for Growth Scheme which provides refinancing credit to commercial banks at preferential interest rates for a limited period and to a limited extent. The scheme has a budget of HUF 250 billion and the interest rate on the MNB loan is set at 0%. The instrument will</p>		MNB	<p><i>1. Preferential MNB refinancing loan to promote HUF-denominated lending to the SME sector:</i> Scheme budget: HUF 250 billion</p> <p><i>2. Preferential MNB refinancing loan to convert SME fx loans to HUF-denominated loans:</i> Scheme budget: HUF 250 billion</p> <p><i>3. Reduction of the vulnerability of the economy and related interest costs:</i> Short-term external</p>	Financing conditions of SMEs will improve, external vulnerability of the economy will be mitigated, MNB interest costs will decrease.	<ul style="list-style-type: none"> Restoring normal lending to the economy (AGS-2)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>be sterilised through the MNB's two-week bonds. Credit institutions intending to participate in the programme have to provide the preferential MNB loan to SMEs with a fixed interest margin. The MNB intends to set this fixed margin at 2 percentage points so that the interest rate of enterprise loan would be capped at 2%. This objective may require the involvement of guarantee programmes as well. This and further details of the programme is currently subject to negotiations between the MNB and credit institutions.</p> <p><i>2. Preferential MNB refinancing loan to convert SME FX loans to HUF-denominated loans:</i> Also relying on credit institutions, MNB wishes to provide refinancing credit to indebted SMEs at preferential interest rates for a limited period and to a limited extent, with the aim to convert their outstanding FX loans to HUF-denominated loans. The scheme has a budget of HUF 250 billion and interest rate on the MNB loan is set at 0%. Other terms of the programme, including the fixed amount and targeted nature of the interest margin, are identical to the terms described in the previous point of the programme. The maximum amount of preferential refinancing loan that may be provided under this scheme is also limited: it is capped at 15% of outstanding FX loans provided by Hungarian banks to SMEs.</p> <p>In order to prevent the conversion of debt of FX loan holders from causing any volatility in the HUF exchange rate, MNB will follow the procedure that was efficiently used during the full repayment of retail FX loans: it finances the conversion by providing foreign currency funds to credit institutions at market price from the foreign exchange reserves, under the condition</p>			<p>debt will be cut by HUF 1,000 billion, the balance sheet total of MNB will drop by HUF 900 billion (two-week bonds under "Liabilities", foreign currency reserve under "Assets"),</p>		

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>that the credit institutions undertake to use such funds to repay their short-term foreign sources.</p> <p><i>3. Reduction of the vulnerability of the economy and related interest costs</i> In collaboration with the Government and credit institutions, MNB develops a programme to reduce the vulnerability of the economy. The programme aims to reduce Hungary's external debt by HUF 1,000 billion, which will reduce the central bank's reliance on the foreign currency reserve (in compliance with the rules used so far). Parallel to this, the MNB's two-week bond portfolio will drop to HUF 3,600 billion, without endangering financial stability and the central bank's primary objectives. Under the programme, reserves compliance is ensured by the fact that the utilisation of MNB's foreign currency instrument and the amount of external debt expiring within one year shrinks by the same rate. Using a maximum of 10% of foreign currency reserves (for the purpose of mitigating the source of vulnerability for which such reserves were established) is in full compliance with the principles of managing central bank reserves, which are already accepted by financial markets. The programme would also contribute to the reduction of Hungary's gross external debt.</p>					
<p>3. Improvement of access to agricultural funding</p>	<p>1. A new modification of the New Hungary Working Capital Credit Programme for Producer Organisations is currently being negotiated with experts with the aim to extend the credit programme, which presently offers credit at preferential interest rates to producer organisations and producer groups operating in the vegetable-fruit sector and to producer</p>	<p>The Working Capital Credit Programme for the Food Processing Sector (2.) is expected to open at the end of the second quarter of 2013</p>	<p>MRD</p>	<p>1. The planned modification of the New Hungary Working Capital Credit Programme for Producer Organisations does not require direct financing from the</p>	<p>The measures are intended to meet the demand for working capital and investment-type financing in the agricultural sector with preferential schemes and thus contribute significantly to the</p>	<ul style="list-style-type: none"> ▪ Restoring normal lending to the economy (AGS-2) ▪ reforms facilitating growth (AGS-3)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>groups operating in the agricultural, forestry and fisheries sector holding qualified accreditation, therefore promoting the formation of producer organisations.</p> <p>2. Another credit scheme, which is similar to the MFB Working Capital Credit Programme for the Agricultural Sector but is open to a different group of beneficiaries, is being negotiated by experts with the aim to improve the operating conditions for food processing. This scheme will provide a budget of HUF 6 billion for business financing at preferential interest rates, subsidized from sources of the Ministry of Rural Development (MFB Working Capital Credit Programme for the Food Processing Sector).</p> <p>3. The Ministry of Rural Development has started to plan the new rural development programme for the period from 2014 to 2020; within this framework negotiations with experts have been launched on the introduction of a new preferential financing model and financial tools. Of the forms supported by the Common Strategic Framework (CSF), the co-financed credit/loan fund and capital fund will be established. We intend to disburse resources directly to micro, small and medium size enterprises, which for various reasons have been deemed not creditworthy by the banks, provided that they submit a competitive and revenue generating investment plan.</p>	<p>(in conjunction with the new modifications of the Working Capital Credit Programme for Producer Organisations referred to in Section 1). Credit contracts will be concluded until 31 December 2013.</p> <p>The financial tools referred to in Section 3 are expected to be available from 1 January 2015 onwards within the framework of the new rural development programme. Due to the fact that these are working capital funds, they may be used for the 10-year period after 2020 as well.</p> <p>The duration of preferential credit programmes is limited by the fact that relevant regulations on</p>		<p>budget.</p> <p>2. With regard to the preferential interest rates of the planned MFB Working Capital Credit Programme for the Food Processing Sector, the planned amount required from the budget is HUF 73 million in 2013 and HUF 216 million in 2014-2015. The source is the budget of the Ministry of Rural Development (in 2013, the budgetary allocation "Current expenditures and premium schemes" of Chapter 5 of Title 20 of Heading XII. "Ministry of Rural Development").</p> <p>3. The planning for the financial tools is in its initial phase; consequently, no data are available on the required sources.</p>	<p>improvement of the sector's competitiveness.</p>	

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
		agricultural state subsidies expire on 31 December 2013. They are, however, expected to be re-announced with the necessary modifications, in conformity with the regulations on agricultural state subsidies which enter into force in 2014-2015.				
Annual Growth Survey 3rd Priority: Strengthening Growth and Competitiveness (Section II.3)						
4. Phasing out of the tax base supplement	The Government defined the introduction of a proportional flat personal income tax as a priority goal. In 2011 and 2012, major steps were taken towards the establishment of a flat-rate taxation system (in 2011, the flat tax system was introduced, but the tax credit and the tax base supplement had distorting effects; in 2012, the tax base supplement continued to be applied for gross wages above HUF 202,000/month); however, an actual and effective single-rate personal income taxation system was introduced in Hungary on 1 January 2013, after the tax base supplement was phased out.	The measure was implemented by 1 January 2013.	MNE	The estimated fiscal effect of the measure is HUF - 107.2 billion.	The measure is regarded as a reform facilitating growth and competitiveness and as a measure planned to counteract the social consequences of unemployment and the financial crisis, and provides a favourable impact on employment.	<ul style="list-style-type: none"> • Strengthening Growth and Competitiveness (AGS-3) • Fighting unemployment and remediation of the social effects of the financial crisis (AGS-4)
5. The introduction of e-enterprises, an entrepreneurs' web portal and an administrative interface	Currently, a survey of the status of the electronization of procedures is carried out involving the major administrative authorities (the Hungarian Central Statistical Office, National Tax and Customs Administration, National	The technological set up of the portal for e-enterprises: 01 November 2013	MPAJ	Set up (including the set up of the entrepreneurs' portal): HUF 300 million Updating and operation: HUF 30 million/year	Enterprises will have easier access to information about their operation and administrative processes	<ul style="list-style-type: none"> • Strengthening Growth and Competitiveness (AGS-3) • modernisation of public administration

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>Development Agency, National Employment Office, National Health Insurance Fund, Central Administration of the National Pension Insurance and National Office for the Judiciary). Further tasks include the technological setup and testing of the web portal and its integration with the portal for entrepreneurs. According to the current plans, the modernization of the information obligation interface will be implemented in the framework of the information portal for entrepreneurs (which includes a PSC portal that meets EUGO criteria).</p> <p>The National Tax and Customs Administration and the Central Office for Administrative and Electronic Public Services started to examine and schedule technological options.</p> <p>Further tasks include: the definition of the content of the new portal on the basis of the list of minimum content requirements of the EUGO portal, on the basis of the content collected by administrative authorities and of the catalogue of proposed content; and the technical implementation of the portal and augmenting it with foreign-language content.</p>	<p>The testing of e-enterprise; integrating it into the portal for entrepreneurs set up in the framework of measure No. 77: 01 January 2014</p> <p>Translating content into foreign languages: 31 October 2013</p>		<p><u>EU funds:</u> The priority project EAOP – 2.1.15 “Development of the interoperable IT infrastructure of integrated customer service” covers the costs of the IT-related elements of the set up of the portal.</p> <p>The content of the portal is being created with the utilization of the official definitions and procedural descriptions that are relevant for entrepreneurs and are implemented within the framework of project SROP 1.2.7 “Organizational development of government offices”.</p>	will be simplified. The results of simplification are the reduction of administrative burden on enterprises; businesses may re-allocate the resources more efficiently. The development of a PSC portal contributes to meeting the requirements prescribed in Directive 2006/123/EC.	(AGS-5)
6. Establishing of the regulatory framework for the interoperability between governmental databases	<ul style="list-style-type: none"> • varying out an international survey of the data content of certified registers, with particular attention to the avoidance of duplications • The horizontal and vertical mapping and analysis of the existing regulation of certified registers • The creation of standards required at the legislative level in the form of new legislation. (explanatory notes, issues of data management, the set up of a body of 	<p>Examination of international practice: 30 April 2013</p> <p>Review of the current situation: 30 April 2013</p>	MPAJ	<p>HUF 50 million/year</p> <p><u>EU funds:</u> SROP 1.2.14 - The revision of legislation on authenticated registers and on the management of national data assets</p>		<ul style="list-style-type: none"> • Strengthening Growth and Competitiveness (AGS-3) • modernisation of public administration (AGS-5)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>mediators, principles and authorizations for government decrees)</p> <ul style="list-style-type: none"> • The development of an administrative concept to create the data content and data connections of authenticated registers • The performance of preliminary impact assessments with regard to various target groups • The elaboration of legislation on the coordination of registers (impact analysis, the elaboration of a proposal and the amendment of relevant sectoral laws and decrees) 	<p>Creation of legislative regulations: 03 May 2013</p> <p>Development of a detailed concept of the new regulations: 30 July 2013</p> <p>Review of the social and economic effects of the new regulations: 30 September 2013</p> <p>Submission of legal proposals: 30 September 2013</p>				
7. Development of an action plan for electronic data provision	The identification of the most frequent information obligation that make up 90% of the burden of enterprises is in progress, involving authorities (the Hungarian Central Statistical Office, National Tax and Customs Administration, National Development Agency, Hungarian Labour Inspectorate, National Health Insurance Fund, Central Administration of the National Pension Insurance and National Office for the Judiciary), which are currently developing action plans on convert to electronic information obligation.	01 April 2013	MPAJ	No financial resources are required. The implementation of the plans within the measure will require financial resources.		<ul style="list-style-type: none"> • Strengthening Growth and Competitiveness (AGS-3) • modernisation of public administration (AGS-5)
8. Simplification of qualification requirements necessary for	According to Governmental Decree 1589/2012 (17	Completion:	MNE	No additional budget resources are required.		<ul style="list-style-type: none"> • Strengthening

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
certain activities and jobs	December) on the Reasonable Simplification of Qualification Requirements, the main directions of governmental activity was outlined in the field of the simplification of qualification requirements. It also determines the principles upon which qualification requirements have to be revised, and also calls on the competent ministers to fully explore and revise regulations that include qualification requirements and to make all legislative amendments that are necessary for the simplification of qualification requirements.	01 July 2013				Growth and Competitiveness (AGS-3)
9. Developing further measures to reduce the administrative burden on enterprises	The measure will further reduce the administrative burden, with its primary focuses being the predictability of legislative practice affecting enterprises and a more efficient involvement of administrative obligations in the legislative procedure. To achieve this, in the first half of 2013 the Government will use international best practices in order to develop measures that contribute to the strengthening of legal certainty and the in-depth reform of the legislative approach.	first half of 2013	MNE	No additional budget resources are required.	The guarantees create a more predictable regulatory environment (and its changes) for businesses, while they also, maintain the information obligation burden of entrepreneurs at its current level, thus contribute to a more competitive economic and legal environment.	<ul style="list-style-type: none"> Strengthening Growth and Competitiveness (AGS-3)
10. Developing the strategy for small and medium enterprises for 2014-2020	In the new strategy, a significant part will be dedicated to the instruments targeting the growth and enhancing the growth potential of micro enterprises, besides the financial support of small and medium enterprises. The main pillars of the strategy include reinforcement of innovation potential; development of a business environment that facilitates networking and cooperation; reduction of the administrative burden; elimination of excessive regulations; easier access to finance; and overhauling of programmes based past experiences. Through creating a more	Planned date of social consultation: early May 2013 Date of the adoption of the Strategy by the Government: 30 June 2013	MNE	-	<ul style="list-style-type: none"> strengthening the growth potential of SMEs expanding employment 	<ul style="list-style-type: none"> Strengthening Growth and Competitiveness (AGS-3)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>transparent regulatory environment, more targeted assistance and information, and the improved development of entrepreneurial skills, our aim is to build a proactive and innovative Hungarian business sector that is familiar with available financial resources and is competitive in the international market. While making our efforts we will pay special attention to the European Commission's communication No. COM(2008)394 titled "Think Small First – Small Business Act for Europe", as well as to the strategic documents adopted in relation to the Small Business Act (SBA). The action plan relating to the SME Strategy will give a more institutionalized framework to the governmental coordination of the SBA. The strategy is expected to be adopted by the Government in June 2013.</p>					
<p>11. Development of broadband district networks</p>	<p>In developing nationwide broadband coverage, deficiencies and bottlenecks at the district network level (backhaul) were identified. The MND published a call for tenders which implementation will result in connecting settlements without "white" broadband service in 111 micro-regions to a backbone network of suitable capacity, thereby equipping approx. 800 settlements to have a minimum 1 Mbps connection to the local network. After the implementation, 166 micro-regions out of the 175 Hungarian micro-regions (174 + Budapest) will be connected to the national network with a minimum of 1 optical fibre cable; and 40 settlements will continue lacking optical fibre cables (population: 13,056 persons). The broadband coverage proportional to the population will be 99.86%.</p>	<p>Planned deadline for the implementation of the project: end of 2013</p>	<p>MND</p>	<p>21 billion HUF <u>EU funds:</u> EDOP 3.1.2 Development of broadband district networks</p>	<p>Access of small and medium enterprises, social equality, bridging the digital gap, job creation, teleworking as an option, the spread of e-services.</p>	<ul style="list-style-type: none"> Strengthening Growth and Competitiveness (AGS-3)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
12. Extending waste utilisation capacities	<p>System development:</p> <ul style="list-style-type: none"> • receiving used products and offering them for recycle (the creation of recycling centres); tools of city-wide clean up days that promote recycling; tools of the local community, home composting and compost use; • utilization of waste to a greater degree in order to reduce dumping <ul style="list-style-type: none"> ○ selective waste collection placing emphasis on door-to-door collection of waste and, in addition, the creation of waste collection points and yards and the creation of waste processing facilities ○ to prevent dumping of biologically degradable organic waste, the composting of selectively collected waste and/or using it for biogas production, <p>the existing processing capacities need to be developed and modernized, new processing facilities need to be constructed, and a data provision IT system capable of monitoring the processes needs to be set up.</p>	The first milestone for the measure is 31 December 2016, the deadline for the establishment of an adequate legislative background and measures. The required facilities will be constructed by 2020.	MRD	Required resources: HUF 185 billion. Applications will be submitted in the course of the 2014-2020 financial planning period. According to the plans, resources will be guaranteed by the Cohesion Fund.	The implementation of the measure has favourable effects, especially on job creation and economic recovery. With regard to environmental protection, the measure promotes recycling and, thus, sustainable raw material management.	<ul style="list-style-type: none"> • Strengthening Growth and Competitiveness (AGS-3)
Annual Growth Survey 4th Priority: Tackling unemployment and the social consequences of the crisis (Section II.4)						
<i>These measures, while also fully in accordance with the priorities of the Annual Growth Survey, are featured amongst the measures designed to serve the attainment of the targets of the Europe 2020 Strategy concerning employment and social inclusion.</i>						
13. Assistance to foreign currency loan holders	<p>Starting in July 2012 debtors paying their loans have been able to opt for servicing their debt at preferential exchange rates (exchange rate fixing), provided that they have been servicing their debt in compliance with the loan contract or have defaulted on it for a maximum of 90 days. After entering the exchange rate fixing programme, the outstanding loan is repaid at preferential exchange rates, i.e. CHF/HUF 180 for CHF-denominated loans, EUR/HUF 250 for EUR-</p>	<p>The exchange rate fixing system is open until 31 May 2013.</p> <p>Until the end of December 2012, the National Asset Management Agency had</p>	MNE	With regard to the National Asset Management Agency, the anticipated budgetary expenses are HUF 36 billion for 2013, HUF 46.3 billion for 2014 and HUF 12.1 billion for 2015.	According to the data of the Hungarian Financial Supervisory Authority, by the end of January 2013 approx. 133,000 contracts were concluded with banks, which accounts for 29% of the eligible persons. Therefore, a debt portfolio of around	<ul style="list-style-type: none"> ▪

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>denominated loans, and JPY/HUF 2.5 for JPY-denominated loans. The principal due as the difference between the preferential and the current exchange rates will be payable only after 30 June 2017, while the relevant interest will be permanently dismissed.</p> <p>Upon their request, the National Asset Management Agency is ready to purchase the real property of the most vulnerable debtors (i.e. persons with more than 180 days in arrears, with at least one child in the family who receives child protection benefits on a regular basis, and if the debtor receives active working age benefits or housing support or nursing fees or a pension or is a public employee) but guarantees that they can stay in the real property as lessees paying a discounted rent.</p>	<p>initiated the purchase of 1,970 real properties, out of which 600 purchases have already been concluded. The Agency may purchase a total of up to 25,000 real properties until the end of 2014.</p>			<p>HUF 1,000 billion is being serviced under the preferential terms.</p>	
Annual Growth Survey 5th Priority: Modernising public administration (Section II.5)						
14. Organisational development of metropolitan and county government offices and their respective district offices	<p>The organisational structure and procedures of government and district offices are to be rationalised. In addition to the ongoing reform of the regional public administration system, the operations of regional public administrative bodies operating outside government offices and their subsequent integration into the corresponding government offices are being reviewed.</p>	<p>The implementation will be ongoing in the period between 2013 and 2018. Milestones:</p> <ol style="list-style-type: none"> 1. The integration of certain regional public administrative bodies into government offices: 01 January 2015 2. The rationalisation of the operations of the metropolitan 	MPAJ	<p>For the implementation of the measure, HUF 2.5 billion is required from European Union sources.</p>	<p>The measure will contribute to a simple, more efficient, and cheaper public administration system, which has many benefits for citizens and business enterprises.</p>	<ul style="list-style-type: none"> ▪ modernising of public administration (AGS-5)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
		and county government offices: 01 January 2016 3. The rationalisation of the operations of district offices (metropolitan district offices): 01 January 2017				
15. Development of an organisational development programme	The primary goal of the organisational development programme is to apply targeted initiatives supporting public administration operations efficiency improvements. The scope of the project is to define performance and process management methods – and supporting methods of change, project, knowledge and quality management – that promote a more efficient and economical way of using resources, resulting in improved performance and service delivery; to integrate these methods into a Hungarian core methodology, tailor them to domestic public administration needs and support the organisational background of their application. The measure is based on four elements: performance management, process management, knowledge management, quality management and change management. As a part of this measure, we will develop different methodologies (introduction of CAF, optimization of LEAN methodology and change management methodology), and use knowledge management to create an individual and organisational knowledge map.	The measure will be implemented by 30 April 2014. <ul style="list-style-type: none"> development of new methodologies of development: 02 May 2013 testing of methodologies of development and training: 28 June 2013 system-level development among bidding organizations: summer 2013 – 30 April 2014 	MPAJ	The total cost of the project is HUF 400 million (priority project); the cost of a related project is HUF 3.48 billion. <u>EU funds:</u> SOROP-1.2.18, SROP-1.2.18/A, SROP-1.A5, SROP-3.A2	reducing administrative burdens, improving customer satisfaction	<ul style="list-style-type: none"> Strengthening Growth and Competitiveness (AGS-3) <ul style="list-style-type: none"> modernising of public administration (AGS-5)
16. Implementation of the Corruption Prevention Programme for Public	The most important part of the Corruption Prevention Programme includes developing of integrity control systems of public administrative	The programme and the supporting priority project will	MPAJ	<u>EU funds:</u> SROP 1.1.21 – The prevention of corruption		<ul style="list-style-type: none"> modernising of public administration (AGS-5)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
Administration	bodies, creating of a new informant protection system, regulating of contact with lobbyists, joining the Open Government Partnership, introducing Codes of Professional Ethics, comprehensive training programmes on ethics and integrity, and implementing of an awareness-raising campaign on corruption prevention.	close in the summer 2014.		and the review of the development of public administration (HUF 680 million)		
17. Development of new career models for civil servants	<p>1. The preparation of the introduction of a job-based career model system for civil servants: continuing the creation of a clear job description based system, the development of elements that enhance the transition between career paths. The preparatory phase will include the in-depth development of the new job description based classification system, the development of its elements, its coordination and the allocation of HR management tools. The elaboration of further proposals on career path elements, on their integration into a system, and on the expansion of career paths.</p> <p>2. The unification of the exam and further education systems continues: the harmonization of the exam requirements and the creation of interoperability continue, the training and further training capacity will be utilized more efficiently, the costs of curriculum development will decrease, a common integrated professional and instructor database will evolve and a uniform portfolio of further training programmes will be elaborated.</p>	<p>1. The preparation for the introduction of a job-based system: in progress. In 2013, an analysis and assessment of management jobs and the creation of a job survey will be performed at the Ministry of Public Administration and Justice, the Ministry of Interior and the Ministry of Defence as well as the bodies regulated by them, and further proposals will be drafted.</p> <p>2. Unification of the system of examinations and further training: ongoing</p>	MPAJ MD MI	The measures referred to above will be planned in the framework of the SROP 2.2.17 and SROP 2.2.21 projects		<ul style="list-style-type: none"> modernising of public administration (AGS-5)
18. Renewal of the Government's strategic management	The creation of a strategy survey: a strategic database will be created on the basis from the strategic surveys of the ministries, complemented by the analysis of the content elements of 80-110	The establishment of a strategic survey and monitoring (30	MPAJ	<u>EU funds:</u> SROP 1.1.8		<ul style="list-style-type: none"> modernising of public administration (AGS-5)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>strategic draft documents (either existing or to be adopted by 15 June 2013) collected by MPAJ.</p> <p>The strategy survey forms the basis of the multi-level monitoring system, which is primarily directed at the implementation of the Government's programme and the support of the 2014-20 development planning.</p> <p>The change management supports the implementation of Governmental Decree 38/2012. (12 March) on the Government's strategic management, promotes the use of the tools of implementation, and contributes the strengthening of good practices in the ministries.</p> <p>The creation of a governmental meta database: the renewal of strategic management provides a framework for the survey and the systematization of data collections and databases related to strategic planning and implementation.</p>	<p>June 2013)</p> <p>Strategic meta database (15 July 2013) Completion: 31 August 2013</p>				
Europe 2020 Strategy 1st national target: Increase the employment rate of the population aged 20-64 to 75 % (Section III.1)						
19. The implementation of the Employer Benefit System – Job Protection Act	<p>In the framework of the measure, the following benefits applicable to monthly gross incomes not exceeding HUF 100,000 will be introduced:</p> <p>For employees under 25 years of age and above 55 years of age, the rate of contributions (social contribution tax and vocational contribution) to be paid by the employer will be 14% instead of the general rate of 28.5%. For employees who fall into the category of young entrants to the labour market under 25 years of age (i.e. those with a maximum of 180 days in an employment relationship due to which healthcare contributions are paid), the contribution rate is still lower. In this case, the employer is exempt from paying employer's contributions (the 27% social</p>	<p>The Parliament adopted the Job Protection Act on 1 October 2012; the Act entered into force on 1 January 2013.</p>	MNE	<p>In terms of revenue, the estimated budgetary effects of the targeted exemption from or discount on the social contribution tax is HUF - 132 billion.</p> <p>However, taking into consideration the fact that – for local and central budgetary bodies – the extra resources created as a result of the preferential scheme will be deducted, the net effect on the budget is HUF -101.7 billion.</p>	<p>The measure improves the employment prospects of approximately one million disadvantaged persons. Estimated macroeconomic effects: the number of employees will increase by 20,000 persons (0.5 percentage points) and the gross wages will increase by 0.5 percentage points.</p>	<ul style="list-style-type: none"> ▪ Expansion of employment (EU2020-1) ▪ Tackling unemployment and the social consequences of the crisis (AGS-4)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>contribution tax and the 1.5% vocational contribution) for the first 2 years.</p> <p>For employees performing jobs requiring no qualifications (FEOR-9), the rate of contributions to be paid by the employer will be 14% instead of the general rate of 28.5%.</p> <p>For long-term unemployed employees (i.e. employees with a period of unemployment of more than 6 months), the rate of contributions to be paid by the employer will be 0% in the first two years and 14% in the third year (instead of the general rate of 28.5%).</p> <p>For employees returned from the period of the payment of the childcare fee (GYED), or during or after the period of the payment of the childcare benefit (GYES) and the child-raising allowance (GYET), the rate of the contribution to be paid by the employer will be 0% in the first two years (instead of the general rate of 28.5%) and 14% in the third year.</p> <p>Furthermore, Act CXLVII of 2012 on the lump-sum tax on small entrepreneurs (KATA) and the small business tax (KIVA) was elaborated.</p> <p>The lump-sum tax on small entrepreneurs (KATA) offers a simple form of taxation for micro enterprises with an annual sales revenue below HUF 6 million. The amount of the lump-sum tax is HUF 50,000 for full-time small tax-payers and HUF 25,000 for part-time small tax-payers. The new tax replaces the small tax-payer's corporate tax, personal income tax, allowances, social</p>					

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>contribution tax and vocational contribution. This tax substantially eases taxation primarily for enterprises providing services to individual clients (e.g. for mechanics, taxi drivers and hairdressers).</p> <p>The small business tax (KAVA) replaces several taxes (social contribution tax, vocational contribution and corporate tax) and is primarily open to micro, small and medium enterprises with no more than 25 employees and with a balance and annual sales revenue with a maximum of HUF 500 million. The tax base is determined by the sum of the enterprises accrual based profit and the amount of wage costs for employees; the single tax rate is 16%. This single tax rate helps create an employment-friendly environment for enterprises and is also favourable for enterprises implementing major investments. The small business tax promotes investment and employment as the full value of investments can be deducted from the accrual based profit right in the year of the investment, and the hiring of new employees will not increase employer burdens so the higher number of employees will not result in higher tax payment obligations.</p>					
20. Active labour market policies	<p>In accordance with 2012 country-specific recommendations, Hungary strengthened the active labour market measures aimed at promoting the employment of the unemployed and the inactive.</p> <p>In October 2012 the Government introduced a housing allocation for job-seekers who cannot find a job locally due to the unavailability of local jobs. This grant can be used for renting accommodations, and it may be provided for 18 months (through this period it is gradually</p>	<p>2011-2015</p> <p>500 accommodation grant contracts were signed by March 2013, with most requests for support being submitted in Szabolcs-Szatmár-Bereg and Borsod-Abaúj-Zemplén</p>	MNE	<p>EU co-financing</p> <p>SoROP 1.1.2 [HUF 106 billion]</p> <p>SoROP 1.1.4 [HUF 7 billion]</p>	<p>Thus from 2011 to 2015 the programmes implemented by the employment centres in a decentralised manner and co-financed by the EU may contribute to the employability of more than 117,000 disadvantaged job seekers.</p>	<ul style="list-style-type: none"> ▪ Expansion of employment (EU2020-1) ▪ Tackling unemployment and the social consequences of the crisis (AGS-4)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	reduced) in case of employment that is located at least 100 km from the employee's permanent residence or to which commuting by public transport takes at least three hours (six hours total per day). The employment relationship has to last at least six months and to involve at least 20 hours of work a week.	counties. Making more flexible the conditions for requesting the housing allocation is currently in progress, based on the experience gathered so far.				
21. Improvement of women's labour market activity , promoting the reconciliation of work and family	<p>1. To promote a better balance between work and private life, the SoROP 2.4.5 programme co-financed by the European Social Fund (ESF) supports the promotion of flexible employment forms, the introduction of flexible organisation of work, and the introduction of human resource policies by employers that take private life commitments into consideration, and supports innovative local projects which, by enhancing the flexibility of local services, promote a better balance of work and private life.</p> <p>The programme also contributes to the establishment of flexible day-care services for children under 3 years of age. According to the original plans, 2000 new day-care facilities will be created for children all over the country in 2013. Due to the great demand on the part of applicants, the resources available for the grant scheme were increased; thus, new facilities are expected to be created.</p> <p>The EDOP 3.5.1.B programme is aimed at creating work place environments that ensure equal opportunities for efficient work for female</p>	2012-2015	MNE	EU <u>co-financing</u> : SoROP 2.4.5. [HUF 10.4 billion] EDOP 3.5.1.B	The measure will improve the employment prospects of parents with small children, enhance the balance between work and private life and increase the number of persons with flexible employment.	<ul style="list-style-type: none"> ▪ Expansion of employment (EU2020-1) ▪ Fighting poverty (EU2020-5) ▪ Tackling unemployment and the social consequences of the crisis (AGS-4)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	employees or employees who return to the labour market after a period of receiving child care fees (GYED) or child care benefits (GYES), and help integrate these groups into the labour market.					
	<p>2. The improvement of access to day-care facilities for children living in settlements without proper service facilities, the development of the infrastructure of new services, the infrastructural development of existing services, the creation of new facilities. In the 2011-2013 planning period, within the framework of the Regional Development Operational Programme, a call for application was published on 15 September 2011 with the title “the infrastructural development of basic social services and basic child care services” for the development of day-care nurseries and family kindergartens.</p>	The settlements may submit their applications from 1 March to 30 April 2013. The budget available is HUF 2.1 billion. The projects are expected to be implemented by the fourth quarter of 2014 or the first quarter of 2015. In addition, the preparation of the 2014-2020 planning period is ongoing.	MHR	[South Great Plain, North Great Plain, North Hungary, Central Hungary, West Transdanubia – planned budget: HUF 8.5 billion. For South Transdanubia, the planned budget for <i>the infrastructural development of children’s day-care facilities (day-care nurseries, family kindergartens)</i> is: HUF 1.1 billion. For the South Plain, North Hungary and North Plain regions, no separate funds are available for the development of family kindergartens. Related calls for applications are published in conjunction with <i>the improvement of access to basic social services and basic child care services and the improvement of the quality of services</i> . The planned budget is HUF 8.0 billion.]		<ul style="list-style-type: none"> ▪ Expansion of employment (EU2020-1) ▪ Fighting poverty (EU2020-5) ▪ Tackling unemployment and the social consequences of the crisis (AGS-4)
22. The implementation of the set of measures aimed at the reduction of youth unemployment	<p>1. Programme to support business start-ups of young people (SoROP 2.3.6.) The programme supports the acquisition and</p>	2012-2014 The programme was launched in 2012. The first	MNE	EU co-financing: SoROP 2.3.6 [HUF 6.94 billion]	As a result of the measures, the number of new entrepreneurs in the 18 to 35 age group will	<ul style="list-style-type: none"> ▪ Tackling unemployment and the social consequences of the

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	development of entrepreneurial knowledge and skills (financial knowledge, business planning, marketing, legal environment, etc.), and secures non-refundable financing for young entrepreneurs (between 18 and 35 years of age) for a start-up. Additionally, after the launch of businesses, the programme offers professional consulting and mentoring in the interest of the sustainability of these businesses.	training courses under the programme started in the first half of 2013; new start-ups may receive support in the second half of 2013.			increase (in the framework of the programme, a minimum of 1,500 enterprises are expected to be established).	<ul style="list-style-type: none"> crisis (AGS-4) Expansion of employment (EU2020-1)
	<p>2. Traineeship programmes for young people to assist their transition from vocational training to employment (SoROP 2.3.4)</p> <p>The tender is open to micro, small and medium enterprises which agree to employ as trainees young persons with secondary qualifications who have acquired the practical skills of their profession in the framework of a traineeship contract at the granted company or at another company.</p> <p>The principle of the traineeship programme is to promote employment in a new job for 9 months with complete or partial wage and contribution support.</p> <p>In the framework of the project, support may be given for the wages and contributions paid for and due to the apprentices, for the performance of administrative tasks, for the procurement of tools required for the creation of apprentice job(s) and for the procurement, renovation and restructuring required to guarantee adequate working conditions for apprentices. The amount requested is HUF 500,000-HUF 30,000,000.</p>	<p>2012-2014</p> <p>The NDA published the call for applications on 11 January 2013; the call is open from 15 February 2013 to 30 April 2014.</p> <p>Applications may be submitted while the resources are available.</p> <p>The projects are planned to be implemented within a maximum of 14 months after the commencement. The deadline of the physical completion of the projects is 30 June 2015.</p>	MNE	EU co-financing: SoROP 2.3.4 [HUF 8.5 billion]	Due to the support given to skilled young people to gain work experience, the transition from studies to work will become easier, young people gain vital work experience and their participation in the labour market will increase.	<ul style="list-style-type: none"> Tackling unemployment and the social consequences of the crisis (AGS-4) Expansion of employment (EU2020-1)
	3. Supporting NGO-based employment programmes to help young people enter the	2012-2014	MNE	EU co-financing: [HUF 3 billion can be used	The applying organizations may receive	<ul style="list-style-type: none"> Tackling unemployment and

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>labour market (SoROP 1.4.1)</p> <p>The programme is being planned and aims at supporting employment programmes for civil organizations that help young people – primarily disadvantaged entrants – permanently integrate into the labour market.</p>			from the HUF 4.49 billion of SoROP 1.4.1; another HUF 2 million will be allocated by re-grouping the priorities of the Operational Programme.]	support for the 12-month long employment of persons in the target group (young persons). After the support period expires, the applying organization is obliged to maintain the employment for another 3 months. The grant scheme contributes to the employment of approximately 2,000-2,500 young persons for a period of 12 months with financial support and for another 3 months without financial support, and thus helps them gain work experience.	<p>the social consequences of the crisis (AGS-4)</p> <ul style="list-style-type: none"> Expansion of employment (EU2020-1)
	<p>4. The First Job Guarantee Programme</p> <p>The MNE launched the First Job Guarantee Programme, aimed at the support of young entrants to the labour market, on 1 September 2012; the deadline for the submission of applications was 31 December 2012. In the framework of the programme, the wage and social contribution tax were fully refunded for employers agreeing to employ young entrants to the labour market.</p> <p>In the period between 1 September and 31 December 2012, 7,243 young entrants to the labour market (twice as many persons as planned) were provided job opportunities. The First Job Guarantee Programme was announced again on 1 March 2013; it supports youth employment until 31 December 2013.</p>	The First Job Guarantee programme offered support from 1 September 2012 to 31 December 2012; this year, it was announced on 1 March 2013 and support will be given until 30 December 2013.	MNE	In 2013: HUF 5 billion. The source is the amount for central use of the National Employment Fund's allocation for employment.	The programme promotes the employment of young entrants to the labour market.	<ul style="list-style-type: none"> Tackling unemployment and the social consequences of the crisis. (AGS-4) Expansion of employment (EU2020-1)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
23. The promotion of the employment of young candidate medical specialists in Hungary	<p>This is the offer of scholarships to motivate candidate medical specialists to start postgraduate education (and employment) after the acquisition of their general medical qualifications in Hungary, at a Hungarian healthcare service provider, and then stay in Hungary after the acquisition of medical specialist qualifications (or pharmacology specialist qualifications) (at least for a defined period of time, equal to the scholarship period). To achieve this objective, a monthly scholarship of HUF 100,000 is paid to candidate medical specialists.</p> <p>Elements of the Resident Physician Support Programme include: the Markusovszky Lajos Scholarship Grant, the Than Károly Scholarship Grant and the Méhes Károly Scholarship Grant</p>	<p>The Resident Physician Support Programme started in 2011; the length of the programme period is defined by the end of studies on an individual basis for each candidate medical specialist (an average of 5 years). The Programme was announced in 2012, as well; the current period is expected to end in 2018.</p> <p>To encourage candidate medical specialists to stay in Hungary, the scholarship grants which serve as elements of the support programme need to be announced in 2013, 2014 and 2015 as well.</p>	MHR	<p>The resource for grants: Priority Allocation 1 "Personal allowances" of Allocation Group 1 "Operational costs" of Title 1 "Office of Health Authorisation and Administrative Procedures", Chapter 7 "MHR" of Act CCIV of 2012 on the 2013 Central Budget of Hungary. In the period from 2013 to 2015, another HUF 624,000,000 will be needed annually to achieve the favourable effects expected to be brought about by the Resident Physician Support Programme.</p> <p><u>EU funds:</u> SoROP 6.2.2/A (Announced budget: HUF 10.62 billion) The call for application "Support of training costs and scholarship grants for institutions in convergence regions" also offers the opportunity for candidate medical specialists participating in training to receive scholarships.</p>	<p>The Resident Physician Support Programme contributes significantly to keep candidate medical specialists on their career track and in Hungary.</p>	<ul style="list-style-type: none"> Expansion of employment (EU2020-1)
24 Job creation in small and medium-sized enterprises	1. Central grant programmes (financed from Hungarian resources) to support job creation investment in SMEs with high-level	The call for application will be announced at the	MNE	Job creation in small and medium-sized enterprises	Improving the employment situation Improves the	<ul style="list-style-type: none"> Expansion of employment (EU2020-1)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>supplementary support for registered job seekers</p> <p>Building on the experience of the 2012 central grant programme for supporting job creation, the Ministry for National Economy will announce a call for supporting job creating investments in micro, small and medium enterprises in 2013 as well. In addition to the base support of HUF 1.5 million/job, this measure provides high-level additional support (HUF 500,000/new job) to SMEs that agree to hire job-seekers who were registered after the completion of the investment project and provide them long-term employment. In disadvantaged/severely disadvantaged micro-regions and settlements, to increase the number of employed persons and to counterbalance the regional disparities of employment, another HUF 200,000-300,000 may be given as a differentiated amount of supplementary support. For the employment of Roma persons, a supplementary support of HUF 300,000 per new job may be received. An enterprise that meets all the criteria may receive a total amount of HUF 2.6 million per new job at maximum. An extra HUF 400,000 is added to this amount if the investment is implemented in a free enterprise zone. Grant is given for construction-type costs of new buildings and the costs of the procurement of new machines, equipment, tools and technologies.</p>	beginning of the year; the decision about the support will be made by the end of May; beneficiaries may sign the agreements in June; the support will be transferred to the enterprise's bank accounts on the basis of the submitted invoices.			competitiveness of SMEs.	<ul style="list-style-type: none"> ▪ Tackling unemployment and the social consequences of the crisis. (AGS-4)
	<p>2. Support of micro, small and medium sized enterprises to promote the creation of new jobs</p> <p>Within the framework of the grant scheme to be announced in 2013, micro, small and medium</p>	The call for application is expected to be announced in the first half of 2013	MNE		Improving the employment situation Improves the competitiveness of SMEs.	<ul style="list-style-type: none"> ▪ Expansion of employment (EU2020-1) ▪ Tackling unemployment and

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	enterprises are entitled to request financial support for employing new employees in the convergence regions.					the social consequences of the crisis. (AGS-4)
25. Development of the National Employment Service and labour inspections	<p>The objectives of the measure aimed at improving the National Employment Service (SOROP 1.3.1) include the precise mapping of the position of customers, the provision of individualized assistance services, the improvement of the system of support and services available to employers in order to increase their job creation and job maintenance potential, the survey of the demand side of the labour market, the strengthening of international cooperation, the adoption of best practices, and the development of the internal operation and human resources of the NES.</p> <p>In addition to the strengthening of active measures, the capacity of the National Employment Service devoted to implementing these programmes is also being strengthened.</p> <p>The objectives for the development of labour inspection (SoROP 2.4.8) are to improve the professional skills of the HSE experts and supervisors working for the agencies of the county and metropolitan government offices specialised in HSE and labour, to offer technical assistance to them, to improve the organizational efficiency of the specialised bodies and to enhance the transparency of the operation and processes of specialised bodies. The National Labour Inspectorate intends to achieve these goals primarily with the development of the system and processes for official inspections, the</p>	<p>The implementation of the supported projects started in October 2012 and will finish in June 2015.</p> <p>SoROP 1.3.1: The implementation of the first phase of this measure ended in 2012; the second phase started in the Fall of 2012.</p> <p>SoROP 2.4.8: The purchasing of the tools necessary for carrying out inspections and improving their effectiveness, and the training of the experts working for the organization will start in early 2013.</p>	MNE	HUF 6.7 billion. <u>EU co-financing:</u> SoROP 1.3.1: HUF 3 billion SoROP 2.4.8: HUF 3.7 billion.	As a result of the projects, the quality of the NES services will improve; the system, processes and efficiency of official supervisions will improve; and the awareness of employees, employers and social partners will be raised.	<ul style="list-style-type: none"> ▪ Expansion of employment (EU2020-1) ▪ Fighting poverty (EU2020-5) ▪ Tackling unemployment and the social consequences of the crisis (AGS-4)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	improvement of its efficiency, the enhancement of the quality and depth of inspection, and the raising of the awareness of employees, employers and social partners.					
26. The introduction of a new vocational training system	<p>The new Act on Vocational Training, adopted in 2011, laid down the foundations for a new vocational training system by changing the rules on the content and length of vocational school education, strengthening the vocational element in vocational secondary school training, introducing a new type of vocational certificate, prescribing minimum training times (in hours) for adult vocational training and many other measures. The full adoption of the implementing legislation on the new vocational training system makes it possible to start the mandatory introduction of the system as required by the Act, first affecting training courses starting in the Fall of 2013. By this time, the preparation for the necessary organizational changes will also be completed.</p> <p>The key features of the system include: the strengthening of elements of dual training, channelling economic demands with a drastic increase in the role of chambers of commerce, and the introduction of professional and examination requirements (and thus the content of training courses) that follow labour market needs more closely. These measures are expected to improve the quality of training courses and the employability of participants.</p> <p>In 2014, the principal tasks will include the promotion of the implementation of the measures</p>	The deadline for publishing the implementing legislation is: 1 September 2013. The deadline for the first phase of the structural reforms (the establishment of integrated vocational training schools and the reform of regional integrated vocational training centres), and the date of the mandatory start (progressive introduction) of the new type of vocational training.	MNE	Implementation of the reforms of the educational system, primarily in the school-based system in 2013; the required resources are HUF 25 billion. The amount will be used for the production of new educational material, the further training of teachers and instructors, the ongoing supervision of the system, etc. Costs will be financed partly by the National Development Fund, partly from EU funds (SoROP Priority 2) (approximately HUF 15-20 billion).	The effect of the combined reforms may improve the competitiveness of the individuals, the employers and the country. The structural and content-related modification of vocational training serves to guarantee that students in participating in vocational training have the opportunity – after a comprehensive basic vocational training and with professional experience gained in various real-life work situations – to find employment within a shorter period of time. The training structure, which meets the demands of the economy, and the implementation of all reforms enhance the performance of the economy as a whole and, at the same time, improve the economic situation of individuals with vocational qualifications.	<ul style="list-style-type: none"> ▪ Expansion of employment (EU2020-1), ▪ Fighting poverty (EU2020-5) ▪ Reduction of the early school dropout rate (EU2020-4a) ▪ Tackling unemployment and the social consequences of the crisis. (AGS-4)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	prescribed in the legislation, the supervision of the development of related processes, detailed implementation and, if required, the implementation of corrections.					
27. Renewal of adult training, the new Act on Adult Training	<p>The drafting, adoption and gradual implementation of the new Act on Adult Training and the associated Governmental and Ministerial Decrees</p> <ul style="list-style-type: none"> There will be guarantees built into the Act and the implementing decrees in order to ensure that graduates of supported training programmes receive high-quality training, comparable in level with the vocational qualifications acquired within the school system. The legislative tools of the act ensure the promotion of quality in the practical training of the adult training scheme. <p>Priority study fields include training courses that meet labour market demands, professional, foreign language and IT courses, in-service training courses and activities aimed at the training and re-training of low-skilled persons and persons with outdated qualifications.</p>	The new act on adult education is expected to be adopted in the first half of 2013. The new regulations will be implemented in a gradual manner; however, training courses launched from the end of 2014 onwards are required to be in line with the new system.	MNE	<p><u>Expected amount of required resources (calculated on the basis of preliminary impact assessments):</u></p> <p>2013: HUF 0.9 billion 2014: HUF 0.66 billion 2015: HUF 0.47 billion 2016: HUF 0.49 billion</p>	The structure and the content of the training courses will better meet the labour market demands and the requirements of quality knowledge, thus promoting the employability of adults. The new regulations provide for the harmonization of training courses and the differentiated support objectives.	<ul style="list-style-type: none"> Expansion of employment (EU2020-1) Fighting poverty (EU2020-5) Tackling unemployment and the social consequences of the crisis (AGS-4): to enhance the relevance of the training with regard to the labour market
	<p>Adult training programmes</p> <p>In the period between 2012 and 2015, several projects funded by the EU and Hungary are aimed at adult training and re-training in order to increase the labour market participation of adults:</p> <ul style="list-style-type: none"> Training programme for the development of priority competencies (foreign language, information technology) (SoROP 2.1.2), Support for in-service training (SoROP 2.1.3), <p>Training programme for low-skilled adults and</p>	2012-2015	MNE	<p><u>EU co-financing:</u></p> <p><u>SoROP 2.1.2</u> <u>SoROP 2.1.3</u> <u>SoROP 2.1.6</u></p>	The training improves the employability of adults and enhances participation in life-long learning	<ul style="list-style-type: none"> Expansion of employment (EU2020-1) Tackling unemployment and the social consequences of the crisis (AGS-4):

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	persons with outdated qualifications (SoROP 2.1.6) – with a special focus on training courses related to public work.					
28. Strengthening the activating elements of public work	<p>From 1 January 2013 the new amount of public work wage is HUF 75,000 (i.e. raised by 5.2%), while the new amount of the guaranteed wage of public work is HUF 96,800.</p> <p>In the case of specific public work programmes, public work employers now have the opportunity to employ for higher wages.</p> <p>The allowance of the social contribution tax (50%) has been extended to the full scope of public work employers.</p> <p>We plan to develop for an additional 30,000 public workers some of the key competences that are essential for taking up employment, living, and obtaining useful knowledge at individual, social and economic level.</p> <p>In light of the fact that 52.8% of participants in public work had elementary level educational qualifications or lower in 2012 and 20.8% of participants were above the age of 50, it is clear that mentoring is necessary for persons participating in public work.</p> <p>A policy programme on the development of a monitoring system for the new public work scheme will be completed by 30 April 2013. Considering that in the past years no assessments were carried out concerning the efficiency of public work scheme, the indicators of public work in 2012 shall be deemed as reference data. Certain elements of the system are already working, and the full monitoring system will become operational by the end of 2013. In order to measure the outcome and impact of public</p>	<p>In the framework of the SoROP-1.1.19-2012-2012-0007 project titled "Preparation of impact analyses and strategies", subject to more flexible assessment, a task force was set up to prepare the relevant policy programme for the development of monitoring system of the public work scheme. Deadline for this task: 31 May 2013</p>	MI	<p><i>The amount of appropriation allocated for the support was changed: it increased from HUF 137.5 billion in 2012 to HUF 153.8 billion in 2013.</i></p>	<p>The measure resulted in more tools that can improve inclusion of persons with multiple disadvantages in the labour market.</p> <p>With regard to training associated with public work programmes in 2013, there are plans for the participation of 20,158 people in training associated with the agricultural part of the micro-regional START work model programmes, and 6,147 persons are going to participate in training through national public work providers.</p>	<ul style="list-style-type: none"> ▪ Tackling unemployment and the social consequences of the crisis (AGS-4) ▪ Expansion of employment (EU2020-1)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>work, we have to develop a monitoring system that supports the analysis and control of the tools of public work, helps the demonstration of the situation of public work, makes it possible to track the career (labour market position) of the public worker after participation in the public work programme, and the utilisation of tangible assets of lesser and greater value purchased for the public work programme.</p> <p>In order to support independent job seeking and finding employment in the open labour market, the legislation in force requires public work employers to provide unpaid leave to persons participating in public work if they enter into a fixed-term employment relationship with another employer for a period of 3 to 90 days.</p> <p>The Ministry of Interior conducts professional consultation with the National Roma Self-Government (ORÖ) on the continuation of the national public work programme started in 2012 and on the employment of mentors in addition to helpers.</p>					
29. The development of the social economy through the enlargement of social cooperatives and supporting transit employment		<p>2012-2015 Call for application SoROP 2.4.3/D was announced on 6 March 2013; organizations may submit their project proposals by 6 June 2013. The grant scheme, aimed at the support of transit employment, was published in June</p>	MNE	<p>EU co-financing: SoROP 2.4.3./D [HUF 15 billion] SoROP 1.4.6./D [HUF 3 billion] The resources available for SoROP 1.4.6-13 are HUF 2 billion</p>	<p>With regard to results and monitoring, the measures aimed at the development of the social economy fall into two categories: job creation within the framework of the social economy and the development of the employability of the target group, creating the human capacity for employment cooperatives. The former</p>	<ul style="list-style-type: none"> ▪ Expansion of employment (EU2020-1) ▪ Fighting poverty (EU2020-5) ▪ Tackling unemployment and the social consequences of the crisis (AGS-4)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
		2012; in 2013, it was published again; the beneficiaries will implement their programmes in the period between 2013 and 2015.			component is expected to guarantee job creation for 2,200 disadvantaged persons within the framework of supported social cooperatives, while the latter will enhance the employability of a minimum of 1,800 persons in order to guarantee entry into an employment cooperative or into the open labour market. The measure intended to promote transit employment will guarantee transit employment for a minimum of 1,000 persons; after that, a minimum of 500 persons will find employment on the open labour market or will become capable of self-employment.	
30. Concept for enhancing groups requiring special enterprise development arrangements in becoming entrepreneurs	<p>The concept is aimed at eliminating the barriers standing in the way of the economic activity of women, the young, the Roma and people with disabilities.</p> <p>The concept consists of measures to be taken to encourage these groups to start up a business and run by members of these groups. Within this framework, in 2013 data and information needs to be collected to define target groups, contact needs to be established with the involved</p>	<p>Timeline: 2013-2020, integration with the implementation of the relevant strategies</p> <p>2013: the development of the concept; social consultation 2014-: integration</p>	MNE	The resources required for implementation are planned to be allocated from the structural funds of the period from 2014-2020.	<p>Favourable effects: the employment rate improves, through the targeted interventions the competitive disadvantage of the enterprises in the target group are overcome and their competitiveness is improved, and the effect</p>	<ul style="list-style-type: none"> ▪ Expansion of employment (EU2020-1) ▪ Fighting poverty (EU2020-5) ▪ Tackling unemployment and the social consequences of the crisis (AGS-4)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵	
	governmental bodies, professional organizations and representative bodies, the intervention areas need to be defined and social consultation on the concept as a whole needs to be administered. With regard to the young, the Roma and persons with disabilities, the concept contains enterprise development measures that promote the implementation of objectives which support groups covered by the National Youth Strategy, the National Social Inclusion Strategy and the National Programme of Disability Affairs in becoming self-employed and increasing their role in economic life. The women's enterprise development programme drawn up as part of the concept is designed to strengthen and complement the effects of the measures taken or planned in 2012-2013 and support women in becoming self-employed and strengthen and develop their existing businesses.	with the programming period 2014-2020, the publication and continuous assessment of the schemes developed on the basis of the concept.				of social inclusion on the change of social attitude.	
31. Promotion of the employment of disabled people through new rehabilitation services	An objective for 2013 is the establishment of a national network of employers and service providers that offers services which are of a unified quality and are accessible to disabled persons in all Hungarian regions while falling in line with their demands.	The service development programmes of the New Széchenyi Plan have started (SOROP 5.3.8, SOROP 1.1.1); the ongoing developments are expected to end in the first quarter of 2014	MHR	Wage subsidies related to the employment of disabled persons: HUF 700 million <u>EU funds:</u> SoROP 5.3.8 SoROP 1.1.1	For disabled persons the chances for finding job are improved. This exerts a favourable impact on their social inclusion.	<ul style="list-style-type: none"> ▪ Expansion of employment (EU2020-1) ▪ Tackling unemployment and the social consequences of the crisis (AGS-4) 	
32. Strengthening economic and social cooperation	Grant scheme SoROP 2.5.3 contributes to the strengthening of social and economic cooperation in the areas defined below: <ul style="list-style-type: none"> • The capacity development of social partners; 	The winners of the grant scheme related to the establishment of	MNE	The total budget for the measure is HUF 3.89 billion. <ul style="list-style-type: none"> • the establishment of 	The improvement of coverage by judicial assistance services contributes to the	<ul style="list-style-type: none"> • Expansion of employment (EU2020-1) 	

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	<ul style="list-style-type: none"> The implementation of development of national significance by social partners (the integration of training into employee knowledge in the vocational training system, the impact assessment of the new Labour Code, and the establishment of an academy for entrepreneurs). The establishment of judicial assistance services in regions lacking such services 	<p>judicial assistance services have been selected. The project implementation starts in the first half of 2013 and ends in 2015.</p> <p>The deadline for the submission of applications on the implementation of capacity development and other development by social partners is 28 February 2013.</p>		<p>judicial assistance services: HUF 1.02 billion</p> <ul style="list-style-type: none"> capacity development: HUF 1.27 billion national development: HUF 1.6 billion <p><u>EU co-financing:</u> Calls for applications SoROP 2.5.3 A, B and C</p>	<p>improvement of the adaptability of employees and employers. Previous experience shows that there is a significant demand for these services in both groups; judicial assistance services perform an activity that is useful for the society. The requirements for the support of social partners are defined by the ESF Regulation. As a result of capacity development, their capacity for protecting interests is enhanced.</p>	

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33. Improving the health status of the working-age population	<ul style="list-style-type: none"> establish health development centres (EFI) within the framework of the improvement of the prevention capacity of the healthcare system, set up institutions supporting people giving up smoking, development on the basis of the TB clinics activities of health promotion and disease prevention, establish nation-wide capacity supporting leisure-time sports activities that is capable of efficient healthcare communication in line with the characteristics of the targets groups of society. 	<p>EFI: from the first half of 2013 onwards</p> <p>The setting up of institutions supporting people giving up smoking is ongoing; the development of TB clinics starts in the second half of 2013 (depending on the call for tenders)</p> <p>The operation of the Centre of Healthcare Communication (depending on the grant agreement) starts in the first half of 2013</p>	MHR	SoROP-6.1.2 (within the framework of several calls); SoROP-6.1.3/B	Good health is a major asset for the individual and the society alike; at the same time, it is an individual and social resource. Good health of the population is a prerequisite for growth. A basic requirement for the competitiveness of the economy is to have access to a workforce which has employment capabilities that meet the demands of the economy; this requirement includes, among other aspects, the proper health condition of the workforce.	<ul style="list-style-type: none"> Expansion of employment

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34. Involving 5,000 people in employment in connection with foster parent care	<p>Act LXXX of 1997 on the eligibility for social security benefits and private pensions and the funding for these services (hereinafter referred to as: Tbj.) clearly identifies persons having the legal status of a professional foster parent when determining the group of people who are eligible. If care (offering a real home for the child) provided within the context of the foster parent network is performed as a type of employment, "traditional" and professional foster parent work would not be separated. This would enable the care and education activities performed in the foster parent network to become professional activities, thus improving the standards of the expected care and education activities.</p> <p>Act CXCI of 2012 defines the eligibility of foster parents and substitute parents (jointly referred to as receiving parents) for social benefits. According to the definition of the special nature of this legal relationship, the period of time during which a person acts as a foster parent will be taken into consideration during the calculation of his or her pension; at the same time, the flexibility of foster parents' work is maintained. With regard to the latter point, it is important to calculate the salary of foster parents on the basis of the number of children in their care.</p>	Expected date of introduction: 1 January 2014	MHR		<p>The profession of foster parents becomes more attractive.</p> <p>More children will be in the care of foster parents instead of orphanages, which involves lower costs for the state and makes it possible for children to grow up in families instead of institutions.</p>	<ul style="list-style-type: none"> ▪
Europe 2020 Strategy 2nd national target: Increasing the level of expenditure on research and development to 1.8 per cent of the gross domestic product (Section III.2)						
35. Drawing up the domestic smart specialization strategy	The S3 is an integrated, region-specific economic restructuring strategy, which focuses support and developments on national/regional priorities, challenges and needs in order to ensure knowledge-based development, and relies on the strengths, competitive advantages and excellence	The S3 strategy is expected to be adopted in the second half of 2013. The implementation of	NGM	Act CCIV of 2012 on the central budget of Hungary for the year 2013, Chapter XV Ministry for National Economy, the budget line for the	S3 fosters efficiency, increases effectiveness and creates synergies, utilizing the expenditures on research-development and innovation. It also	<ul style="list-style-type: none"> ▪ Increasing research and development expenditure (EU2020-2) ▪ Strengthening Growth and

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	<p>potentials of each region. The S3 is created using a bottom-up approach, in line with the document "Investment Into the Future, National Research and Development Strategy 2020" and supplementing its contents: it involves the cooperation the enterprises, research centres and universities, enabling them to identify the most promising areas for the specialization of the regions, as well as the weaknesses that impede innovation. It also takes into account the varying innovation capacities of regional economies. The scope of the Strategy:</p> <ul style="list-style-type: none"> • focusing the grants and development on the key national/regional priorities, challenges and needs, aiming the knowledge-based development; • building on the strengths, competitive advantages and potential for excellence of the individual regions; • promoting innovation based on technology and practice, and making efforts to stimulate investments by private capital; • encouraging innovation and experimental spirit by involving decision-makers; • relying on facts and including reliable monitoring and assessment systems. 	S3, the monitoring and assessment remain a ongoing task until 2020.		National Innovation Office and the support granted under the SoROP 1.1.19. application.	<p>supports the state and the regions through the diversification and development of the existing industry and its innovative capacities.</p> <p>It may help the regions with focusing the financing on a limited number of key priorities, rather than scatter their resources over the various different areas and the business sectors.</p>	Competitiveness (AGS-3)
36. Drawing up a comprehensive research and development and innovation support scheme	<p>Implementation of the measure requires the accomplishment of the following tasks:</p> <ul style="list-style-type: none"> • drawing up and coordination of the Economic Development and Innovation Operational Programme and the Research and Technology Innovation Fund (RTIF), and within this, designing application solutions at achieving the objectives laid down in the RDI Strategy planning (7-year programme-budget 	The time frame of this measure is an ongoing task to be completed by the first half of 2014.	NGM	This measure has no direct need for resources, since the required human resources are currently available. The resource necessary for the assessment of the R+D qualifications is provided by Act CCIV of 2012 on the central budget of	<p>When the implementation of the tasks specified in this measure is planned, furthermore, within the entire timeframe of the RDI Strategy - despite any budgetary restriction that may apply - we expect that the means for grant</p>	<ul style="list-style-type: none"> ▪ Increasing research and development expenditures (EU2020-2) ▪ Strengthening Growth and Competitiveness (AGS-3)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>appropriations, conditions of eligibility, activities to be supported)</p> <ul style="list-style-type: none"> • Assessment of the R&D qualification system • drawing up tax proposals for fostering R&D and setting up the related regulatory environment • Elaboration of the details of the system of direct support, and within this <ul style="list-style-type: none"> ○ Elaboration of an EU co-financed RDI support system for the period 2014-20 (relevant priority and action plan for the operational programme); ○ Elaboration of the programme strategy for the Research and Technology Innovation Fund for the period between 2014-16 (to be adopted by a Government resolution (Article 10 (2) of the Act); ○ Determination of the technicalities of the RDI grant monitoring system (including the scope of indicators to be collected); ○ development of the professional monitoring system of knowledge bases; ○ Development of an institutionalized R+D IGD system (grants allocated by individual government decision) reflecting the interests of the RDI strategy 			Hungary for the year 2013, Chapter XV Ministry for National Economy and Chapter X Ministry of Public Administration and Justice, Hungarian Intellectual Property Office.	<p>policy requiring government financing will increase. It primary includes the following:</p> <ul style="list-style-type: none"> • non-refundable grants⁶ and normative financing of research organizations (direct supply-side means); • tax incentives (indirect fiscal tools); furthermore • capital, credit and guarantee type financial tools. <p>The accomplishment of the national target specified in the EU2020 Strategy, the targeted GERD/GDP value of 1.8% is not possible without expanding state financing of R+D. Failure to do so would pose a risk concerning the implementation of this measure.</p>	

⁶These include, for example, the funding of targeted human resource development projects (talent nurturing, development of entrepreneurial skills), but also all other indirect support.

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<ul style="list-style-type: none"> • Performance of planning and regulatory tasks related to the review of rules applying to research-development and innovation grants <ul style="list-style-type: none"> ○ notification of the RTIF; ○ Participation in the notification of RDI-related resources from the Structural Fund; • Establishment of a system of organizations in charge of managing and handling the RDI applications <ul style="list-style-type: none"> ○ forming the RDI organizational framework for application management for the budgetary period 2014-20; ○ forming the technical assessment procedures of RDI applications; ○ work-out of the system of indicators for RDI grant processes 					
37. Implementation of certain measures of the National Environmental Technology Innovation Strategy	<p>We ensure the development of application opportunities for programmes and grants in accordance with the implementation of NSETI (i) in the planning of the multiannual financial framework (MFF) of the European Union; (ii) in the planning of the new Norwegian-EEA Fund (2009-2014); (iii) we participate in the elaboration of the environmental protection sectoral part of the Strategic White Paper for Research-development Innovation (SWP RDI); (iv) by 31 December 2013 we will complete the first comprehensive report of NSETI.</p>	<p>NSETI is a medium-term strategy that applies to the period 2011-20. The accomplishment of its aims is expected by 2020.</p>	<p>VM</p>	<p>The needed resources for the measures are ensured by the funds available from the Norwegian and EEA Financing Mechanism during the period 2009-2014. The following programme areas are of relevance (indicating the available funding) from the point of view of NSETI: Green industrial innovation: 21,216,000 euros; Bilateral research cooperation:</p>	<p>The dissemination of environment technology innovation will cause development in the environmental industry that will contribute to the increase of both employment and the competitiveness of the country, thereby assuring the well-being of society and the protection of the environment.</p>	<ul style="list-style-type: none"> ▪ Increasing research and development expenditures (EU2020-2) ▪ Strengthening Growth and Competitiveness (AGS-3) ▪ Increase of employment (EU2020-1) ▪ Increasing the share of renewable energy sources(EU2020-3a)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
				24,128,000 euros; Energy efficiency: 8,412,000 euros; Renewable Energy: 7,711,000 euros; The grant rate is 85%, 15% of the indicated amounts will be financed from the Hungarian state budget.		
38. Development of a public educational IT technology that supports the implementation of research, development and innovation, and introduces competitive services in the European Creative and Cultural Industry	<p>The purpose of this measure is to make the competitive services provided by cultural institutions - such as libraries, art institutions, museums, institutions of public education - to enter the field of research and development. The creation of databases and service interfaces prepared by libraries that support research and development contributes to the acquisition of competitive knowledge and makes the results of scientific research accessible. Through the database development in support of education and research, it is possible to create an electronic document service with a scope that covers documents protected by copyright as well as those in the public domain.</p> <p>In the field of culture, sustainability and social access can be ensured by the development of partner programmes, which means the involvement of the private sector (micro enterprises and SMEs) on the one hand, in the conveyance of cultural content, and on the other hand it extends to making public collections (libraries, museums and archives) and institutes of public education into service providers in research – development and in the creative cultural industry.</p> <p>By the development of the infrastructure of</p>	Ongoing	MHR	<p>Measures under the New Széchenyi Plan (NSP) aimed at development supporting R and D.</p> <p>NSP programmes in progress.</p>	<p>1.) involvement of the private sector in the creation, conveyance of and investment into cultural content</p> <p>2.) emphasizing the operation of cultural institutions as creative service providers.</p>	<ul style="list-style-type: none"> ▪ Increasing research and development expenditures (EU2020-2)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>cultural institutions, the cultural heritage and knowledge assets will become accessible and high-quality public services will be created that will support competitiveness.</p> <p>The competitive development of the digital creative industry and the involvement of the private sector in the development are highlighted cultural development tasks.</p> <p>This measure is aimed at making the traditional and digital databases used in cultural institutions widely accessible.</p>					
39. Establishment of an integrated agricultural research network	<p>The purpose of the integration of state-owned agricultural research institutions is the development of a network of research institutions that is much more organized and concentrated than at present, in order to serve the interests of this sector more efficiently and effectively. In addition to eliminating any unjustified duplications, the resultant new organization will be able to emphasize the development work aimed at applied research and practical applications, furthermore, it creates a critical mass of research that will be capable of implementing complex, major projects as well.</p>	<p>Subject to the decision of the Government, probably by the end of 2013.</p>	MRD	<p>Around 2.5 billion HUF, partly by the reallocation of the existing resources in the state budget, partly by creating new resources.</p>	<p>This measure will not result in any negative impacts.</p>	
40. Health care development projects supporting the implementation of the aims of research and development, innovation, introduction of competitive services in the health industry	<p>In health-related RDI development projects, joint implementation of aspects of health, science and economic policy, furthermore, in an effort to utilize the synergies provided by the reinforcement of relations within the health care system, laying the foundations for the appropriate coverage of health needs occurring in the future and operation of a state-of-the-art, effective and efficient health care system that properly responds to needs. For this purpose, in the framework of the SoROP 1.1.19. project entitled "Preparation of impact analyses and strategies", the healthcare research-development and</p>	By the end of 2013	MHR	<p><u>EU funds:</u> SoROP 1.1.19</p>		<ul style="list-style-type: none"> ▪ Increase of employment (EU2020-1) ▪ Increasing research and development expenditures (EU2020-2)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	innovation policy program will be developed, among others.					
41. Drawing up of the Science Policy Strategy	<p>The preparation of a Science Policy Strategy in line with the innovation strategy is in progress. The objective of the strategy is to provide a basis for the basic infrastructure for research and financing of the academic sector, as well as to systematically renew the acknowledgement and publication of scientific results.</p> <p>It is the central objective of strategic and scientific policy interventions that the Hungarian academic sector – institutes of higher education, institutes of the Hungarian Academy of Sciences, research facilities supported by the state budget and non-profit institutions – should be able to get involved in the programmes of Horizon2020, and to receive the appropriate ESF “enabling” grants for that.</p> <p>The ex ante condition for the EU financial planning period of 2014-20 is the existence of a strategic document that identifies the targets alongside the increasing R&D opportunities of ESF and ERDF and duly explores the connections between the Horizon2020 and the Structural Funds and Hungarian research capacities. The working group set up for the preparation of the Science Policy Strategy has begun operations, with the active involvement and complicity of the Hungarian Academy of Sciences.</p>	<p>The strategy is expected to be submitted to the meeting of senior officials in the second half of 2013.</p> <p>The Science Policy Strategy will be submitted for social consultation in May 2013.</p> <p>The final deadline for preparation is 31 October 2013.</p>	MHR		<p>The preliminary objectives of the strategic document are the following:</p> <p>1st objective: Enhancing the international competitiveness of fundamental research (in the sectors of higher education, academics and health care)</p> <ul style="list-style-type: none"> • Improvement of the system for supporting fundamental research • Strengthening the relationship and cooperation between institutes performing fundamental research and corporate research institutions and clients • Assurance and improvement of access to scientific information • Organizational forms adapted to research needs and special features of scientific work <p>2nd objective: Assurance of the talent pool for science</p> <ul style="list-style-type: none"> • Assurance of the talent pool for researchers; <p>Regular renewal of research infrastructure.</p>	

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
Europe 2020 Strategy 3rd national target: Increasing the share of renewable energy sources to 14.65%, a total saving of 10% on energy consumption, and a maximum increase of 10% in the emission of greenhouse gases outside the EU emission trading system (compared to the level of 2005) (Section III.3)						
42. Development of action plans aimed at the implementation of the National Energy Strategy.	<p>1. The National Energy Strategy was adopted by Parliament in its decision No. 77/2011 (X.14.). The National Energy Strategy, which is built on new foundations, guarantees the long-term sustainability, safety and economic competitiveness of domestic energy supply. While serving primary national interests, it ensures supply safety, considers the least cost principle, asserts environmental aspects and makes it possible for Hungary to contribute to the resolution of global problems in a way that is commensurate with its international weight and the extent of its resources. The Parliamentary decision determined further tasks for the Government, including the development of thematic action plans incorporating certain complex fields (e.g. Reserve Management and Utilisation Action Plan; Power Plant Development Action Plan; District Heating Development Action Plan; Awareness-Raising Action Plan; Energy Industry Development and RDI Action Plan).</p>	The development of the action plans started in 2011 and is expected to be adopted by the Government in 2013.	MND	The relevant priorities of schemes of the Environment and Energy Operational Programme are related to the action plans.	However, in line with the National Energy Strategy, all the action plans are aimed at promoting a sustainable and competitive energy sector and also considering the maximisation of the ancillary social and economic positive impacts.	
43. Introduction of measures planned for climate protection	<p>1. Review of the National Climate Change Strategy</p> <p>In accordance with the provisions of Act LX of 2007 on the implementation framework for the UN Framework Convention on Climate Change and its Kyoto Protocol (hereinafter: Ccl.), the Parliament adopted the National Climate Change Strategy for the period between 2008 and 2025 through its decision 29/2008. (III.20.) (hereinafter: NCCS). In the period since the adoption of the NCCS, European level documents considered as milestones in the field of climate policy have been published, as well as new research results and</p>	Pursuant to Article 3 (2) of the NCCS, the National Climate Change Strategy will have to be reviewed and adapted in 2013, in accordance with the content requirements specified in subparagraphs (a) to (d) of the same	MND	Potentially, the resources provided under EEOP and SOROP are available (e.g. EEOP 7.9.0/B "Strategic planning for the planning period of 2014 -2020", where a budget of at least HUF 3 billion is available for the preparation of environmental, water management, nature	This measure indirectly contributes to the establishment of an economy that will develop in a sustainable manner, with low greenhouse gas emissions, resisting climate change, facilitating the adaptation of the society to climate change, and increasing the resistance of	<ul style="list-style-type: none"> ▪ Reduction of greenhouse gas emissions (EU2020-3c)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>more detailed climate modelling. As a result of these changes, a full review of the National Climate Change Strategy has become necessary. Article 3 (2) of the NCCS, amended on 1 January 2013, regulates the content requirements of the CCS in detail, the review of which and the appropriate adaptation of the newly defined content requirements will have to be performed in 2013 under the same statute.</p> <p>The aim of this measure is to develop the NCCS according to the needs and requirements mentioned above and submit it to the Parliament.</p>	<p>paragraph, and after that it will have to be submitted to the Parliament.</p>		<p>conservation and energy strategies, and SOROP 1.1.19 "Preparation of impact analyses and strategies", where a small portion of the budget of HUF 1.2 billion is also available for the preparation of impact analyses affecting climate and energy matters).</p> <p>This measure requires an amount of HUF 8 million from the central government budget, which is available on the budget line of the MND entitled Institutional Administration Professional Programmes.</p>	<p>ecosystems to climate change.</p>	

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>2. Spreading the use of environmentally friendly transportation methods The NSzP-GIS-CNG-2013 scheme</p> <p>In the framework of this measure the Ministry of National Development announced a grant for the procurement of new, natural gas fuelled buses (CNG) for community transport companies owned by the state or municipalities. The grant funding covers the price difference between diesel-powered and gas-powered vehicles with similar specifications.</p> <p>The spread of natural gas fuelled vehicles will be capable of reducing the carbon dioxide emissions of public transportation and the concentration of particulate matter, decreasing the air pollution of cities. The relevant ministry will provide the non-refundable, preliminary financing in the framework of the New Széchenyi Plan Green Investment Scheme, at the expense of quota revenues.</p>	<p>The grant scheme has been announced, applications may be submitted between 4 April and 30 September 2013, or until the available budget has been depleted. The assessment of the applications is expected to be completed by the beginning of the 2nd half of 2013, the conclusion of the support contracts and disbursement of advances are planned before the end of 2013. The procurements affected by this grant are expected to have been completed by 31 December 2014.</p>	MND	<p>Upon the announcement of this grant the available appropriation is HUF 1.6 billion from the budget of the Green Investment Scheme.</p>	<p>If the programme is implemented the emission of harmful substances may be reduced in cities and their metropolitan areas. As a result of the competitive advantage ensured by the difference between the purchase price of CNG and diesel oil, the operating costs of beneficiary enterprises providing public transportation services can be reduced.</p> <p>Potentially, CNG-driven buses can be converted to biogas fuel, which will create an opportunity for using this kind of fuel for transportation. Another collateral benefit is the significant reduction of noise level in cities, since the noise emission of the new natural gas driven buses is only one-third that of the earlier model diesel driven buses.</p> <p>The project may contribute to a boost in the manufacturing of CNG buses, through which a new sector can be established and jobs can be created.</p>	<ul style="list-style-type: none"> ▪ Reduction of greenhouse gas emissions (EU2020-3c)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
44. Increasing the use of renewable energy sources	<p>In the year 2013 we plan, while maintaining the target figure of 14.65%, to review the Renewable Energy Action Plan (REAP), and its fine-tuning, if necessary, in consideration of the complex interconnections between renewable energy and rural development, the steps taken by the European Commission concerning biofuel and sustainability criteria, the development of technology and the changed funding options for development of renewable energy.</p> <p>The existing district heating companies where the use of geothermal energy or biomass is justified and feasible will be identified.</p> <p>Within the framework of the review of the REAP, the creation of a renewable energy potential map will begin with a view to the more efficient use of the funding to be allocated in the 2014-2020 period.</p> <p>Owing to the reallocation of resources into NSzP-EEOP, initiated by the Government, pursuant to Government decision 1551/2012. (XII.4.), an additional amount of HUF 40 billion will be available for supporting investments aiming at the utilization of renewable energy sources. In 2012, the social discussions of the support schemes were conducted; the grants were announced at the end of the year 2012 and at the beginning of 2013. In the area of the Central-Hungarian region the utilization of renewable energy sources will be supported by a call for application of HUF 1.5 billion in 2013, the social discussion of which took place in March 2013.</p> <p>In the planning of the next financial framework period of the EU for 2014-2020 (MFF), the highlighted thematic objectives identified by the Commission include support for shifting towards</p>	<p>The full time frame of this measure is 2012-2020, in accordance with the NRP and Hungary's Renewable Energy Action Plan adopted by the Government.</p> <p>Deadline for the review of the REAP: 31 December 2013</p> <p>In the case of NSP grant schemes announced within the EEOP, after the process of selection, the conclusion of the grant contracts and the start of the projects can be expected to take place during the year 2013. The supported projects will have to be finished and brought into operation by the middle 2015 at the latest.</p> <p>In the planning of the MFF the Partnership Agreement and the individual Operational</p>	MND	<p>The entire financing need of this measure until 2020 is approximately HUF 650 to 700 billion.</p> <p><u>EU funds:</u> Up to 2014: Schemes of the 4th priority axis of the Environment and Energy Operational Program (EEOP) (HUF 40 billion) and schemes in the CHOP 3.3.3 (increasing the use of renewable energy sources scheme) (HUF 1,5 billion); and for the period between 2014 and 2020, the expected schemes of the Environment and Energy Efficiency Operational Program (EEEOP)</p>	<p>As a result of the measure the dependency on energy imports and CO2 emissions will decrease, and the proportion of renewable energy sources will increase, thus contributing to the fulfilment of goals determined in Directive 2009/28/EC.</p> <p>The application of renewable energy sources will reduce energy costs locally (for the users), and in the case of biomass in particular, it will contribute to increasing employment in the countryside.</p>	<ul style="list-style-type: none"> Increasing the share of renewable energy sources(EU2020-3a)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>an economy with low carbon dioxide emissions, which is a thematic objective in every branch of the economy, and is related to support for the production and distribution of renewable energy sources that has been defined as a special investment priority.</p> <p>These objectives will also be implemented in the detailed development of the Operational Programmes.</p>	Programmes are being developed on an ongoing basis, in order to ensure that the calls for application of the next application period will already be able to be announced during 2014.				
45. Increasing energy efficiency and energy savings among the general public, public services and the business sector	<p>We plan to provide support for the energy upgrade of residential buildings and public buildings in the framework of this measure, as the opportunities allow, encouraged by other financial schemes, as well as the launch of programmes changing mindsets and raising awareness. The main intervention areas include investments in building energy for businesses, the modernisation of district heating and the preparation of improvements to the energy efficiency of power stations and the distribution network.</p> <p>The following actions are planned for 2013 as part of this measure: carrying out the implementation tasks related to the management of grant schemes announced in 2011 and 2012, and announcing new grant schemes.</p> <p>One of the highlighted tasks of the year 2013 is the launch of the Green Economy Financing Scheme (GEFS), the legal framework of which was adopted by the Parliament at the end 2012. 50% of the revenues deriving from the new quota trading system of the EU starting from 2013 are required to be spent on the development of the green economy in the framework of the Green Economy Financing Scheme. The detailed definition of the new regulations is in progress, before the end of the year 2013 we can expect the</p>	<p>The time frame of these measures is ongoing until 2020. Milestones:</p> <p>2nd half of 2013: Adoption of the Building Energy Strategy</p> <p>During 2013: announcement of grants funded from the Green Economy Financing Scheme and the section appropriations of the MND (Building energy and energy efficiency appropriations)</p> <p>In the case of grant schemes announced within the NSP-KEOP, after the process of selection the conclusion of the</p>	MND	<p>The entire resource need for this measure until 2020 is approximately HUF 1600 to 1800 billion.</p> <p><u>EU funds:</u></p> <p>Until 2014: Schemes of the Environment and Energy Operational Programme (EEOP) priority axis 5 (Efficient energy utilization) (HUF 54 billion).</p> <p>Schemes of the Environment and Energy Efficiency Operational Program (EEEOP) are expected to take place between 2014 and 2020.</p>	<p><u>Environmental and climate protection impacts</u></p> <p>Investments into energy efficiency have significantly contributed to the reduction of the emission of greenhouse gases, through which they play a significant role in the accomplishment of environmental and climate protection objectives.</p> <p><u>Security of supplies</u></p> <p>The increase of energy efficiency is one of the most efficient and cost effective ways to reduce energy dependency, contributing to the enhancement of the security of supplies.</p> <p><u>Residential impacts</u></p> <p>As a result of energy savings through building energy developments, the</p>	<ul style="list-style-type: none"> ▪ Improving energy efficiency (EU2020-3b)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>announcement of the new application schemes aimed at the development of the green economy. Based on the preliminary estimations, under the GEFS in the year 2013, new schemes can be opened with a budget of approximately HUF 5 billion.</p> <p>In the case of the Green Investment Scheme funded from international quota revenues, the aim is the smooth handling of the supported applications, as well as, in the case of the Home Panel II grant, the acceleration of disbursements and the provision of the funds necessary for the financing of the applications.</p> <p>In addition to the grant schemes financed from quota revenues, the MND also plans the announcement of energy efficiency grants financed from the central government budget for residential applicants, with a budget of approximately HUF 1 billion for 2013.</p> <p>In 2012 the social discussions of the grant schemes were conducted, and the grants were announced at the end of 2012 and at the beginning of 2013.</p> <p>One of the additional important tasks in 2013 is the creation of the National Building Energy Strategy applying to the renovation of existing buildings, with a view to improve energy efficiency, and the energy-efficient construction of new buildings, which will be put into the framework of the planned building energy measures for upcoming years and determine the detailed objectives.</p> <p>By the incorporation into the national legislation of Directive 2012/27/EU adopted by the European Parliament and the Council on 25 October 2012, the new Energy efficiency directive, the increase in energy efficiency may receive a new boost. Preparations for the incorporation of the regulatory tools into national legislation are in</p>	<p>grant contracts and the start of the projects can also be expected to take place during the year 2013, the projects will have to be completed by the middle of 2015 at the latest.</p> <p>in the planning of the MFF the Partnership Agreement and the individual Operational Programmes will be finalized and the approval of the European Commission will be obtained during the year 2013, and the new grant schemes will be announced after that.</p>			<p>costs of households will decrease. In addition, we can expect further favourable impacts, such as an increase in the level of comfort, lower noise impact, reduction of maintenance costs within buildings and an increase in the value of the domestic stock of real estate. The upgrading of district heating systems will enable the reduction of district heating costs, or at least slow down the pace of their rise.</p>	

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>progress, while discussions with the social partners and in conjunction with these, the development of regulatory proposals can be expected before the end of 2013.</p> <p>Beyond this, the increase in energy efficiency is also a highlighted point in the financial planning of the European Union for the period between 2014 and 2020 (MFF). According to the draft of the cohesion policy legislative package, more residential investments may become eligible for grants in the future; therefore, new grant schemes are expected to be announced from 2014, ensuring the effective achievement of the 2020 climate protection and energy strategy goals.</p>					
46. Providing possibilities for the use of thermal water extracted for energy use in agricultural production	<p>The measure will support present and future economic growth and an increase in competitiveness, which are priorities set out in the Annual Growth Survey and it will create a chance for new jobs and by doing so decreasing the social impact of the crisis by ensuring the survival of the plant growing and greenhouse horticulture sector. The measure supporting the increase in labour demand also aims to increase the rate of renewable energy sources and to improve energy efficiency in agriculture. As a result it will reduce GHG emissions originating from the replaced energy sources.</p> <p>The measure is aiming at the development of the green economy.</p>	<p>Tasks necessary to create the legislative framework on the extraction of thermal water exclusively for energy production connected to agricultural production with respect to economic and environmental sustainability: The establishment of a unified measurement system and database, as well as the establishment of an institutional framework</p>	MRD	<p>HUF 4 billion(estimated)</p> <p><u>EU funds:</u> Rural Development Programme</p> <p>New calls for application can be expected in 2015 the earliest.</p>	<p>This measure increases competitiveness in the horticultural branch of agriculture, creates an opportunity for the sustainable development of this branch and has no negative impact on competitiveness.</p> <p>As a beneficial social impact, it enables the retention of existing jobs and the creation of new ones, which also serves the increase of competitiveness from the aspect of the market.</p> <p>The use and storage of thermal water extracted for energy production in agriculture need regulations based on</p>	<ul style="list-style-type: none"> ▪ reforms promoting growth (AGS-3) - development of the green economy ▪ Increasing the share of renewable energy sources(EU2020-3a) ▪ Fighting unemployment and remediation of the social effects of the financial crisis. (AGS-4)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
		handling the control systems. The final deadline for the drawing up of the legislation is mid-2014, its entry into force is planned by the beginning of 2015 together with the establishment of the institutions.			measurements and exact data from an environmental and water management perspectives without which the measure is not feasible. By increasing the administrative tasks the knowledge of the real state of the environment can be ensured. The establishment of the system will be neutral in its environmental impacts; it will decrease the negative complex environmental impacts by decreasing GHG emissions.	
Europe 2020 Strategy 4th national target: increasing the share of those having completed tertiary level education or equivalent to 30.3 per cent within the population aged 30- 34 and reducing in the share of early school leavers (those without education or training in lower secondary education) to 10 per cent within the population aged 18 - 24 (Section III.4)						
47. Expansion and reinforcement of quality education in early childhood	Pursuant to the Public Education Act becoming effective in September 2012, as of September 2014 kindergarten attendance will be compulsory from the age of 3 (instead of the present age of 5), therefore the children will develop communally from their early childhood, thus facilitating the subsequent adaptation to school, and also preventing early dropout from school. As a result of this measure, kindergarten capacities will be expanded, and kindergarten care improvement programmes will be supported using EU funds. The grant scheme "Development of education institutions" announced in the framework of several regional development operational programme aims at the expansion of kindergarten capacities. This grant is designed to support, observing the principle of equal opportunities, the	<u>Expected term of the projects:</u> SGPOP-4.2.1-11: 01 October 2013-01 December 2014 STOP 3.1.2-12: 01 February 2014-01 March 2015 NGPOP-4.1.1/A-11: 30 September 2013-31 December 2014 NHOP-4.3.1/A-11: 30 June 2013-31 December 2014 CHOP-4.6.1-11: 01 June 2013-31	MHR	EU- funds (as well as domestic funds to an extent of 15%): RDOP "Development of institutes of education" SGPOP-4.2.1-11: 2350 M HUF STOP 3.1.2-12: 880 M HUF NGPOP-4.1.1/A-11: 2 billion HUF NHOP-4.3.1/A-11: 2 billion HUF CHOP-4.6.1-11: 3,040 M HUF STOP-5.3.1/B-12: 4,560 M HUF	This measure will have a beneficial impact on the access of children to kindergarten services, the reduction of existing regional disparities in the quality of training and education, as well as access to high-quality education without exclusion.	<ul style="list-style-type: none"> ▪ Reduction of the early school dropout rate (EU2020-4a)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>following aims by creating the conditions for a healthy environment and efficient educational infrastructure:</p> <ul style="list-style-type: none"> • reduction of the existing regional disparities in the quality of training and education, • access to high-quality education without exclusion, • establishment of integrated, functional institutions adapted to the renewed content and methodological programmes, • compliance with the fundamental requirement for an equitable educational environment. 	<p>December 2014 The applications were submitted between 16 January 2012 and 2 April 2014, applications for STOP and WPOP were accepted until January 2013.</p>				
48. Public education Bridge programmes (“Híd-Program”)	<p>The public education legislation passed in December 2011 introduced the concept of the bridge programmes. The public education bridge programmes represent a form of training in the school system which provides assistance for pupils performing poorly in primary education and a chance for those who are unable to complete their primary studies to continue their studies in secondary education. We distinguish different types of bridge programmes:</p> <ul style="list-style-type: none"> • students required to attend education by law who completed their primary studies but failed to gain admission to a secondary school may continue their studies in the Bridge I programme. The training provided in the Bridge I programme offers fundamental skills and competence training as necessary for the continuation of studies. • if a student, having completed his/her primary studies, does not wish to continue his/her studies in a secondary school, the primary school initiates his/her admission to the Bridge II programme. The Bridge II programme prepares students who are unable to complete their primary studies by 	<p>The framework curricula of the Bridge I and Bridge II programmes were issued in a ministerial decree in March 2013. Teachers are currently being prepared. Those schools will be involved in the implementation of the programmes which have the practical experiences suited to the nature of the programmes.</p>	MHR	The measure doesn't require any additional resources.	<p>The positive impact of the measure the reduction of pupils leaving the primary and vocational education without any qualification, increase of labour market chances of successful pupils.</p>	<ul style="list-style-type: none"> ▪ Reduction of the early school dropout rate (EU2020-4a) ▪ Reduction of poverty (EU2020-5)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>the compulsory maximum school attendance age for the commencement of vocational training. The training provided in the Bridge II programme motivates students to learn and develops the skills necessary for the acquisition of an occupation.</p> <p>The Bridge Programme has a positive impact on the students concerned and their families and more young people leave the education system with occupational qualifications.</p>					
49. Improving the rate of academic success of special education pupils	<p>Development of the specialized services SoROP-3.4.2-11-B scheme. The objective is to ensure that the specialized educational services operating in the supply system of public education should be prepared for the fulfilment of the tasks in the revitalized system of institutions defined in Act CXCV of 2011 on National Public Education, and specified in this law. The call for applications was announced in 2012, and the winner was Educatio Kft. The project is taking place continuously until 2014. The regulations applying to the operation of specialized services have been prepared as EMMI decree 15/2013 (II.26.), which brings all institutions with specialized services operating in the given county under one umbrella, and furthermore places the professionals performing the activities of specialized services under uniform methodological direction. In addition, the activities of the specialized services have been supplemented by two new elements, fostering of children and students with special talents and kindergarten psychological - school psychological services.</p>	Ongoing	MHR	<p>Budget specified in Act CCIV on the central budget of Hungary for 2013, for Chapter XX, "Public education tasks and institutes"</p> <p><u>EU funds:</u> SoROP-3.4.2-11-B: 2,300,000,000 HUF.</p>	<p>These measures have a favourable impact on the school progress of special education and improve the pedagogical conditions of an inclusive educational system adapted to their needs.</p>	<ul style="list-style-type: none"> ▪ Reduction of the early school dropout rate (EU2020-4a) ▪ Reduction of poverty (EU2020-5)
50. Drawing up and implementing of a comprehensive national strategy aimed at reducing the number of early school leavers	<p>In the framework of this measure a national strategy will be drawn up aimed at the reduction of the share of early school leavers. The aim is the creation of a well thought-out document resulting from a strategic professional dialogue, the</p>	Ongoing, completion of this task can be expected in 2014.	MHR	<p>The total cost of the preparation of the strategy is 154,736 EUR, the resource is the support granted through</p>	<p>This measure is an ex ante condition related to the programming period of 2014-2020.</p>	<ul style="list-style-type: none"> ▪ Reduction of the early school dropout rate (EU2020-4a)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>elements of which will be appropriately communicated to the stakeholders. High level representation and support for implementation should be guaranteed through the local professionals assisted by the programme, taken the principles of sustainability and subsidiarity into consideration.</p> <p>In the framework of the measures the following tasks are planned to be completed: finalization of a system based on the analysis of the domestic and international conditions consisting of strategic recommendations submitted for public consultation and a monitoring system of implementation, as well as the submission of proposals for the decision-making level. After this, the dissemination of the results of the conditions analysis is followed.</p>			<p>the EU Commission (LLP-KA1-ECET) and contributions from own resources.</p> <p><u>EU funds:</u> 2012 LLP KA1 Specific Call for proposals EACEA/20/2012 "Implementation of the European strategic objectives in Education and Training (ET 2020)" this project is implemented by the Educational Research and Development Institute, Tempus Public Foundation and Corvinus University of Budapest</p>		
<p>51. Provision of non-formal and informal forms and programmes of learning that support the attainment of the objectives of public education, especially to prevent early school dropout and to bridge social and regional gaps</p>	<p>The purpose of this measure is the provision of programmes offered by cultural institutes - such as libraries, art institutes, museums, other public collections and institutes of public education – that support non-formal and informal learning, programmes that enhance the personal development of children and pupils and the full realization of their creative skills as well as that compensate for cultural and territorial disadvantages while also giving efficient support to competence development. As part of this measure we will focus especially on reducing disadvantages that the school cannot compensate for by itself.</p> <p>For this purpose we continue measure no. 28 started in 2011 and measure no. 46 continued in 2012 of the National Reform Programme in addition to cultural services supporting public education, with content strengthening access to</p>	<p>Ongoing</p>	<p>MHR</p>	<p>Support for the operation of public libraries in communities and for community education, the support from the central budget is 1140 HUF/person per community, with the exception of county seat cities with county rights</p> <p><u>EU funds:</u> Grants published in the development framework of the New Széchenyi Plan "Science - Innovation"</p>		<ul style="list-style-type: none"> ▪ Reduction of the early school dropout rate (EU2020-4a) ▪ Reduction of poverty (EU2020-5)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>cultural values.</p> <p><u>Elements of this measure:</u></p> <ul style="list-style-type: none"> • Development of cultural services in the framework of the New Széchenyi Plan, aimed at talent management, community development, community education and laying the foundations for creative competency, as well as public education grants for libraries and museums providing extracurricular educational programmes for institutes of public education. • In the framework of the New Széchenyi Plan, implementation of grants serving service and content development by the provision of infrastructure. • Support to activities of public collections contributing to formal education, financed from the central budget • In an effort to support public education, the development of digital cultural content and the publication of cultural assets and services in a digital form. This serves for both curricular and extracurricular use, and furthermore in small communities it contributes to making cultural content accessible on an equal opportunity basis 					
<p>52. Streamlining of the education structure of state-owned higher education institutions</p>	<p>Streamlining of the educational structure of institutes of higher education maintained by the state, with regard to the expected regional needs for professionals and in accordance with the Institutional Development Plans.</p> <p>The fragmentation of training is a structural factor that significantly reduces the efficiency of training in higher education today. What is meant by fragmentation is that certain higher education institutions launch programmes with very low student numbers (as low as 1-3 students).</p>	<p>Preparations for the ministerial decision on the number of students admitted for (partial) scholarships paid by the state in 2014: November 2013</p>	<p>MHR</p>			<ul style="list-style-type: none"> ▪ Increasing the ratio of people with a degree obtained in higher education (EU2020-4b) ▪ reforms promoting growth (AGS-3)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>The amendment of Act CCIV of 2011 on National Higher Education in December 2012 authorized the minister responsible for education to determine the number of students that may be enrolled in institutes of higher education maintained by the State, for courses with (partial) scholarships financed by the State, separately for each course.</p> <p>This provision gives an opportunity to streamline the structure of the individual institutes of higher education as well as the entire structure of higher education by:</p> <ul style="list-style-type: none"> • concentrating the courses of the relevant specialization if the number of students is very low, • matching the expected regional needs for professionals, • adapting to the institutional capacities of institutes of higher education. <p>The streamlining of the educational structure will ensure the long-term sustainability of the courses in the given specialization, thereby contributing to an increase in the ratio of people with a degree obtained in higher education.</p>					
53. Reinforcing progress in studies, reducing the dropout rate	<p>▪ Acknowledgment of student excellence In order to assure a talent pool of scientists and acknowledge student excellence, it is necessary to reward students for outstanding research or academic performance. A stand-alone ESF programme will start in order to provide these rewards.</p>	Project implementation: 2012-2015	MHR	<u>EU funds: SoROP 4.2.4/A</u> “National Excellence Programme - establishment and operation of a domestic system providing support to students and researchers,” (the budget is 1 billion HUF)		<ul style="list-style-type: none"> ▪ Increasing the ratio of people with a degree obtained in higher education (EU2020-4b) ▪ reforms promoting growth (AGS-3)
	<p>▪ Improvement of foreign language skills The development of foreign language skills</p>	Project implementation:	MHR	<u>EU funds:</u> <u>SoROP 4.1.2/D</u>		<ul style="list-style-type: none"> ▪ Increasing the ratio of people with a

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	continues to remain a priority in higher education as the lack of the knowledge of foreign languages is often an obstacle to the acquisition of a degree. The purpose of the projects launched in this field and supported from ESF funds is to enable the students to participate in foreign language courses and training, which will improve the ratio and level of efficiency of participants for both students and tutors in mobility programmes. The main tool of the projects is the review of the methodology of foreign language training in higher education, the implementation of institutional level developments and foreign language courses. These measures and programmes are expected to result in the improvement of the international labour market recognition of diplomas and degrees obtained in the Hungarian educational system.	2012-2014		“Development of the foreign language training system in higher education” [3 billion HUF] <u>SoROP2.1.2</u> “Enhancement of foreign language and IT competences”		<ul style="list-style-type: none"> degree obtained in higher education (EU2020-4b) reforms promoting growth (AGS-3)
	<ul style="list-style-type: none"> ▪ Support services <p>One of the reasons for early school dropout among students is the lack of information about academic and career opportunities. In the interest of the better planning of training paths, it is necessary to improve the student counselling system and career services. The objective is to enable students to flexibly find their way amongst the various training and accreditation procedures and to develop their skills. For that purpose, relying on ESF resources during the year 2012 we provide for those participating in higher education student services (career consulting and tutorial activities), which contribute to enabling the students to obtain their degrees as soon as</p>	Project implementation: 2012-2014	MHR	<u>SoROP 4.1.3</u> Systemic development of higher education services [1.48 billion HUF] <u>SoROP 4.1.1/C</u> Support to regional and sectoral cooperation in higher education (17.75 billion HUF)		<ul style="list-style-type: none"> ▪ Increasing the ratio of people with a degree obtained in higher education (EU2020-4b) ▪ Increase of employment (EU2020-1) ▪ reforms promoting growth (AGS-3)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	possible.					
Europe 2020 Strategy 5th National target: Reducing the poverty rate of families with children, the number of people living in severe material deprivation, and the number of people living in low work intensity households by 20% each (reducing the above numbers by 450 thousand people by excluding overlapping figures) (Section III.5.)						
54. Reversal of processes of territorial exclusion	The purpose of this measure is to create, in the form of a model program in 10 to 12 communities, a development plan relying on the creativity inherent in the local community and on its intellectual and social capacity, with an innovative approach aimed at the reversal of the adverse economic and social processes, and to establish the community and social capacity necessary for the implementation of the activities included in the action plan.	Call for applications: 2nd half of 2013: Implementation: 2013-14-15	MHR	<u>EU resources:</u> The budget allocation for this measure is 500,000,000 HUF in the convergence regions, in the Central Hungary region it is 353,600,000 HUF. Source: SoROP 5.3.11.	The result of this measure will be the development of a system of prevention tools that will be able to hold up the processes of territorial exclusion.	<ul style="list-style-type: none"> ▪ Fighting unemployment and remediation of the social effects of the financial crisis. (AGS-4) ▪ Reduction of poverty (EU2020-5)
55. Implementing complex programmes for segregated slums, including the provision of human and housing factors. Developing of a housing strategy, supporting the further developments linked to programmes for segregated slums	Within the framework of this measure, on the one hand, the implementation of the human service component of the complex programmes for segregated slums supported from the SoROP 5.3.6. scheme announced in 2012 is in progress, to which will be added the SIOP 3.2.3. in 2013. In addition to the improvement of housing conditions, the scheme will also serve to improve the mobilization and integration of target group members with an individual development plan, supported by social work. In order to lay the foundation for the measures after 2014, in 2013 the housing strategy related to the programmes for segregated slums will be created with the support of SROP 1.1.9. The elimination of the Roma segregated slums that are often hardly suitable for human habitation, or their occasional rehabilitation - with utmost concern for the individual circumstances - requires the preparation of a comprehensive, long-term	SoROP 5.3.6-11/1 In the human service application of the programmes for segregated slums up to February 2013, of the 22 applicants who were winners in the first round 14 will have a valid grant contract. Assessment of the applications in the second round is in progress. It is expected to be completed by the beginning of March.	MHR	EU funds: [Amount of SoROP 5.3.6 funds: 5.72 billion HUF Amount of SIOP 3.2.3/B and SIOP 3.2.3/C funds: 1.5 billion HUF SROP 1.1.9 12 million HUF	Concerning the programmes for segregated slums, one of the biggest problems is that EU funds are not permitted to be used for the development of private properties, while several properties in the segregated slums are owned privately, and there are significant impediments to the implementation of improvements affecting entire segregated slums.	<ul style="list-style-type: none"> ▪ Reduction of poverty (EU2020-5)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	strategy, as well as the development of a related action plan, which will create the framework for successful practical implementation after the processing of earlier experience and with regard to the domestic and international legislative environment.	SROP 3.2.3. The call for applications aimed at the improvement of housing conditions will be published in the 1st half of 2013. Considering the submission deadline and the decision process, the winning applicants will be able to start implementation of the programme part ensuring housing elements at the end of 2013 or the beginning of 2014. Development of the housing strategy related to programmes for segregated slums after 2014, with the support of SROP 1.1.9.				
56. Preventing disadvantaged children and multiple disadvantaged children including Roma children, from early school-leaving	This measure serves to promote the success for disadvantaged children and multiple disadvantaged children and youths, thereby to increase their chances to proceed to higher-level education and enter in the labour market with success. The “Útravaló” (Provisions) Scholarship	Útravaló (Provisions) - MACIKA scholarship programme: Academic year of 2012/2013. Submission: 19	MHR	The cost needs of this programme for talent management and preparation for integration that serve to ensure the successful school performance of disadvantaged children	These measures have a favourable impact on the school progress of disadvantaged children and multiple disadvantaged children, and improve the educational conditions for	<ul style="list-style-type: none"> ▪ Reduction of poverty (EU2020-5)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>Programmes will also be launched in 2013, together with programmes aimed to promote integration in kindergartens and schools:</p> <p>The purpose of the “Útravaló” (Provisions) Scholarship Programme: equal opportunity scholarships (“Road to secondary school,” “Road to the final examination,” “Road to a profession” “Road to higher education” sub-programmes) is to help disadvantaged pupils to get into secondary school, to perform successfully in secondary school, to learn a profession, as well as to help disadvantaged students to start studying in higher education, by mentoring and scholarship support. The funding of studies in higher education is a heavy burden for families living in poverty and difficult social situations, the scholarships provided in the “Útravaló (Provisions) - MACIKA” programme (Hungarian Public Foundation for the Roma) for disadvantaged students and multiple disadvantaged students provide assistance to these families, coupled with educational support.</p>	<p>October 2012 to 21 November 2012, decision: 17 January 2013, closing date: 30 June 2013. ongoing after that depending on the availability of budgetary resources,</p>		<p>and pupils and multiple disadvantaged children, is 3.5 billion HUF per year, and furthermore, the budget necessary for the support of educators participating in the programmes - amounting to 3.2 billion HUF per year - has been incorporated into the budget appropriation containing the costs of Klebelsberg Institution Maintenance Centre (XX/18/2 Institutes of public education functions and management). The entire cost requirement of this programme is close to 10 billion HUF for one academic year (for state-owned and non-state-owned schools and kindergartens). The equal opportunity sub-programmes of the Útravaló (Provisions) Scholarship Programme - Road to secondary school, Road to the final examination, Road to higher education - are financed from the section appropriation of XX. 20/59/7 “Scholarship programme for the Roma” in the amount of 2,067.1 million HUF.</p>	<p>the most disadvantaged regions.</p>	

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	The additional support provided for fostering talent, the preparations for integration and the additional remuneration for participating educators serve to enhance the success of disadvantaged children and multiple disadvantaged children.	Ongoing	MHR	The cost needs of this programme for talent management and preparation for integration, serving to ensure the successful school performance of disadvantaged children and pupils and multiple disadvantaged, is 3.5 billion HUF per year, and furthermore, the budget necessary for the support of educators participating in the programmes - amounting to 3.2 billion HUF per year - has been incorporated into the budget appropriation containing the costs of the Klebelsberg Institution Maintenance Centre (XX/18/2 Institutes of public education functions and management).		
	<p>Arany János Programmes: Support is provided to talented, disadvantaged pupils by the Arany János Talent Fostering Programme, the purpose of which is to create opportunities and provide talent management for those social groups whose members could not proceed to institutes of higher education without the support of the programme.</p> <ul style="list-style-type: none"> The purpose of the Arany János Dormitory Programme is to apply the system of means available for secondary school dormitories 	Ongoing	MHR	The support for the Arany János Talent Fostering Programme, the Arany János Dormitory Programme and the Arany János Dormitory Vocational School Programme will be determined pursuant to Article 35 of the state budget Act for 2013,		

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>to ensure successful studies in full-time secondary school classes providing final examination, and as a result, to enable the highest possible proportion of multiple disadvantaged students to carry on their school careers in higher education.</p> <ul style="list-style-type: none"> The purpose of the Arany János Dormitory Vocational School Programme is to create opportunities for the acquisition of marketable trades, also for multiple disadvantaged youth who probably could not acquire vocational skills without participating in the Programme. 			<p>based on the draft ministerial decree currently under public administration negotiation on the support for institutes involved in the programmes and not maintained by the Government, its resources are the appropriation for educational human services and supplementary services administered under chapter 20/2/3. The budget for the annual support of institutes maintained by the Government - 2.7 billion HUF - has been incorporated into the appropriation containing the costs of Klebelsberg Institution Maintenance Centre - XX/18/2 institutes of public education functions and management - and is available from that item line.</p>		
	<p>Integrated Pedagogical System (IPS): Early kindergarten care is promoted by a financial support to ensure equal opportunities which is focused on the child's transition to school, where successful studies is viable, given that the school established the environment and the pedagogical</p>	<p>Support for measures promoting equal opportunities in education (IPS), financial support to</p>	<p>MHR</p>			

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	approach, that enables children with social disadvantages to find their footing.	educators working in the pedagogical system of integration: Academic year of 2012/2013. End of the programme: 30 June 2013. After this: ongoing, depending on the availability of budgetary resources.				

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>In the year 2013 the children's prospect programmes will be supplemented by measures, financed from EU funds, that will support the voluntary work of disadvantaged children and youths in the field of sports, their inclusion using the means of music, development of sister school relationships, etc.:</p> <p>"Ifjúság.hu" for a successful generation - For comprehensive juvenile service development, in order to enhance equal opportunities for students studying in public education (SOROP 3.3.12.): The purpose of this highlighted scheme is to support, in accordance with the youth policy strategic objectives of the government, the school performance, career development process, social integration and entry into the world of work for students and youths primarily aged between 12 – 20 participating in school type education, by the development of a uniform and comprehensive service system meeting the needs of the young generation. Applications may be submitted between 5 February and 7 March 2013.</p> <p>Children Centres, operating as a part of complex micro-regional child programmes, experts offer help children at the earliest possible age to overcome difficulties. They help the children integrating into kindergarten and school communities and improving their school performance, as well as offering practical guidance or assistance in job seeking for the parents. Local municipalities are entitled to apply for support for the Sure Start Children Centres in 2013.</p>	<p>"Youth.hu" for a successful generation - For comprehensive juvenile service development, in order to enhance equal opportunities for students studying in public education (SoROP 3.3.12.): 2nd half of 2013-2015</p> <p>Development of a new strategy for physical education and a new system of measuring physical condition, as well as encouragement of voluntary participation in the organization of complex school exercise programmes (SoROP 3.1.13): 2nd half of 2013-2015</p> <p>Ongoing</p>	MHR	<p>SoROP 3.3.12. "Youth.hu" for a successful generation - For comprehensive juvenile service development, in order to enhance equal opportunities for students studying in public education, resources: 3 billion HUF</p> <p>SoROP 3.1.13 Development of a new strategy for physical education and a new system of measuring physical condition, as well as encouragement of voluntary participation in the organization of complex school exercise programmes, resources: 2.2 billion HUF</p> <p>SoROP 5.2.3 A/12: complex micro-regional programmes for enhancing the prospects of social inclusion of children and their family</p>		

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	Eötvös József Programme - Development of a pedagogical/professional service institution and Project Network (SoROP 3.3.13.): the purpose is the establishment of a pedagogical/professional service institution, the development of services (e.g. consulting to support students), development and performance of measurement/assessment activities (e.g. extension to the field of social competency), as well as provision of services to the relevant institutions	Eötvös József Programme - Development of a pedagogical/professional service institution and Project Network (SoROP 3.3.13.): 2nd half of 2013-2015	MHR	SoROP 3.3.13. Eötvös József Programme - Development of a pedagogical/professional service institution and Project Network, resources: 3.05 billion HUF		
	Establishment of domestic and international sister school relationships (SoROP 3.3.14.): the purpose is to contribute to the development of the competency of children (in social relations, lifestyle and communication) and the expansion of their knowledge through the establishment of international sister school relationships within and beyond the country's borders and the implementation of joint programmes. In addition, it will enable the establishment of connections between institutions through which the involved institutions will be able to share their experiences and good practices in various fields of education, for example, regarding their activities in the framework of full-day school and the education of disadvantaged children.	Establishment of domestic and international sister school relationships (SoROP 3.3.14.): 2nd half of 2013-2015	MHR	SoROP 3.3.14 Establishment of domestic and international sister school relationships, resources: 4.85 billion HUF		
	Encouragement of voluntary participation of disadvantaged children in the organization of complex school exercise programmes (SoROP 3.3.15): In the framework of this scheme, the mindset of disadvantaged children will be steered by educators towards voluntary participation in sports in the scope of complex school exercise programmes, as well as towards the cultural fields of exercise and sports under the guidance of educators and sports professionals working in student sporting associations (sporting clubs and	Encouragement of voluntary participation of disadvantaged children in the organization of complex school exercise programmes (SoROP 3.3.15): 3rd quarter of 2013-	MHR	SoROP 3.3.15 Encouragement of voluntary participation of disadvantaged children in the organization of complex school exercise programmes, resources: 3 billion HUF		

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	schools) and other regional sporting associations. Planned date of announcement: 1st quarter of 2013	2014 Projected appearance: first quarter of 2013				
	Symphony music integration programme (SoROP 3.3.16.): the purpose is to promote the social integration of disadvantaged pupils studying in institutions providing primary level education, with special regard to Roma pupils, to reduce the failures and early school leaving of disadvantaged pupils; to increase access for disadvantaged pupils to high-quality education with equal opportunities, to increase the participation in higher education and entry into the labour market of disadvantaged students in the future, to promote a change of attitudes among the staff of institutions involved in the program, and furthermore, as an indirect impact, to affect the mindset and approach of professionals and parents involved in the program.	Symphony music integration programme (SoROP 3.3.16.): 2nd half of 2013-2015	MHR	SoROP 3.3.16. Symphony music integration programme: 870 million HUF		
	<u>The implementation of the educational programmes aimed at increasing opportunities is taking place in the year 2013:</u> Support for equal opportunity based development of institutes of public education (SoROP 3.3.8): the purpose of the programme is to increase school integration and opportunities for inclusion, facilitating the early kindergarten enrolment of multiple disadvantaged children, as well as the provision of support for the dissemination and enhancement of programmes with value as models, facilitating the ability of disadvantaged pupils in school to catch up.	Support for equal opportunity based development of institutes of public education (SoROP 3.3.8): Submission: 08 October 2012 to 08 November 2012, decision: March 2013, project close: 2nd half of 2015	MHR	SoROP 3.3.8 – Support for equal opportunity based development of institutes of public education, funding: 4.0 billion HUF		
	Support for measures aimed at the reduction of early school dropout rates of multiple	Support for measures aimed at	MHR	SoROP 3.3.9 – Support for measures aimed at the		

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	disadvantaged students - Tanoda and Second Chance type programmes (SoROP 3.3.9.) In the framework of "Tanoda" programmes the activities are aimed at supporting the inclusion of pupils living in material deprivation or in adverse social conditions, while in the "second chance" type programmes multiple disadvantaged youths beyond school age who missed secondary school studies, dropped out or left school, including Roma youths, are led back to secondary school or receive support for completing the final examination and acquiring a marketable profession.	the reduction of early school leaving rates of multiple disadvantaged students, (SoROP 3.3.9: and Second Chance type programmes): Submission: 08 October 2012 – 30 November 2012, decision: March 2013 Project close: 2nd half of 2015		reduction of early school leaving rates of multiple disadvantaged students, funding: 7.5 billion HUF.		
	Support for initiatives promoting studies in higher education (SoROP 3.3.10): the aim intended to be accomplished by the programme is to increase the ratio of Roma students in higher education. One objective is the reinforcement and support of the participants in the program, which will result in an increase in the number of Roma students studying in higher education.	Support for the entrance of disadvantaged secondary school students into higher education (SoROP 3.3.10): Submission: 22 February 2013 to 22 March 2013, decision: June 2013, project close: 2nd half of 2015	MHR	SoROP 3.3.10 - Support for the entrance of disadvantaged secondary school students into higher education, resources: 1.94 billion HUF		
	College for Advanced Studies for the Roma (SoROP 4.1.1.D): the aim is to increase the chances of Roma youths in higher education, to train a Gypsy intelligentsia that will build the future	College for Advanced Studies for the Roma (SoROP 4.1.1.D): Submission: 02 July 2012 to 31 July 2012, decision: August 2012, project close: 2nd half of 2015	MHR	SoROP 4.1.1.D College for Advanced Studies for the Roma: 1.15 billion HUF		

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
57. Implementing of local equal opportunity programmes and the establishment of regional cooperation for that purpose	<p>The means for the local implementation of the National Social Inclusion Strategy are the local equal opportunity programmes. The Act on equal treatment and the promotion of equal opportunities, as amended by Act LXXXVI of 2012, i.e. the Ebktv., provides that after 1 July 2013 a municipality may only receive support subject to individual assessment from grants from the systems of government finances, resources of the European Union or other programmes financed under international agreements if it has a valid equal opportunity programme compliant with the law.</p> <p>The Türr István Training and Research Institute (TKKI) provides free support for the preparation of the equal opportunity programmes through the support of the SROP 1.1.16 "Assurance of the capacity of a development policy based on the principle of equal opportunities" highlighted project, by its establishment of an equal opportunities mentor network, in order to ensure that the community level equal opportunity programmes are prepared in response to local needs, but in accordance with uniform aspects, with a uniform professional, methodological background, in a way that enables their comparison to one another.</p> <p>Through the grant programme SROP 1.A.3 "Establishment of programmes supporting regional cooperation at the municipalities in the convergence region" we support those district level cooperation schemes that are essential for the efficient implementation of the equal opportunity programmes of local governments, and enable the development of complex regional programmes for each district that can serve as the basis for grants of this type after 2014.</p>	<p>2012-2018 2013: the five-year local equal opportunity programmes are created 2013 - ongoing: implementation of the action plans of the local equal opportunity programmes 2013: the regulatory impact analysis of the local equal opportunity programs are completed 2015: the review of the local equal opportunity programmes is performed 2018: preparation and adoption of new local equal opportunity programmes SROP 1.1.16 project: 2012-2013 SROP 1.A.3 project: 2013-2014 SROP 1.1.19: The impact analysis will be completed in the 2nd half of 2013</p>	MHR	<p>EU funds: SROP 1.1.9: 2.98 billion HUF SROP 1.1.16: 1.2 billion HUF, of which 800 million HUF to support the preparation of the local equal opportunity programmes and 400 million HUF for supporting its implementation SROP 1 A 3: 2 billion HUF</p>	<p>Through the development of local equal opportunity programmes, the generation of regional cooperation and the establishment of the service and institutional cooperation necessary for the implementation and monitoring of the local equal opportunity programmes, and by the development of complex regional programme(s), this grant will contribute to the improvement of public services in accordance with the principle of equal opportunities and the regional level implementation of the National Social Inclusion Strategy. The training of local government staff will create strategic and program planning skills at the local level. As a result of the project the equal opportunity awareness of the relevant local target groups will increase. As a result of all the above actions, the opportunity equalizing policy of communities will improve, which will, in turn, improve the</p>	<ul style="list-style-type: none"> ▪ Reduction of poverty (EU2020-5) ▪ Fighting unemployment and remediation of the social effects of the financial crisis. (AGS-4)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	Objectives of this measure include, for example, the assessment of the impacts of the regulation of equal opportunity programmes through the support of the SROP 1.1.19 programme entitled "Creation of strategic documents and impact analyses affecting human resources", and laying down the foundations for a system to track and implement the monitoring of the programmes.				conditions and access to services of the disadvantaged target groups living in the given communities, as well as their opportunities for training and employment. The activity level and cohesion of the local community will be reinforced	
58. Continuation of the social land programme	<p>Taking into account the experience gained through the implementation of the 2012 Social Land programme, the main aims of the 2013 Social Land Programme were set as follows: managing unemployment and promoting employment, especially by involving disadvantaged social groups.</p> <p>In 2013 the social land program will contribute to:</p> <ul style="list-style-type: none"> • the reduction of regional disadvantages; • the improvement of the local social and economic well-being and the establishment of sustainability; • the mobilization of the beneficiaries and the improvement of their employment level; • the improvement of the quality of life of disadvantaged persons, primarily the Roma. 	Term of the programme: April 2013 - 30 June 2014	MHR	MHR Secretariat for Social Inclusion will provide 250 million HUF and according to plans the Ministry of the Interior will provide 800 million HUF.		<ul style="list-style-type: none"> ▪ Reduction of poverty (EU2020-5) ▪ Fighting unemployment and remediation of the social effects of the financial crisis. (AGS-4)
59. School fruit, and kindergarten and school milk programmes	<p>School milk and school fruit schemes contribute to the catering of those children attending schools and kindergartens who live in extreme poverty. The aim of the school fruit program is an increase in the consumption of fruits and vegetables by children. As a related measure, a popular science programme promoting the consumption of fruits and vegetables and healthy eating will also be implemented.</p> <p>Under the kindergarten and school milk programme an opportunity is provided to supply</p>	School fruit programme: Development of the national strategy and its submission to the Commission: 31 January prior to the academic year. Implementing resolution by the	MRD	<p>School fruit programme: In addition to the available EU support, the "School fruit program" appropriation of the Central Budget can be utilized.</p> <p>Kindergarten and school milk programme: In addition to the available EU support, the "Drink</p>	School fruit programme: As a result of this measure, the consumption of fruits and vegetables may increase permanently, which will also contribute to stabilizing the revenues of producers through the increase in demand. Social impact: the eating	<ul style="list-style-type: none"> ▪ Reduction of poverty (EU2020-5)

Measure	Content	Status and timing	Ministry	Financing	Estimated impact	Contribution to NRP objectives ⁵
	<p>milk and dairy products (processed cheese, yogurt and kefir) to children in kindergartens, primary and secondary schools on a daily basis. In the regulations of the kindergarten and school milk program so far (2004-2012) the municipalities played a determining role. Owing to the changes in the maintaining institution, the Ministry of Rural Development implemented fundamental changes in its regulations for the year 2013: on the one hand, the opportunity for applying for direct processing continues to be available; on the other hand, the Klebelsberg Kunó Institutional Maintenance Centre (KIK) is also able to join the program. We have significantly raised the support available for liquid milk and its flavoured versions (e.g. cocoa): from 27.6 HUF/0.1 l to 30 HUF/0.1 l. The range of products that may be involved in the programme has also expanded. In 2013 the pupils may also receive lactose-free milk, promoting the participation of children with sensitivity to certain components of milk in the programme.</p>	<p>Commission on the final allocation of EU support funds to the member states: by 31 March prior to the academic year. Launch of the school fruit programme: September. Implementation is in progress: The academic year of 2012/2013 - ongoing program; academic year of 2013/2014 - planned program.</p> <p>Kindergarten and school milk programme: The programme is implemented in a calendar year. Preparations for this measure: legislative preparations will take place in the time interval applied in normal administrative co-ordination.</p>		<p>milk program” appropriation of the Central Budget can be utilized.</p>	<p>habits of children in primary school will improve, fruits and vegetables will constitute a higher portion in their consumption, which will result in the reduction of obesity and the general health status will improve. Environmental impact: the emission of toxic substances through the transport of products will be reduced by the preferential treatment of local vegetable and fruit products.</p> <p>Kindergarten and school milk programme: As a result of this measure it will become possible to supply milk and dairy products to children/pupils in kindergartens, primary schools and secondary schools. At present almost 215 thousand children are covered by this programme, but this number keeps increasing. Through these actions the Ministry of Rural Development will significantly contribute to accomplishing the aims of the Government related to the promotion of a healthy lifestyle.</p>	

Annex 2: Implementation of the 2012 National Reform Programme

Measure	Content	Status	Further schedule	Estimated impact
Annual Growth Survey 1st Priority: Growth-friendly fiscal consolidation				
<i>The measures are presented in the Convergence Programme</i>				
Annual Growth Survey 2nd Priority: Restoring bank lending activity				
1. Improving access to agricultural funding	<p>One of the primary objectives of the Government is to develop agriculture as a driver of the economy on the basis of utilising comparative advantages. A key element to that is the improvement of agricultural entrepreneurs' access to financing. The measure focuses on the efficient operation of new or amended preferential loan programmes (e.g. the frost damage credit programme of the Hungarian Development Bank (MFB), the changing of the food bank guarantee and producer organisations' working capital credit programmes and the extension of the credit purpose of the working capital credit programme of the MFB).</p>	<ol style="list-style-type: none"> 1. Within the MFB's Frost Damage 2011 Working Capital Credit Programme, agricultural producers that suffered frost damages in 2011 could apply for working capital credit with extremely favourable conditions between 30 January 2012 and 31 August 2012. 2. In order to improve the working capital financing situation in animal husbandry, the MFB's Agricultural Working Capital Credit Programme created in 2011 was expanded. As a result, in addition to working capital financing, since 14 June 2012 it has been possible to use this credit for purchasing breeding animals as well, which qualifies as investment. As a result of further amendment, since February 2013 the Ministry of Rural Development has been providing a 50% interest rate subsidy of maximum 4 percentage points per annum, and the maximum maturity period of the loan has been changed from 3 years to 6 years, while the maximum grace period of principal repayment from 1 year to 3 years. 3. The New Hungary Agricultural Development Credit Programme has been amended. As a result, as of 23 January 2013, young farmers who start their business and do not receive starting grant from the European Agricultural and Rural 	<p>Credit agreements within the framework of the currently available credit programmes (Section 2-5) can be concluded until 31 December 2013.</p> <p>It is to be emphasised that the maturities of the aforementioned credit programmes are limited by the expiry date of 31 December 2013 of the relevant agricultural state subsidy rules. However, they are expected to be reannounced with the necessary amendments in line with the new state subsidy rules entering into force as of 2014 and 2015.</p>	<p>No numerical data are available regarding the direct effects of the amendments to the credit programmes, but they obviously improve the financing situation of agricultural enterprises and thus their competitiveness as well. In general, the preferential credit programmes are 2-5% cheaper than bank loans with market interest rates.</p> <p>The total amount of loans disbursed within the preferential credit programmes operated with the involvement of the MFB Zrt. and within the Széchenyi Agricultural Programme coordinated by KAVOSZ Plc. reached HUF 55 billion by the end of 2012.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>Development Fund may apply for preferential general purpose loans up to an amount of HUF 50 million with preferential guarantee, with a maximum grant content of EUR 40,000, as set out in the Agricultural Block Exemption Regulation. The loan may also be used for purchasing arable land. Moreover, agricultural producers that receive agricultural <i>de minimis</i> aid may also apply for preferential loans to buy arable land, also with preferential guarantee, in an amount of maximum HUF 50 million, which may allow the purchasing of 20-50 hectares of arable land, depending on land prices.</p> <p>4. As of September 2012, the MFB's Food Industry Bank Guarantee Programme was modified. Within the framework of the Programme, the provision of bank guarantees by the MFB makes it easier for otherwise viable food industry enterprises to have access to credit. As a result of the amendment, the lower limit of the working capital credit/principal that can be guaranteed declined from HUF 200 million to HUF 40 million. Accordingly, in the future, smaller enterprises will also have better access to this facility, and – to the debit of the available <i>de minimis</i> aid – the beneficiary may have recourse to the bank guarantee with a preferential annual fee of 1.5%, in lieu of an annual 0.5-6.3% fee charged in the market for bank guarantees.</p> <p>5. The New Hungary Working Capital Credit Programme for Producer Organisations was amended as of August 2012, resulting in a change in the maximum maturity from 5 years to 7 years and the grace period</p>		

Measure	Content	Status	Further schedule	Estimated impact
		from 2 years to 4 years.		
Annual Growth Survey 3rd Priority: Strengthening growth and competitiveness				
<p>2. Amendments of the operational programmes of the National Strategic Reference Framework based on mid-term evaluations</p>	<p>Operational programmes affected by the modifications: Environment and Energy Operational Programme (EEOP), Transport Operational Programme (TOP), State Reform Operational Programme (SROP), Electronic Administration Operational Programme (EAOP), Implementation Operational programme (IOP), Social Renewal Operational Programme (SoROP) and Social Infrastructure Operational Programme (SIOP). The greatest reallocation of funds would be carried out between the Transport Operational Programme and the Environment and Energy Operational Programme.</p> <p>The greatest reallocation of funds will support the take-off point of the New Széchenyi Plan Green Economy Development Programme by supporting efficient energy use interventions and the increase of the use of renewable energy resources.</p> <p>As each and every HUF 1 billion spent on the renovation of run-down buildings of institutions performing to public services (maintained by the central budget, local governments, churches and other organisations) will result in annual energy cost savings of approx. HUF 40 million, the funds that become available may be spent on developments that raise the standard of public services.</p> <p>The developments that reduce the traditional energy consumption of the facilities of institutions financed from the central and local budgets as well as of small and medium-sized enterprises may be implemented from the amount reallocated from the TOP to the EEOP (heat insulation of buildings, replacement of windows and doors, modernisation of lighting etc.). The rationality and efficiency of the</p>	<p>The OP amendment conducted in 2012 included reallocations between the TOP and the EEOP (HUF 108 billion), between the Social Renewal Operational Programme and the State Reform Operational Programme (HUF 1 billion between OPs, HUF 2.5 billion within the State Reform Operational Programme) as well as across the priorities of the IOP (15,12 within the OP) and the EAOP (HUF 9.5 billion within the OP). The amendment had been submitted in December 2011, but the approval was delayed. The amendments to the EAOP and the IOP were adopted in March and April 2012, respectively, whereas the amendment to the Social Renewal Operational Programme and the State Reform Operational Programme was adopted in June. The amendment concerning the TOP and the EEOP was adopted as late as in the autumn of 2012. More than HUF 200 billion were reallocated within the framework of the amendments..</p> <p>In addition, some minor amendments, that were not part of the reallocation of funds, also took place (basic research appeared in priority 1 of the EDOP as an amended priority target), and some indicator amendments were also implemented, e.g. in the case of the EEOP and the ROP.</p>	<p>The implementation of the measures was completed during 2012.</p>	<p>All OP amendments were justified by the evaluation results, changes in policy priorities and difficulties in implementation. Through their implementation, there will be more emphasis on the new policy directions and it will be easier to avoid the difficulties of implementation.</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>transformation of the public administration system could be supported by a range of investment model projects (energy-saving renewal of schools, hospitals, government offices, sports facilities etc.), also increasing national wealth at the same time, and supporting such investment projects would also contribute to the improvement of the competitiveness of domestic SMEs. Within the framework of the ongoing amendment to the Social Renewal Operational Programme (SoROP), which aims at human resources development, with a reallocation of funds across priorities, Hungary would strengthen the active labour market tools, which show good results, as well as the measures taken in higher education (priorities 1 and 4 of the SoROP), contributing to the management of the increased unemployment of the young.</p>			
<p>3. Simplification of the operation of the National Strategic Reference Framework</p>	<ul style="list-style-type: none"> • A task related to the planning of the support schemes financed from the operational programmes is the designation of the ministers responsible for the preparation of the policy content of the support schemes specified in the action plans. The ministers responsible for the preparation of the content of the schemes provide information about the scheduling of the preparation of the content, and revise the prevailing action plans in terms of the feasibility of the schemes contained therein as well as their compliance with the Government's policy targets. • Launching of the support schemes (priority projects, single-round call for applications) as well as simplifying and speeding up of the tasks regarding the management of the projects. • Tasks related to the institutional operation facilitating the implementation of the projects: survey of the capacities and financing possibilities of the Intermediate Bodies as the 	<p>The measures were implemented as detailed below:</p> <ul style="list-style-type: none"> • The ministers responsible for the policy content of the support schemes specified in the action plans were designated; schedules were drafted for the preparation of the professional content and the call for applications. The application is continuous; all will be announced in the first half of 2013. • In order to accelerate the Government's decision-making regarding the cohesion policy, the National Development Government Committee was set up in the summer of 2012; inter alia, it decides on the adoption of and the amendments to the action plans. • The simplification and acceleration of the management of EU projects constitute a continuous task. The regulation simplified several points of the application process 		<p>Payments were speeded up considerably by the end of 2012, reaching nearly HUF 250 billion in the last five weeks.</p> <p>The Own Contribution Fund launched development projects that had not progressed for a long time at beneficiary organisations in the public sector. As a result of facilitating the projects, funds are flowing into the economy. To date, some 1089 applications were received from hospitals, universities and local governments. More than 700 of them already have supportive decisions, in a value exceeding HUF 12 billion.</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>strengthening of task-based planning stemming from the acceleration, elaboration of an institutional development plan for the implementation of structural efficiency as well as the connection of the Unified Monitoring Information System with authentic databases.</p> <ul style="list-style-type: none"> • One of the most important novelties of the recent period was the setting up of the Own Contribution Fund. Its task is to launch the developments that have not progressed for long of beneficiary organisations that are in a difficult financial situation in the public sector, thus contributing to the development of the economy as well. 	<p>(e.g. extension of the electronic administration; the processing time of payment requests declined considerably; the range of documents to be submitted narrowed; completing the documents became simpler and the period of concluding the contracts became shorter).</p> <ul style="list-style-type: none"> • To date, some 1089 applications were received from hospitals, universities and local governments. More than 700 of them already have support decisions, in a value exceeding HUF 12 billion. • Changes relating to Contributing Intermediate Bodies (IBs): The number of IBs continued to decline. The agreements with the IBs were revised, facilitating more efficient and economical operation. The IBs developed their internal monitoring and controlling systems. "Portfolio cleaning" was implemented, i.e. the EU application handling activity, the domestic application process and the international project management were separated. • Connecting the Unified Monitoring Information System with certified databases: In order to avoid repeated requests to submit certificates that are available at other government institutions, the following databases have already been connected, and they work continuously: <ul style="list-style-type: none"> - National Company Register and Company Information Service, - Hungarian State Treasury (database containing local government data, central subsidy monitoring system), - National Tax and Customs Administration (public dues database). - In the case of the TAKARNET database 		<p>Decision-making in the authority of the National Development Government Committee (NDGC) accelerated considerably; its time requirement declined to around one quarter.</p> <p>As a result of the connection to the authentic databases, the estimated amount of savings achieved at the beneficiaries is approximately HUF 2 billion.</p>

Measure	Content	Status	Further schedule	Estimated impact
		of the Institute of Geodesy, Cartography and Remote Sensing (FÖMI) the development was completed and its testing was finished.		
4. Reinforcing consumer confidence in e-commerce services	In January 2012 the Government adopted a resolution that it is necessary to improve consumer confidence in electronic commercial transactions through targeted campaigns. For supporting the activities of consumer protection organisations in 2012 the related tender would contain a so-called information call for application as an application category. The goal of the category was that these organisations should reach the widest possible range of consumers through the most efficient channels and inform them about their rights. The range of priority subjects included e-commerce and internet-based purchases. Within these topics the consumer protection organisations inform consumers about their rights and opportunities (for example the right of withdrawal from the purchase agreement). Equipped with that knowledge, consumers would use e-commerce services with greater confidence, and would be encouraged to do shopping on the Internet. Call for applications is planned to be announced in the spring of 2012.	The policy directions of the annually announced call for applications aims at supporting the associations representing consumers' interests continue to comply with the provisions of the 4th medium-term consumer protection policy (2011-2014), i.e. both in 2012 and 2013 the supported activities are grounded, and reach the various consumer segments directly and in a targeted manner. E-commerce and purchasing on the Internet were among the priority areas of the information campaign category appearing in the call for application announced for the support of the 2012 activity of the associations. Based on the applications, individual NGOs are calling/called the attention of consumers to the relevant rights and possibilities in TV and radio spots. This priority will also be indicated in the call for application aiming at the support of the 2013 activity of the associations. (The call for application is expected to be announced in April 2013.)	At present, the implementation of consumer protection NGOs' projects aiming at increasing consumer awareness using the 2012 source of funding is in progress. The associations call consumers' attention to the possibilities and consumers' rights in connection with shopping on the Internet (e.g. information regarding withdrawal from the purchase agreement) through TV and radio spots within information campaigns. The 2012 grant period expires on 31 May 2013, i.e. the NGOs complete their campaigns by then. With regard to the 2013 support, considering that the No. 5/2013. (II. 20.) Decree of the Ministry of National Economy on the rules of the management and use of chapter-managed provisions that allows the tender invitation entered into force on 21 February 2013, the call for application and instructions may be published. Following the approval of the application with the code FV-I-13, the announcement is expected to be published in April 2013. The support period will be between 1 June 2013 and 31 May 2014. This call for application will also include e-commerce and shopping on the Internet as a priority area within the	The outcome of the campaign is that consumer confidence in e-commerce increases, and consumers become more willing to purchase through the Internet. Accordingly, choice may widen in an indirect manner, and prices may decline. In line with the objectives of the European Union concerning e-commerce, businesses may increase their respective market shares and incomes, while the number of jobs and the size of tax revenues may grow.

Measure	Content	Status	Further schedule	Estimated impact
			information campaign category. The campaigns are expected to be conducted in the second half of 2013 and first half of 2014, allowing a continuous provision of information for consumers through several years.	
5. Opening of new radio frequency spectrums	In 2011 the National Media and Infocommunications Authority (NMIA) auctioned the available 900 MHz frequencies. The tendered frequencies are suitable for the provision of 3G and 4G mobile services, and can be used in a technology-neutral manner; therefore, the service providers that acquire the right to use these frequencies will have the option to install and operate GSM, UMTS, LTE, or WiMAX mobile networks as well. These frequencies allow the provision of mobile internet services with better conditions, as due to the better wave propagation the base stations can cover significantly greater areas. This will result in a significant expansion of 3G coverage in rural areas and in lower service prices. The winner of the auction will appear in the market as a new mobile service provider.	The National Media and Infocommunications Authority (NMIA) held an auction for the available 900 MHz frequencies. The outcome of the auction was challenged by affected market players before the court. As a result of the court proceeding, the market mobile service providers (Telenor, T-Mobile and Vodafone) have to return to the NMIA the frequencies they won at the 900 MHz auction, which was closed by official decision in 2012, but this also applies to the state mobile company, MPVI Ltd. The reason is that in its final ruling, the Supreme Court (Curia) declared the result of the 2012 frequency auction null and void. After receipt of the written ruling of the Curia, the NMIA will decide on the permission of frequency blocks won and used.	The necessary measures can be taken and subsequent scheduling can be made only after receiving the Curia's written ruling.	Presently, the measures cannot be enforced due to this ruling. This can be determined after the conclusion of any proceeding started (depending on the decision on spectrum policy).
6. Construction of connections to broadband backbone network	The 18-month EU programme to install regional networks at micro-regional level started at the end of 2011. This will allow the "white" settlements with no broadband to connect to the backbone network of adequate capacity, preparing approx. 800 settlements to have a minimum 1 Mbps connection upon the construction of the local network.	The preparation, announcement and evaluation of the tender for the construction of the regional network necessary for connecting to the broadband backbone network has been completed. The announcement was published in May 2012 and the tender was closed in November. The evaluation started in December.	In 2013, the successful bidders will construct the relevant sections of the regional optical network and the institutional connections in the micro-regions. The completion deadline is December 2013.	Broadband connection becomes available in disadvantaged settlements as well. Two public institutions of each settlement will be connected to the broadband network. This will result in a decrease in both economic and labour market disadvantages.
Annual Growth Survey 4th Priority: Tackling the social consequences of the crisis				

Measure	Content	Status	Further schedule	Estimated impact
<p>7. Tackling the situation of foreign currency mortgage debtors with over 90 days delay of payment</p>	<p>Converting into HUF the debts of foreign currency mortgage debtors over 90 days delay of payment and the remission of 25% of the debt by banks. Upon their request, the National Asset Management Agency is ready to purchase the real property of the most vulnerable debtors (i.e. persons with debts more than 180 days delay of payment, with at least one child in the family who receives child protection benefit, and if the debtor receives active working age benefit or housing benefit or nursing benefit or pension or is a public employee) and guarantee that they can stay in the real property as tenants paying discounted rent.</p>	<p>Until the 30 September 2012 deadline HUF 6.3 billion was cancelled from 3097 debtors' outstanding debt. The programme guaranteed that participant debtors' instalments could not increase even after the conversion of the debt into HUF. In addition, the most vulnerable debtors were offered loans with state-subsidized interest rates. Until the end of December 2012 the National Asset Management Agency already initiated the purchase of nearly 2000 real properties.</p>	<p>The deadline for converting with preferential conditions the outstanding debt of foreign currency debtors more than 90 days delay of payment into HUF has expired. The National Asset Management Agency is planning to buy 25,000 real properties until the end of 2014.</p>	<p>The situation of foreign currency mortgage loan debtors more than 90 days delay of payment who are affected by the measure will improve.</p>
<p>8. Preferential exchange rate fixing</p>	<p>Foreign currency mortgage loan debtors who meet their contractual obligations or in arrears by no more than 90 days have the option of entering an exchange rate protection scheme until the end of 2012. From July 2012 debtors that are able to repay their loans can opt for servicing their debt at preferential exchange rates (exchange rate cap). After entering the exchange rate cap scheme, the outstanding loan is repaid at preferential exchange rates, i.e. HUF/CHF 180 for CHF-denominated loans, HUF/EUR 250 for EUR-denominated loans, and HUF/JPY 2.5 for JPY-denominated loans. The principal due as the difference between the preferential and the current exchange rates will be payable only after 30 June 2017, while the relevant interest will be cancelled definitely. Through the exchange rate cap scheme, banks and the Hungarian State may cancel up to several hundred thousand HUF from a given debt. Moreover, the instalments on the unpaid principal accumulated during the exchange rate cap period may not exceed 15% of the total instalment paid during the exchange rate cap period.</p>	<p>According to the data of the Hungarian Financial Supervisory Authority (HFSA), 120,191 contracts were concluded with banks by the end of December 2012, accounting for some 26% of those eligible for the exchange rate cap. Accordingly, debtors are paying a portfolio of around HUF 1000 billion under the preferential terms.</p>	<p>The new, extended exchange rate cap scheme is open until 31 May 2013 for debtors who have serviced their debt in line with their loan contract or have defaulted on it for a maximum of 90 days.</p>	<p>The ratio of non-performing loans will decline as a result of the introduction of the exchange rate cap.</p>
<p>Annual Growth Survey 5th Priority: Modernising public administration</p>				

Measure	Content	Status	Further schedule	Estimated impact
<p>9. “Cutting Red Tape” Programme (Hungary’s administrative burdens reduction programme)</p>	<p>The Hungarian Government adopted a medium-term programme to reduce administrative burdens on entrepreneurs in November 2011. In 10 intervention areas the programme contains 114 measures, including, the reduction of administration relating to taxation, the simplification of the operation of authorities, a faster and more predictable construction permit procedure and the reduction of the administrative burdens on employment. In addition, the programme contains measures to eliminate parallelism in information obligations, to reduce the rise of bureaucracy and to eliminate institutional mechanisms that encourage distrust and punitive sanctions. The programme also contains organisational and systemic changes which may prevent future re-emergence of administrative burdens on businesses by becoming an integral part of the functioning of the State.</p>	<p>Initially, the Government identified 114 measures within the “Cutting Red Tape” Programme (Hungary’s administrative burdens reduction programme) in order to reduce the administrative burden on enterprises. Due to other policy considerations, the Government cancelled eight of the measures. Until its meeting on 26 February 2013, the Zoltán Magyar Simplification Working Group, which is responsible for the reduction of administration, approved implementation reports on 93 measures. (Of them, implementation is conditional in the case of 7 measures; final amendments to legislation and certain steps relating to implementation are in progress as approved by the Working Group.)</p>	<p>For the ultimate approval, the ministries responsible for implementation should submit implementation reports on 13 measures. 10 are expected to take place successfully by the end of 2013, whereas three measures are expected to be implemented in several phases during 2014.</p>	<p>The preliminary ex post impact assessment followed the fundamental principles of the SCM method applied by the European Union. The number of measures implemented until the end of February 2013 is 93; the impact of these measures estimated in advance amounts to HUF 186 308 billion. In addition to other policy measures, Hungary has accomplished its 25% administrative burden reduction target.</p>
<p>10. Reducing administrative burdens on citizens (Simplification Programme)</p>	<p>As part of the Zoltán Magyar Public Administration Development Programme, the Simplification Programme aiming at the reduction of administrative burdens on citizens was adopted by the Hungarian Government in August 2011. The Simplification Programme was implemented in three stages (the first one closing at the end of March 2012), and until the end of 2012 altogether 228 procedures were to be simplified. The range of procedures designated for simplification covered all the important areas (for example, family benefits, taxation, unemployment benefits as well as matters related to real properties, vehicles, pensions, health insurance and documents) where citizens encounter official procedures in their day-to-day lives.</p>	<ul style="list-style-type: none"> • 98% of the simplification of procedures has been closed (the relevant amendments to legislation have been prepared). • No substantial simplification has taken place in the case of a total 9 procedures; in each case, this was approved by the Zoltán Magyar Simplification Working Group. • In order to facilitate central, external communication, separate content was drafted regarding the Simplification Programme and the supporting projects within the website (http://magvaryprogram.kormany.hu), which is available for citizens. • For the efficient implementation of the Simplification Programme, the Ministry of Public Administration and Justice provided process management training for the staff of ministries and background institutions, participating in the Programme. The 	<p>The closing date for the complete implementation is 30 April 2013, which is the deadline for carrying out the measurement of the administrative burden on citizens. The work is in progress, and the calculations will be completed on schedule.</p>	<p>As a result of the Simplification Programme, customers will perceive simpler administration in respect of the 228 procedures included in the Programme. Administrative burdens on citizens will decline by 25% in the procedures concerned. Descriptions of the simplified procedures will be prepared and made available for customers. Administrator's handbooks (approx. 200 ea) will be prepared about all the simplified procedures.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>teaching of the application of the MS Visio flowcharting software for the electronic preparation of flow charts was the practical part of the training.</p> <ul style="list-style-type: none"> • For a more efficient utilisation of the results of the Simplification Programme and for the inclusion of foreign experiences, a one-day conference was organised with the involvement of experts from the OECD. • In the State Reform Operational Programme's SROP-1.2.6/A projects serving the implementation of the Simplification Programme, all ministries undertook to reduce administrative burdens in connection with their procedures by 25% by 30 April 2013. Measurement is in progress and will be completed by 30 April 2013. • Experts simplified the language of 2 pilot laws. The legislation affected by the linguistic simplification: <ul style="list-style-type: none"> - 1. Act LXXXIV of 1998 on Family Support, - 2. Act CXXXII of 2003 on Condominiums. • A summary study was prepared in order to draw lessons from the linguistic simplification. 		
<p>11. Establishment of district offices and government windows</p>	<p>The establishment of districts and district offices results in the separation of local governments' administrative tasks from public administration tasks. Accordingly, the latter will be performed by district offices. The most important task of the district offices will be to deal with administrative tasks below county level. Accordingly, the district offices will perform the administrative tasks of the notary – in exceptional cases of the mayor or the clerk of the mayor's office – and also all the matters that fall into the competence of the micro-regional</p>	<p>The district offices were designed and set up as organisational units of the government offices of Budapest and of county government offices as of 1 January 2013. Social partnership consultations and policy debates on establishing the boundaries of districts had taken place in the first half of 2012, before the act on the districts was adopted. Authorised by law, the Government regulated the organisation of district offices, the boundaries of their territories and their spheres of authority in various decrees.</p>	<p>Setting up the district offices as the implementation of an independent measure has practically been completed. They started their operation, and they attend to their tasks and powers. Integrated customer services, i.e. district government windows will be set up in the major towns of the districts and in the smaller towns that currently operate document</p>	<p>The measure will contribute to a more uniform and customer-friendly administration at district level. As a result of the objective set by the Government, customers will be able to arrange their administrative matters more simply, at the usual places and experiencing adequate expertise. Customer satisfaction</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>branch offices, customer service bureaus and offices of specialised agencies of county government offices.</p> <p>The document bureaus will also be included in the organisations of district offices (as organisational units performing the notary's tasks within his administrative authority). At present, altogether 304 document bureaus operate in 270 settlements. The customer service branch offices of the specialised agencies of district offices will also be integrated with the document bureaus, thereby ensuring a one-stop-shop procedure in every district by the end of 2013.</p>	<p>Cooperation with the ministries was coordinated. As a result, ministerial decrees were also issued. In parallel with the legislative process, organisational and co-ordination work was also carried out, and as a result of agreements between local governments and government offices, 9852 employees were taken over by the district offices. This was preceded by an assessment and negotiation process of several months between the Ministry of Public Administration and Justice, the National State Administration Office, the Central Office for Administrative and Electronic Public Services and the Property Administration Centre of the Ministry of Public Administration and Justice (Office of Public Administration and Justice).</p>	<p>bureaus. They will allow citizens to launch or arrange their public administration matters at the seats of government windows. The system of district government windows will be implemented by 1 January 2014. The system will be based on the existing locations and bases of document bureaus and government office customer services, resulting in some 300 district government windows in the future.</p> <p>Organised by the National University of Public Service, the training of staff employed by government offices and mainly performing customer service and official tasks (6500 people) has started. Negotiations regarding the locations of the government window network with a uniform appearance are in progress in order to set them up by the autumn of 2013.</p>	<p>and the number of cases by territory and time are being measured in connection with the operation of the current government window system as well; this method will also be applied during the increase in the number of government windows in the system.</p>
<p>12. Electronic administration</p>	<p>Several developments are launched for the support of administration with IT solutions and in order to establish remote and electronic access to procedures as well as full customer identification and an electronic delivery system. These developments include the following:</p> <ul style="list-style-type: none"> • The "Full customer identification" priority project allows identification for organisations (including firms) as well, with an indirect solution (based on electronic signature, and on the "trusted list" created in connection with the implementation of the directive), making interactive services available for foreign enterprises as well. • The "Hybrid delivery and conversion system" priority project allows the maintenance of 	<p>EKOP 2.3.8. The <i>Full customer identification</i> project was launched. The grant contract was signed on 15 December 2012. An amount of HUF 27,759,388 was paid. The planned closing date of the project is 31 December 2014, in line with the deadline undertaken vis-à-vis the EU.</p> <p>EKOP 2.1.15. "Development of interoperable IT infrastructure of integrated customer services" – the project started, the conclusion of the grant contract is in progress. The detailed feasibility study contains the deadlines, which promise the implementation of the entrepreneurs' portal, handling it together with the implementation of the e-enterprise action point. In the case of the</p>	<p>The closing date of the measures regarding computerisation had to be extended because during the co-ordination the already operating, determined systems of several major organisations concerned have to be taken into account and synergy has to be created among the newly implemented developments. According to our expectations, this will result in a much easier practical implementation of future efforts regarding interoperability and the computerisation of services.</p> <p>Deadlines for individual measures:</p>	<p>The joint effects of the measures to reduce the administrative burdens on households and businesses (computerisation – services and computerisation – infrastructure): possibility of faster administration for those concerned, easier use of electronic administration. A further assistance for the entrepreneurial environment will be the creation of the entrepreneurs' portal as well as the PSC portal, which complies with the EUGO criteria. The</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>connections based on the logic of ordinary delivery both for electronic and paper-based enquiries, exceeding the requirements set out in the Services Directive (making even paper-based enquiries sustainable).</p> <ul style="list-style-type: none"> • The “Development of interoperable IT infrastructure for integrated customer services” is a priority project creating the IT conditions for the one-stop-shop administration. • As part of the project entitled “Review of the regulatory environment of electronic administration”, the rules governing electronic administration will be supplemented in accordance with practical needs in connection with the comprehensive amendment to Act CXL of 2004 on the General Rules of Administrative Proceedings and Services. The manuals that contain detailed requirements necessary for the actual setting up of the regulated administrative services specified by the Act as well as for the Act and the implementation decrees will be prepared in line with Decree No. 24/2011. (VIII. 9.) of the Ministry of Public Administration and Justice on preliminary and ex post impact assessment. Based on the outcome of impact assessments, a proposal will be compiled in order to supplement or amend the regulation if necessary. 	<p>project, “live” operation may be delayed by 1-2 months compared to the deadline undertaken vis-à-vis the European Union.</p> <p>SROP 1.2.10 – The project entitled “Review of the regulatory environment of electronic administration” started; some results are already achieved. The Ministry of Public Administration and Justice performed its relevant regulatory tasks. Government Decrees 82-85/2012. (IV. 21.) were published in Magyar Közlöny (Official Gazette). Their revision, ex post impact assessment and fine-tuning are in progress, and the measures, records and IT solutions created by law are being formulated in various projects co-financed by the EU (mainly EKOP projects). The planned closing date of the project is 30 June 2013, which is also in line with the deadline undertaken vis-à-vis the European Union.</p> <p>In addition to the “Cutting red tape” programme, which aims at reducing the administrative burden of businesses, and its monitoring, the progress of the set measures was examined every two weeks at the Magyar Simplification Monitoring meetings, which also responsible for the simplification of the administration for citizens. As a result of the measure, of the points belonging to the competence of the Ministry of Public Administration and Justice, the subject of electronic signature was closed. By amending Act XXXV of 2001 on Electronic Signatures, the Ministry of Public Administration and Justice made it possible to use a safe type of electronic signature, which is easier to handle at the same time.</p> <p>By amending Act CXL of 2004 on the General</p>	<ul style="list-style-type: none"> • E-enterprise: 1 January 2014 • Expansion of the possibilities of electronic data provision: 1 April 2013 • Increasing the interoperability of government databases: 30 September 2013 • Setting up an entrepreneurs' portal: 1 October 2013. 	<p>efficiency of the systems operating in the background will be increased to a great extent by the legal regulation that is being prepared regarding interoperability and the co-ordination of databases.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>Rules of Administrative Proceedings and Services, a regulated administrative service called “document verification based on identification” was created. It allows a natural person to enter his/her account at the customer portal and put his electronic signature on a document uploaded there by the customer portal service provider. This is a comfortable, fast and cheap solution mainly for those customers who use the e-administration rarely. With these regulatory reforms, the Ministry of Public Administration and Justice completed the tasks determined in the measure. The GOV CA is prepared within the framework of the EKOP 2.3.8 priority project.</p>		
<p>13. Anti-corruption measures</p>	<p>The anti-corruption programme focuses primarily on corruption and abuses in the public sector, in the performance of the tasks of the state. For this purpose it strives to assign a complex set of tools aiming at simultaneously preventing corrupt actions as well as improving awareness and integrity at individual and institutional levels, also developing effective sanctions against corrupt practices. As part of the programme, an anonymous reporting system as well as a reporting system providing effective protection for those filing reports will be put into place, central integrity and anti-corruption training will be provided, and information campaigns will be conducted to enhance the sensitivity of the business sector and the society. The possibilities of qualitative and quantitative reinforcement of the units of the investigative authorities participating in the fight against corruption will be examined, and for the purpose of effective prosecution and detection of corruption, better-organised and closer co-operation of the agencies engaged in the fight against corruption will be implemented. A Professional Code of Conduct will be prepared for</p>	<p>The most important achievements of the programme to date:</p> <ul style="list-style-type: none"> • the inclusion of the topic of corruption prevention in the National Curriculum (September 2012), • provision of corruption prevention knowledge in the training system of government officials and in the training system of those with a public administration scholarship (continuous), • publication of a green paper on the ethical requirements to applied at government agencies (March 2013), • issue of rules regarding the integrity control system of administrative bodies (March 2013) • issue of the rules of government officers' liaising with lobbyists (March 2013), • concluding of a grant contract for the priority project that supports the programme (SROP 1.1.21, December 	<p>The remaining measures will be implemented by the 2014 completion of the programme and the priority project that supports it.</p>	<p>The programme facilitates the reinforcement of the resistance of public administration to corruption through the development of the integrity control systems of administrative bodies, the setting up of a new informant protection system, the regulation of liaising with lobbyists, through joining the Open Government Partnership (OGP), the introduction of Professional Codes of Conduct, as well as comprehensive training programmes on ethics and integrity and the implementation of an awareness-raising social campaign on corruption prevention. Indicators of the above are the ratio of agencies applying the integrity control</p>

Measure	Content	Status	Further schedule	Estimated impact
	the staff of administrative authorities.	2012), <ul style="list-style-type: none"> • launching of the further training line “integrity advisor” (National University of Public Service, March 2013) • revision of the rules concerning the criminal liability of legal entities (December 2012), Adoption of the national commitments of the Open Government Partnership (OGP) (March 2013)		system and introducing protection measures for whistleblowers, the fact of joining the OGP, the introduction of the Professional Code of Conduct for government officers as well as the number of participants in the trainings and of those reached by the information campaign.
14. Organisational development in public administration	<p>The measure focuses on administrative authorities other than county or district government offices, thus allowing the modernisation of the public administration system as a whole. The elements of organisational development will provide complex opportunities for the development of the public administration agencies concerned from a budgetary, human resources and operating point of view, based on their own needs. In order to improve economic efficiency, controlling systems will be introduced, and quality management systems will be applied in order to make supervision possible. Predictability will be improved by the development of strategic control and planning as well as by the operation of a process management system. As regards human resources development, management skills will be developed and performance evaluation systems will be introduced. To facilitate innovative operation, a knowledge management system will be developed. Measures will concentrate on 42 administrative bodies that are not covered by the county and district government offices. As of 2013, the operating models will also be extended to municipalities, which will permit the modernisation of the organisational system of public administration as a whole.</p>	<p>The basic concept has been prepared; at present, the methodologies are being developed and the pilot activity is in progress. The reason for the delay is that the grant contract was concluded one year later. The systemic application of the methodologies is expected to take place as of May, whereas co-ordination and monitoring are continuous.</p>	<p>The systemic application of the methodologies is expected to take place as of May, whereas co-ordination and monitoring are continuous. The closing date of the complete implementation is 30 April 2014.</p>	<p>As a result of the implementation of the measure, the performance of applicant organisations becomes measurable, and some of their processes will be optimised. In addition, the tools of quality management will result in increased customer satisfaction, whereas the means of organisational and individual knowledge sharing and change management will contribute to the success of the measure. Overall, operating efficiency of individual organisations will improve.</p>

Measure	Content	Status	Further schedule	Estimated impact
15 Renewal of the government's strategic management	<p>The regulatory and institutional conditions for the renewal of the Government's strategic management will be established. The strategic management area of the Government will be explored, and methodologies and manuals will be prepared for strategic management. Besides setting up workshops for the harmonisation of the policies of the various fields, a central co-ordination mechanism will be put in place.</p>	<ol style="list-style-type: none"> 1. On April 20, 2011, a Planning Working Group was formed from the government officials of eight ministries with responsibilities in policy design. 2. The Government adopted Decree No. 38/2012 (III.12), providing a basis for the introduction of a new governmental strategic management system. 3. A methodological guide was prepared, consisting of approx. 1,600 pages. (This guide will be made available for the Government's planners by creating abridged versions of the auxiliary materials and improving their clarity: the documents were finalised by the end of October with a uniform appearance.) 4. We organised a one-day seminar with the participation of OECD experts, which was attended by more than 80 government officials. 5. In addition, the experts of the OECD also contributed to the review and evaluation of the Magyary Programme 11.0, thereby also helping the development of the 12.0 Programme. 6. Audit of ministries with a focus on strategic planning (successfully completed by 27 September 2012) 7. A strategic website, operated by kormany.hu, was created: www.strategia.kormany.hu 	<p>Further steps</p> <ol style="list-style-type: none"> 1. Development of a strategic cadastre 2. The strategic cadastre would provide a basis for the multi-level strategic monitoring system. 3. Change management using methods in support of the application of Government Decree No. 38/2012 (III. 12.) on governmental strategic management and support of best practices 4. Creating meta-databases supporting Government planning 	<p>Ultimately, the renewal of the Government's strategic management will be capable of making central public administration more future-sighted, enhance the performance of the state by target-oriented operation, and raise the effectiveness of interventions, making the Government's activity more efficient and more economical, as well as more effective and less resource-intensive.</p>
16. Development of new career models for Civil Servants	<p>The Government's Personnel Strategy was prepared, on the basis of which Parliament passed the following laws:</p> <ul style="list-style-type: none"> • Act CXCIX of 2011 on public officials; • Act CLXXXIV of 2011 on the amendment of Act XLIII of 1996 on the service status of the professional members of armed agencies with regard to the harmonisation of careers in 	<p>1. The job analysis test model was prepared and the relevant tests were carried out; the findings were summarised in a study. The conditions for the introduction of occupational allowance were established in the ministries. Relying on the experience gained in the test model, a proposal was made concerning the possible steps of gradual migration to the job-based system and</p>	<p>1. Introduction of a job-based system: continuously (scheduled as follows in 2013):</p> <ul style="list-style-type: none"> - the analysis and evaluation of managerial positions must be carried out at the Ministry of Public Administration and Justice, the Ministry of the Interior, the Ministry 	<p>1. The new classification system created based on the new job structure provides real career opportunities, enables the development of a more just and more efficient remuneration system adapted to the performance of tasks, and the</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>public service and the amendment of certain pieces of labour legislation;</p> <ul style="list-style-type: none"> • Act CXCLII of 2001 on the amendment of Act XCV of 2011 on the legal status of the professional and contracted staff of the Hungarian Defence Forces and on the amendment of other laws on service relationships. <p>The development of career elements will be continued in 2012 and 2013 as well, and harmonisation will primarily affect the following areas:</p> <ul style="list-style-type: none"> • a job-based system, which retains the advantages of the career system, while offering the opportunity to flexibly adapt to changes; a test model will also be launched • an Integrated Public Servant Performance Management System will be introduced • the system of a common reserve units will be set up • the system of examinations and retraining will be unified based on the training courses offered by the newly founded National University of Public Service 	<p>the implementation of further related tasks, and, accordingly, a government decision was issued [Government Decision No. 1004/2013 (I. 10.)]. A monitoring committee was set up for the supervision of implementation and the performance of further tasks.</p> <p>2. A methodological manual was prepared on the individual performance assessment system of public services, specifying a uniform methodology for all three legal statuses. The Government adopted Government Decree No. 10/2013 (I. 21.) on individual performance assessment in public services.</p> <p>3. Rules concerning the reserves were incorporated in the laws on legal statuses [Kttv., Hszt., Hjt.], and the implementing regulation [Government Decree 45/2012 (III. 20.)] entered into force; as a result, in addition to public officials, the professional members of the staff of the armed forces and certain unattached soldiers of the Hungarian Defence Forces can now be assigned to the reserve unit as of 1 September 2012.</p> <p>4. The basic exam on public administration is mandatory again, whose detailed regulations include provisions for coordination [Government Decree No. 174/2011. (VIII. 31.)]. Government Decree No. 273/2012 (IX. 28.) on the further training of public officials entered into force, allowing both the defence and the police forces to participate in the training courses listed in the register of retraining and further training programmes. Government Decree No. [274/2012 (IX. 28.)], on the basic and professional law enforcement examinations entered into force, approximating the examination systems of public administration and law enforcement.</p>	<p>of Defence, as well as all bodies under their control: 31 May 2013.</p> <ul style="list-style-type: none"> - The analysis and evaluation of all positions must be performed at the above agencies, and a job cadastre must be created: 31 October 2013. - A proposal must be drawn up for the Government on the implementation of the above tasks and on further suggestions: 15 December 2013. 4. Unification of the system of examinations and retraining: continuous. 	<p>structure under development leads to an improvement in the situation of the public sector in labour market competition.</p> <p>2. Essentially, the renewed performance assessment system is based on individual development, and, in accordance with that principle, the retraining system will also be revamped, ensuring consistency between individual career and individual development. Performance assessment becomes more straightforward, conducted twice a year for public officials.</p> <p>3. Possibilities for transfers between careers are strengthened: if a position becomes vacant, the relevant public administration body may look for a substitute in the TARTINFO system among professionals in the reserves or unattached soldiers, who may establish a legal relationship with the Government without a trial period, even without the appropriate qualification, provided they simultaneously agree to acquire the given qualification.</p> <p>4. The system of requirements will be harmonised, ensuring transfers between examinations, training and retraining capacities will be better utilised, and, at the same</p>

Measure	Content	Status	Further schedule	Estimated impact
				time, the costs of training material development will be reduced, a common integrated professional and instructor knowledge base will be established, and there will be a uniform portfolio for retraining programmes.
17. Planning, implementation and introduction of an electronic documentation system supporting the approval procedures of construction authorities (ÉTDR)	<p>The ÉTDR is a centralised service accessible through the Internet, which supports the electronic handling - i.e. storage, delivery, review, visualisation and safekeeping - of building permit documentation for all parties involved in the approval procedures of construction authorities. The main objective of the development is to support electronic submission (application and annexes defined by the law) throughout the approval process and to speed up administration. The central approval system of construction authorities will provide a means for the electronic management and review of documentation associated with the applications, uploaded electronically via the uniform construction authority interface, along with the electronic application form.</p>	<p>Implementation was completed, after a modification of the deadline. Project start date: 02/11/2011 Project end date: 31/12/2012</p> <ul style="list-style-type: none"> • ÉTDR system development (<i>contract value above the EU limit</i>), • IT quality assurance in connection with the ÉTDR system development, procurement of hardware and software, information security audit • Development of a legislative environment appropriate for the functioning of the ÉTDR. (<i>Amendment of Étv. and new Government Decree package entered into force on 1 January 2013.</i>) • Preparation of training courses and user documentation for the use of the ÉTDR, events for informing the public 	<p>The period of maintenance is to follow: 2013-2017</p> <p>Further measures planned: Extension of the ÉTDR to include the electronic administration of all procedures of construction and supervisory authorities.</p>	<p>In accordance with the EU objectives, the ÉTDR system contributes to the following:</p> <ul style="list-style-type: none"> • unification of the procedures of construction authorities and special authorities, reduction of administrative burdens; • acceleration of the approval procedure through electronic administration; • improving administration efficiency and decreasing the need for human resources, resulting in cost savings; • reduction of environmental load (the environmental load caused by the electronic submission of documents is considerably lower); • easy and efficient accessibility of the procedures, decisions and documentation of authorities, as well as their uniform administration and control throughout the

Measure	Content	Status	Further schedule	Estimated impact
				country; <ul style="list-style-type: none"> more comprehensive and up-to-date information provided to clients.
Europe 2020 Strategy 1st national commitment: To increase the employment rate of the population aged 20-64 to 75 %				
18. Elimination the option for Early Retirement	<p>The transformation was carried out in view of the acquired rights, the security of payments for already established and paid early retirement pensions, and the fulfilment of the commitments to those who will retire in the near future before reaching the retirement age. As a continuation of the measures already in progress, the early retirement system of those working in environments hazardous to their health will be transformed, which is not part of the pension system.</p> <p>The pension system based on a law passed in 1997 will be modified by new legislation entering into force in 2013, but, at the same time, further rectifications are required. It is necessary to review and schedule these, as well as to introduce new regulations in 2012. Within the pension scheme, individual accounts will be set up and individual records will be introduced.</p>	<p>At its session on 28 November 2011, the Parliament passed Act CLXVII of 2011 on the abolishment of early retirement schemes, early pensions and service dues. Pursuant to that law, it will no longer be possible to receive old-age pensions before reaching the retirement age as of 1 January 2012. The following are included here:</p> <ul style="list-style-type: none"> • anticipated old-age pension, • reduced anticipated old-age pension, • early retirement pension, • miners' pension, • pension before reaching the retirement age, • old-age pension determined on the basis of Government Decree No. 5/1992 (I. 13.) on the entitlement of persons pursuing certain art activities to old-age pension, • old-age pension determined on the basis of those provisions of Act LXIV of 1994 on certain questions related to holding the mayor's office and the remuneration of the members of local governments which were in force prior to 1 January 2012, • old-age pension determined on the basis of those provisions of Act LVII of 2004 on the legal status of the Hungarian members of the European Parliament which were in force prior to 1 January 2012, • old-age pension determined on the basis of those provisions of Act LVI of 1990 on the remuneration of the members of Parliament which were in force prior to 1 		<p>Pensions due before reaching the age of retirement were only partly based on the payment of contributions; the relevant payments were made from the Pension Insurance Fund, which was, however, in deficit, so payments were financed from the central budget by increasing public debt. Therefore, with a view to establishing a balance of the Pension Insurance Fund and decreasing public debt, the Széll Kálmán Plan aimed at ensuring that pensions may only be determined after the retirement age has been reached.</p> <p>The goal of this transformation is to ensure that pension expenditure does not exceed the income received from pension contributions, and that all payments made from the central budget actually appear there as expenses. As a result, the type of benefit received and the relevant financing sources will be made clear for the beneficiary.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>January 2012.</p> <p>Acknowledging and maintaining all previously acquired rights, pensions based on the above entitlements will be financed from a fund established by the central budget. The pensions of those involved will be financed from the Pension Insurance Fund after they have reached old-age retirement age.</p> <p>As part of this transformation process, 50 acts were amended or repealed, and 3 government decrees were repealed.</p>		<p>As a consequence of this measure, tens of thousands of people have postponed their retirement by 2 or 3 years since 2012 on a yearly average, which leads to permanent and considerable savings for the Pension Insurance Fund in the short, medium and long term.</p> <p>Furthermore, the continuation of work is a factor increasing the initial level of pension, resulting in approx. 5-6 % higher initial payments. This means that the measure will improve both the sustainability and the appropriateness of pensions.</p>
<p>19. Promotion of employment of disabled people</p>	<p>The accreditation and support system of employment rehabilitation will be modified. On the basis of the review, and according to the resulting rating, permanent or transit employment or, with the help of a rehabilitation card, open labour market employment may be realised.</p> <p>The review process is a complex procedure including medical, employment, rehabilitation and social aspects.</p>	<p>To improve the rate of employment, the employment rehabilitation system of disabled persons was modified as of 1 January 2012. The complex examination of persons with reduced capacity to work was restructured, treating individual cases under consideration of various medical, occupational and social aspects.</p> <p>As of 1 January 2012, rehabilitation cards were introduced as a new form of support, based on which the employer may be exempted from the social contribution tax (27 %) for the entire period of employing a person with reduced capacity to work.</p> <p>As of 1 July 2012, specialised rehabilitation agencies operating under uniform professional control were set up.</p>	<p>The laws were enacted in 2012; the plans were realised.</p>	<p>The new regulations increased the number of people participating in supported employment by nearly 10 %. The number of those in employment is further increased by the fact that the new regulation created the concept of transit employment in this target group; 3-7 % per year of those working in supported employment are able to enter the open labour market, providing a possibility for service users to be integrated again, meaning that</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>As of 18 November 2012, the system of employment support and the associated accreditation system of employers were completely reorganised. The new Government Decree regulates the grant system within which employers employing disabled persons may apply for support in compensation for their wage costs and other expenses. The application allows new employers and, consequently, new employees to enter the support scheme, which had been a closed scheme since 2009.</p> <p>New legislation:</p> <ul style="list-style-type: none"> • Act CXCI of 2011 on the benefits for disabled persons and on the amendment of certain acts. • Government Decree No. 327/2011 (XII. 29.) on the procedural rules concerning the benefits for disabled persons; • MNR Decree No. 7/2012 (II. 14.) on the detailed rules for complex qualification; • MNR Decree No. 8/2012 (II. 21.) on employment rehabilitation experts; • Government Decree No. 95/2012. (V. 15.) on the National Rehabilitation and Social Office and the responsibilities and powers of specialised rehabilitation agencies under its control; • Government Decree No. 327/2012. (XI.16.) on the accreditation of employers employing disabled persons with reduced capacity to work and the budgetary support that may be granted for the employment of disabled persons. 		<p>the static system of the support scheme was transformed into a dynamic one.</p>
<p>20. Active labour market policies</p>	<p>In compliance with the recommendation of the European Commission, we strengthen our active</p>	<p>The active labour market policies financed by the county-level employment centres from the decentralised National Employment Fund (NEF)</p>	<p>The professional implementation of the project SoROP 1.1.2 will take place between 1 May 2011 and 30</p>	<p>The number of people affected by various forms of assistance provided using active labour</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>labour market instruments, co-financed by the ESF, which have delivered good results by reallocating further resources for this purpose. According to the plans, the funds available between 2011 and 2015 for the decentralised programmes for the employment of the disadvantaged (SoROP 1.1.2 in the convergence regions, SoROP 1.1.4 in the Central Hungary Region) will amount to 91 billion HUF (from which the budget of SoROP 1.1.2 will be 86 billion HUF). According to the plans, the funds necessary for the measure will be complemented by 26 billion HUF through reallocation among SoROP priorities and the use of residual resources; this amount will primarily be used for the support of the entry of young workers into the labour market.</p> <p>In line with the increase of the frame, the capacities of the National Employment Service (NES), which implements the programmes, will be strengthened. (In addition, the SoROP 1.3.1 programme, aiming at the development and efficiency improvement of NES, will also be carried on)</p> <p>The SoROP 1.1.2 and 1.1.4 programmes are aimed at improving the chances of disadvantaged people from a labour market point of view for permanent employment or reintegration in the labour market by organising labour market services, support and training into tailor-made, complex packages. The target group is constituted by undereducated people, fresh graduates, people over 50, women returning to the labour market after maternity leave, people receiving an unemployment benefit, and a selected group of job-seekers, typical of the given region, threatened by long-term</p>	<p>are used on a continuous basis and are available throughout the year. The amount available from NEF for the operation of decentralised active labour market instruments financed from domestic sources was 10.8 billion HUF in 2012. As part of the strengthening of our active labour market instruments co-financed by the ESF, as a result of reallocation among SoROP priorities, the budget for the priority project SoROP 1.1.2 increased by 20 billion HUF (to a total of 106 billion HUF), while that of priority project SoROP 1.1.4 increased by 2 billion HUF (to a total of 7 billion HUF) in July 2012. In the case of the project SoROP 1.1.4, the project period will be extended by 1 year (until 31 July 2014).</p> <p>As a change in the content of projects, a significant portion of the extra funding is primarily spent on improving the employability and labour market integration of young people - in accordance with the European Commission's "Youth Opportunities Initiative". More than 30 % of the target group is made up of young job-seekers looking for their first job, and we also place great emphasis on reaching young people who are not registered job-seekers, but are neither studying nor working. The support planned for this group primarily consists of services aimed at providing assistance in career choice, defining further educational paths (possibly within the school system), and acquiring the competences necessary for finding employment. The programme also provides services to young people who are currently still studying within the school system, mainly in the form of employment information services and career counselling.</p> <p>The amendment of the contract by adding the above modifications is still underway (February 2013); however, the projects will be</p>	<p>April 2015, while that of the project SoROP 1.1.4 will take place between 1 May 2011 and 30 April 2014.</p>	<p>market instruments financed from domestic sources is between 15 thousand to 37 thousand persons per month. According to the plans, the project SoROP 1.1.2 will involve 110,000 persons in a disadvantaged situation from a labour market point of view, while the corresponding figure for the project SoROP 1.1.4 will be 7,000 between 2011 and 2015. As a result of the projects, at least approx. 30 % of those involved will find employment in the non-supported labour market (based on the impact assessment conducted on the 180th day after the closure of the individual programmes of those involved).</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>unemployment.</p> <p>As an active instrument, in 2012 the Government introduced housing allowances for job-seekers who were unable to find a job locally due to the lack of local employment opportunities. A housing allowance may be granted for a maximum of 18 months for the establishment of an employment relationship if the place of work is located at least 100 km from the permanent residence or if commuting by public transport would take at least three hours (six hours a day in total). This is a fixed-amount benefit, calculated degressively every six months: for the first six months 100 thousand, for the second six months 60 thousand, for the third six months 40 thousand HUF may be given (adding up to a maximum of 1.2 million HUF/person), which can be used to pay the rent and the bills.</p>	<p>implemented according to the amended content as of October 2012.</p>		
<p>21. Package of measures to promote the reconciliation of work and family life and to increase the activity of women in the labour market</p>	<p>From 2012 on, flexible employment and various forms of flexible work will be promoted through the use of EU funds. The programme SoROP 2.4.5, co-financed by the European Social Fund (ESF), supports the promotion of the various forms of flexible employment, as well as the introduction of various forms of flexible work organisation, taking private life engagements into consideration. The programme EDOP 3.5.1.B aims to create working conditions which ensure equal opportunities for efficient work performance for female employees and those returning after maternity leave, and help to integrate these groups into the labour market. The establishment of day-care facilities for the 0-3-year age group is supported (partly within the</p>	<p>An exceptionally large number of applications was received for the calls for tenders of SoROP 2.4.5. Therefore, MNE proposed that the original budget of 8 billion HUF should be increased to 10.4 billion HUF. The notification of winning applicants and the preparation of contracts are underway.</p>	<p>The implementation of SoROP 2.4.5 projects will be started in the first half of 2013.</p>	<p>According to the plans, nearly 2,000 new flexible positions entitled to benefits will be established through the SoROP 2.4.5 tender, and 550 new jobs will be created. As a consequence of the measure, several parents raising young children will be able to return to the labour market, and employees will have a better chance of harmonising their engagements at work and in private life, which ultimately leads to better adaptability. The new Labour Code also contributes to the promotion of more flexible forms of</p>

Measure	Content	Status	Further schedule	Estimated impact
	framework of the Regional Operational Programmes, partly through SoROP 2.4.5). In the framework of SoROP 2.4.5, it will be possible from 2012 to establish flexible day-care facilities (especially family day-care centres for small groups of children). Besides, the establishment of child-care facilities at workplaces will also be supported			employment. (The expansion of services aiming at the daytime care of crèche-aged children contributes to the reintegration of parents with young children in the labour market.)
	To facilitate the spread of flexible employment, the new Labour Code contains, in addition to the existing rules, several new provisions creating the possibility for various new, flexible forms of employment (work on call, job sharing, employment by more than one employer, telework, flexible working hours). Furthermore, pursuant to the new Labour Code, it will become compulsory, also in the private sector, to employ employees raising children under 3 years of age or returning after maternity leave on a part-time basis at their request.	The new Labour Code has been in force since 1 July 2012.		This measure will improve the employment situation of parents with small children and the flexibility of the labour market
	For those living in settlements without proper services, the possibility of access to daytime child-care facilities through the creation of new infrastructure for such services, or the development and extension of the existing infrastructure. Within the planning period 2011-2013, a call for application was issued on 15 September 2011 within the Regional Development Operational Programme with the title “infrastructural developments for basic social services and basic child care services” for the development of crèches and family day-care centres. According to the call for applications, the date for submission was 9 January 2012.	Crèches are developed between 2007 and 2013 on a continuous basis.		As a consequence of this measure, the employment situation of parents with small children will improve, engagements at work and in private life will be easier to harmonise, and the number of employees working in flexible jobs will increase.
22. Development of the vocational training system	Act CLXXXVII of 2011 on vocational training will enhance the role and responsibility of the chambers	Act CLXXXVII of 2011 on vocational training, the new act on vocational training, has been in force since 1 January 2012, even though vocational	All government decrees and ministerial decrees will have to enter into force by 1 September 2013, and	The effect of the combined vocational training reforms may improve the competitiveness of

Measure	Content	Status	Further schedule	Estimated impact
	<p>of commerce in the practical implementation of the training. Regional integrated vocational training centres will be transformed in order to make the vocational training school system more transparent and more efficient. The system of traineeship will be extended to professions not previously covered. The professional examination system will be modified, and other important elements of the system will be improved as well. The detailed rules will be worked out and introduced in 2012. In 2012-2013, the implementing regulations of the new act on vocational training will be issued, and the entire content will be newly regulated. The EU financing programmes will serve the implementation of these measures and will be linked to the modification of specific system elements</p>	<p>training courses will have to be organised according to new rules from 1 September 2013 only, on a phasing-out basis. According to the new act on the vocational training contribution, the financing system of practical training was also renewed from January 2012. During 2012, both acts were amended, primarily to include certain corrections of a technical nature to improve applicability and adaptability to the related regulation.</p> <p>The complete re-regulation of the system is in progress, further government decrees and ministerial decrees will be required. Some of these have already been finalised, some are still being prepared. In 2012, a lot of implementing regulations were enacted. The most important ones are as follows: Government Decree on the normative grants for practical training, the new National Register of Vocational Qualifications (OKJ), Government Decree on the so-called "requirement modules", and the professional and examination requirements of 77 professions under the control of the MNE.</p> <p>Recommendations for vocational training curricula were also issued, and, as a result, the new type of three-year dual vocational training was launched in nearly 100 schools in the academic year 2012/2013. In the summer of 2012, an MNE decree was issued on assistance for vocational training that may be provided from the training component of the National Employment Fund (NEF). In November 2012, a Government Decree on decisions made within professional organisations was issued for the first time. The legislative process is also greatly influenced by various measures restructuring the public education system prepared by the Ministry of National Resources (MNR).</p> <p>At the beginning of May 2013, all professional</p>	<p>the new professional school-leaving examination requirements should also be published during 2014.</p> <p>The state takeover of public educational institutions previously operated by local governments was carried out, the reorganisation of regional integrated vocational training centres in accordance with the act on vocational training will be completed by September 2013, and preparatory work is already in progress.</p>	<p>individuals, employers, and the country. The structural and content-related reorganisation of vocational training aims to enable people receiving such training to find employment within the shortest time possible by providing them comprehensive professional basic training, as well as the possibility of apprenticeship in several real-life work environments. The training structure opens up various professional career paths, which serves conscious career development by the participant and positions the participant favourably in society. A training structure that is better adapted to economic demands, as well as the implementation of the whole of the reorganisation, will improve the economic situation of those obtaining a qualification and, at the same time, enhance the performance of national economy.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>requirement modules will be published, and, subsequently, professional and examination requirements will also be finalised, and general vocational training curricula will soon be issued. The schemes of SoROP priority 2 related to the system constituents of the reorganisation of vocational training were published, they are in the tendering stage at present (SoROP 2.2.5 and 2.2.6, which are aimed at the adaptation of vocational training schools, as well as the teachers, professional teachers and instructors working there, to courses with changed content and time).</p>		
	<p>Support for training related to agriculture and forestry. In line with the objective of lifelong learning, the aim of the measure is to improve the competitiveness of farmers, agricultural enterprises and foresters, and to help them to carry on sustainable and environmentally conscious activities by improving their professional knowledge. Farmers and foresters successfully passing a professional training course may claim back the cost of the training in the form of support.</p>	<p>During the year 2012, the Training Organisations designated by means of the measure continuously organised supported courses throughout the country for farmers and foresters. A total of about 24,000 farmers signed an adult training contract with Training Organisations for participation in some form of vocational training. Out of that, 11,000 courses were OKJ-accredited, 1,000 courses were provided by authorities, and 12,000 were shorter vocational training courses not providing a qualification acknowledged by the state. The farmers successfully completing the training courses can claim back the full price of the course within the framework of the Ignác Darányi Plan, a rural development programme co-financed by the EAFRD. During the year 2012, about 11,000 payment requests were submitted.</p>	<p>Supported training courses are to be continued in 2013 too.</p>	<p>The farmers completing OKJ-accredited courses acquire thorough and comprehensive knowledge in the given field (such as “Golden Spike” farmer, beekeeper, agricultural engine and machinery operator), so they are expected to do their work more professionally and more effectively, thereby increasing the competitiveness of their farm. Some of the training courses not providing a qualification are mandatory for farmers who have been granted support within the framework of certain measures of the rural development programme. The training provides assistance to farmers attending the courses to use the support awarded more efficiently and be able to successfully fulfil the commitments they have made by applying for the support.</p>

Measure	Content	Status	Further schedule	Estimated impact
				Optional training courses not providing a qualification provide information to farmers in connection with a certain area of interest (such as cross-compliance requirements, up-to-date knowledge on plant protection, wine market insights), as a result of which their work will be more professional and more effective, as well as more compliant with the applicable regulations. By completing training courses organised by the authorities, the farmers may obtain entitlement to certain activities necessary for successfully performing their everyday farming tasks (such as driving tractors, using plant protection products).
23. Further development of the regulatory system of adult training and launch of new programmes	<p>A new act on adult training will be developed, which envisages changes in the following fields:</p> <ul style="list-style-type: none"> • The new regulation clearly focuses on supported training to satisfy the needs of the labour market. • Guarantees are included in into the system in order to provide quality knowledge to the participants of adult training, and the certificates issued will be of the same quality as the vocational training certificates issued by schools. • The target groups and the detailed conditions of adult training are determined, within the constraints of the act, by the organisation having the right of disposal over the funds. • The new regulation clearly enhances the 	<p>Due to the intention to achieve a higher quality, the proposal for the new act on adult training was discussed by the Parliament only at the beginning of the year, after a lengthy and complex consultation process involving civil society and organisations representing other branches of education and public administration.</p> <p>At the same time, to ensure that the EU-supported learning and development programmes listed below can already be launched within the new legislative environment, Act CI of 2001, which is currently in force, was amended in 2012.</p> <p>The beneficiaries already have to provide up-to-date information on the supported programmes,</p>	<ul style="list-style-type: none"> • The new act on adult training is expected to be accepted in the first half of 2013. The new regulations will be introduced gradually, but from the end of 2014 onwards, all training courses must comply with the new system • Schemes for the training and retraining of adults <p>SoROP 2.1.2: The programme is planned to provide funds for training courses until March 2015.</p> <p><u>SoROP 2.1.3</u>: The projects may be planned for a minimum of 5 and for a</p>	<p>The entering into force of the new act on adult training is primarily expected to improve the quality of training and a better alignment of training contents and structures with the needs of the labour market, and the corresponding measures were incorporated in the draft of the new act.</p> <p>The training programmes listed above serve to increase the number of those participating in adult training.</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>effectiveness of supported training courses in the labour market and the rate of employment among those obtaining a qualification in adult training.</p> <ul style="list-style-type: none"> The improvement of the quality of practical training in adult education is ensured by legislative instruments. <p>The competencies of adults are improved in foreign languages and information technology, and support is provided to on-the-job training, as well as the training and retraining of those with a low level of education and with outdated professions.</p>	<p>and the compliant provision of the training courses is rigorously monitored.</p> <p>Schemes for the training and retraining of adults: <u>SoROP 2.1.2.</u> Programme aimed at developing key language and IT competencies, the training courses of which started in January 2013. Until 18 February, 17,792 applications were received within the IT system of the programme, from which 3,495 persons applied for an IT course, and 14,297 persons applied for a language course. <u>SoROP 2.1.3.</u> Support for on-the-job training: In 2012, it was launched with an initial budget of 21.0 billion HUF, but, due to the excessive number of applications, the budget was increased to 28.83 billion HUF. The Grant Contracts were drawn up for component A, and the relevant programmes were started, while for components B and C no approval decision was made until the end of February. <u>SoROP 2.1.6.</u> scheme ("I am learning again!"): Support for the training of adults with a low level of education and with outdated professions, with a special focus on occupations in short supply and training courses related to public employment. The training courses associated with agricultural pilot projects and national public employment started in September 2012. As regards the courses of these two types launched until 13 January 2013, 12,350 and 2,800 persons started their training, respectively. The launch of general labour market training courses is currently in progress.</p>	<p>maximum 20 months from their launch. <u>SoROP 2.1.6:</u> The project is planned to be completed in April 2015.</p> <p>The higher-level use of support for the training programmes is expected in 2013-2014 only.</p> <ul style="list-style-type: none"> Schemes developing the system of adult training (and vocational training) (SoROP 2.2.1) and the content-based and methodological development of the career guidance system (SoROP 2.2.2) were also issued, and the relevant development work has been started in the Hungarian Labour Inspectorate. 	<p>Expected indicators: SoROP 2.1.2: Provision of training to 100,000 persons SoROP 2.1.6: Provision of training to 37,000 persons SoROP 2.1.3: support of at least 1,500 businesses</p>
24. Improvement of the health conditions of	Within the planning period 2007 to 2013, several significant tenders were issued during the years	National Environmental Health Action Programme: Operation of early warning systems	National Environmental Health Action Programme: Continuous	National Environmental Health Action Programme: Early

Measure	Content	Status	Further schedule	Estimated impact
<p>the population - Public Health Programme</p>	<p>2011-2012 within the framework of SoROP priority 6 (Health preservation and development of human resources in the health sector) for the support of public health measures. These include lifestyle programmes promoting health-consciousness and awareness raising at settlement and local levels, by providing support for setting up micro-regional health development offices, as well as, relying on pulmonary care institutes, a nationwide network of institutions helping people to give up smoking, and, furthermore, for methodological development programmes. Screening programmes organised by the public health organisation and public health communication, as well as support for the development of evidence-based health improvement knowledge are also part of the programme.</p>	<p>in the fields of aerobiological monitoring (pollen alerts), heat alerts, and the examination of the health effects of air pollution. Collection, management and health effect analysis of drinking water and bathing water data.</p> <p>Screening tests: Cervical smear screening has been extended through 4 pilot programmes with the participation of health visitors. Up to now, 284 health visitors have mastered this new competency, and more than 160 of them are involved in cervical smear screening this year. Within the framework of SoROP programmes, further 1,300 health visitors are going to be trained in 2013, who will, after completing the course, perform cervical smear screening in disadvantaged and poorly accessible (small) settlements, improving the equality of opportunities. In 2013, a colon cancer screening pilot programme was launched in three counties, providing screening services to 20,000 people. In the fourth quarter of 2013, a fourth county will join the system of organised colon cancer screening, and, after the screening programme has finished, a study will be prepared for the nation-wide launch of the screening programme.</p> <p>Health promotion: An action plan was drawn up to implement Hungary's nutrition policy. A National Salt Reduction Programme entitled „STOP SALT!“ was launched under the coordination of the National Institute for Food and Nutrition Science After nationwide surveys, a proposal for a decree was drawn up with a view to making public catering more healthy and limiting the use of trans fatty acids in foodstuffs.</p>	<p>implementation.</p> <p>Screening tests: Organised cervical smear screening and breast cancer screening is continuous. In 2013, cervical smear screening by health visitors is going on with the participation of approx. 160 health visitors using domestic funds, and its nationwide extension will be started during the year 2013 with EU support, first with training, then, from 2014, with screening.</p> <p>In the first half of 2013, colon cancer screening will be launched in three counties based on the voluntary participation of general practitioners, and then, in the second half of the year, all general practitioners of a second county will join.</p> <p>Health promotion: To keep track of trends in child obesity and to enable international comparison, the WHO COSI survey must be repeated in 2013. The repeated conduct of the nationwide nutritional health environment survey in schools and kindergartens after 4 years - along with the relevant laboratory tests - is another task to be performed this year. In 2014, the National Diet and Nutritional Status Survey (OTÁP 2009) would be conducted again, as previously, in close connection with the EHIS survey made by the Central Statistical Office. The „STOP SALT!“ programme must be carried on.</p>	<p>warnings allow appropriate preventive behaviours and reduced demand for pharmaceuticals, with respect to the pollen season, heat waves, and substandard air quality. As a result of heat alerts of various levels, fewer people died throughout the country in 2011 than predicted during periods of both level 2 alerts (8.5 % instead of 15 %) and level 3 alerts (17 % instead of 30 %). The continuous monitoring of drinking water and bathing water significantly contributes to the improvement of hygiene conditions, as well as the examination and prevention of diseases spreading in water and chronic exposure to chemical pollutants.</p> <p>Screening tests: The implementation of measures promotes readiness for screening in Hungary. First of all, it ensures better accessibility for those who have not previously participated in the screening programmes offered by the state due to a shortage of time or because of the travel costs or for any other reason. The aim is to increase the percentage of screened population for both breast and cervical screening. By increasing participation in screening, not</p>

Measure	Content	Status	Further schedule	Estimated impact
				only mortality due to the relevant disease can be reduced in the target population, but patients can also enter the healthcare system at a curable stage of their disease. Since there is evidence that these screening tests are highly cost-efficient, financial burdens arising from the given disease can be significantly reduced in case of a sufficient number of participants.
<p>25. Package of measures to reduce youth unemployment</p>	<p>▪ Programme to support business start up of young people , to be announced in 2012 (SoROP 2.3.6.)</p> <p>The grant scheme promotes the acquisition and development of entrepreneurial knowledge and skills (financial skills, business plan, marketing, legal environment, etc.) on the one hand, and provides financial support to help young entrepreneurs start their business, on the other hand. In addition, after the start up , the programme offers professional consulting and mentoring to make the enterprise sustainable.</p>	<p>The entire grant scheme consists of two application stages, where potential young/career starter entrepreneurs, within hierarchically built programmes, may:</p> <ul style="list-style-type: none"> • receive the competences required for starting a business, acquire the basic legal, financial, business management, work organisation, administration and leadership skills, become familiar with different forms of enterprise, learn to prepare the steps to become self-employed or entrepreneurs, and may receive help with preparing their business plans (within SoROP-2.3.6.A), • receive priority help at the start-up stage for lawful operation and adopting a tax-conscious entrepreneurial attitude (within SoROP-2.3.6.A and SoROP-2.3.6.B), • and the enterprise may receive support for its costs incurred in the post-start-up period (within SoROP-2.3.6.B). <p>At the time of announcing the grant scheme, the available budget amounts to HUF 6.94 billion in the six convergence regions (Southern Plain, Southern Transdanubia, Northern Plain,</p>	<p>Originally, the objective was to conclude contracts by 28 February 2013 with respect to Component A), but the winning applicants submitted the documents required for the contract with deficiencies or with a delay. Since the beneficiaries of Component A) must complete professional tasks before Component B) is opened (preparing a business plan template, holding training for young people), it is expected that young people can submit their applications under Component B (Supporting young people to become entrepreneurs in the convergence regions) no sooner than late summer 2013 until the available funds are depleted. Within Component B), young entrepreneurs may plan to implement projects for a minimum of 7 and a maximum of 8 months from the starting date.</p>	<p>Within Component A), we expect a minimum of 3,200 young people to participate in training. We expect the programme to result in a minimum of 1,500 new enterprises.</p>

Measure	Content	Status	Further schedule	Estimated impact
		Northern Hungary, Central Transdanubia, Western Transdanubia).		
	<p>▪ Traineeship programme encouraging youth employment and promoting the transition of young people from vocational training to employment (SoROP 2.3.4)</p> <p>In accordance with the vocational training plan, this measure is designed to assist career starters with secondary vocational qualifications in acquiring work experience within a traineeship programme. The grant scheme provides support for trainees' salary, on the one hand, and for the wage benefits of one or more workplace mentors who help and evaluate them, on the other hand. In addition to the grant scheme, a priority project would be launched, where a project-implementing body (according to the plans, the Hungarian Chamber of Commerce and Industry) would provide assistance and consulting to enterprises in employing trainees and in sustaining and improving the existing traineeship positions.</p>	<p>The grant scheme is open for micro, small and medium sized enterprises which undertake to offer traineeship positions to young people with secondary vocational qualifications who obtained the practical skills of their trades under an apprenticeship contract, whether at the same enterprise or another enterprise. In essence, the traineeship programme is designed to support employment which results in the filling of new full-time positions with fully or partially subsidised wages and contributions for 9 months. The programme has a budget of HUF 8.5 billion. Within the project, applications could be submitted for support for traineeship wages and contributions, for the mentoring and administrative responsibilities, the acquisition of resources required for the establishment of traineeship workplaces, and for the acquisitions, refurbishments and transformations required for the appropriate traineeship working conditions. The eligible support ranges from HUF 500,000 to HUF 30,000.000. The National Development Agency issued the call for applications on 11 January 2013, which is open in the period between 15 February 2013 and 30 April 2014.</p>	<p>The grant scheme is open until funds are depleted. The project implementation period must not take longer than 14 months. Projects must be physically completed by 30 June 2015 at the latest.</p>	<p>The grant scheme is expected to employ 4,000 to 10,000 young people as trainees (actual number subject to the intensity of eligible support).</p>
	<p>▪ Supporting NGO-based employment programmes to help young people enter the labour market (SoROP 1.4.1)</p> <p>Currently under preparation, the programme aims at supporting NGO-based employment programmes supporting the long-term labour market integration of young people, primarily disadvantaged career starters.</p>	<p>The SoROP 1.4.1 grant scheme was announced by the National Development Agency on 21 December 2012. The application submission process was finished in March 2013.</p>	<p>Applicant non-profit organisations must start project implementation no later than 1 August 2013. The available project implementation period consists of 13 to 18 months, which means that projects must be physically completed on 31 January 2015.</p>	<p>Applicant organisations may receive grants to employ the target group (young people) for 12 months. Applicant organisations must offer employment for an additional 3 months after grant expiry. The grant scheme enables approximately 2,000 to 2,500 young people to be employed</p>

Measure	Content	Status	Further schedule	Estimated impact
				and obtain work experience with subsidy for 1 year and without subsidy for an additional 3 months.
	<p>▪ START programme Within the START programme, employers who hire young career starters under 25 (or under 30 in the case of college or university graduates) may be eligible for a social contribution tax benefit for two years (or for one year in the case of college or university graduates). Employers must only pay 10% of the gross salary instead of the standard 27% social contribution tax in the first year of employment, and only 20% in the second year. The benefit is different for career starters with a college or university degree since employers must pay 10% of the gross salary in the first 9 months of employment, and 20% in the following 3 months. The maximum limit of the benefit is 1.5 times the minimum wage or twice the minimum wage in the case of college or university graduates.</p>	<p>The START programmes are integrated in the Job Protection Act.</p>		
	<p>▪ Young farmers' start-up grant This grant scheme is open for agricultural professionals aged between 18 and 40 with the appropriate vocational qualifications or education who start farming for the first time as leaders of agricultural plants.</p>	<p>Grant applications related to this measure could be submitted to the Agricultural and Rural Development Agency between 16 July and 16 August 2012. Grants of approximately max. HUF 12 million were available to young people aged between 18 and 40 who started farming for the first time, had the appropriate professional qualifications and undertook to manage their farms on a self-employed basis for 5 years. In order to help the highest possible number of young professionals start farming, the Ministry raised the originally available HUF 4 billion budget to more than HUF 11 billion by using the option of excess obligations. After the evaluation</p>	<p>The implementation of the measure is expected to end in late 2017. Until then, the establishment and development of agricultural plants will proceed according to individual business plans.</p>	<p>The measure has a positive effect on farm establishment by young agricultural producers, the promotion of the structural transformation of estates, the improvement of the age structure of the agricultural workforce, the reinforcement of the ability of rural areas to retain the population, and the long-term sustainability of agricultural activity.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>of grant applications, this enabled 931 young farmers to receive a positive evaluation. The winners, the vast majority of whom have already drawn down 90% of the awarded grant amount, will start building a farm in 2013.</p>		
<p>26. Job creation</p>	<p>▪ Central grant scheme in support of SME job creation projects from domestic funds The National Employment Fund announced another central grant scheme to support the job creation projects of micro, small and medium sized enterprises, offering applicants HUF 10 billion in 2012, twice the budget of the previous year given the intense interest. Within the grant scheme of the Ministry for National Economy, SMEs may receive grants. In addition to a basic subsidy, additional subsidies may be given for the employment of disadvantaged people (in the case of hiring registered job seekers and Roma employees and in disadvantaged regions).</p>	<p>In early February 2012, in line with the objectives of the Enterprise Development Operational Programme, the Ministry for National Economy announced a grant scheme to support job creation projects at micro, small and medium sized enterprises. The grant scheme was open to new enterprises in any village or town of the country which were entered in the companies register. Special emphasis was laid on promoting subsidised investments by enterprises in disadvantaged small regions, villages and towns and on the employment of the highest possible number of registered job seekers in new jobs. Each project had to create at least 2 new full-time jobs. Non-refundable subsidies were available to claim the expenses of constructing new buildings and purchasing new machines, equipment, devices and technologies.</p> <p>The Ministry launched the programme for the main purpose of providing a large amount (HUF 500,000 / new workplace) of additional subsidy, beside HUF 1.4 million / new workplace of basic subsidy, to SMEs which committed themselves to the hiring and long-term employment of registered job seekers after the project was completed. We provided additional differentiated subsidy of HUF 200,000 to 300,000 per new workplace to increase the number of employees in disadvantaged/multiply disadvantaged small regions, villages and towns. Hiring Roma employees was eligible for HUF 300,000 of additional subsidy per new workplace. Each enterprise had the opportunity</p>	<p>The grant scheme consisted of a single round which was finished on 30 May 2012 by the Minister's decision. According to the decision, by commission of the Ministry for National Economy, the employment centres of the Budapest and county government offices concluded official grant agreements with the beneficiary enterprises by August 2012 as originally scheduled, then the amounts of subsidy awarded were successively paid through the employment centres against the submitted invoices with subsequent financing by 30 November 2012 as was scheduled in the official contracts. (In justified cases, payment could be postponed to the next year up to 10% of the overall budget /equivalent to HUF 330 million in the case of 28 SMEs /, with the authorisation of the Department of Employment Strategy of the Ministry for National Economy.) Employment centres are responsible for providing employment for 2 years and to preserve and maintain resources for 3 years, together with inspection, monitoring and any potential contractual amendment until expiry of the contracts.</p>	<p>The employment centres of the Budapest/county government offices accepted 750 grant applications amounting to HUF 10.5 billion until 30 March 2012. The National Employment Fund made HUF 10 billion available to support SMEs, of which 585 were awarded subsidies. The vast majority of applicants implemented their projects by hiring registered job seekers in a considerable number of new jobs in disadvantaged small regions, villages and towns. 87% of the budget was awarded to enterprises in the four disadvantaged regions of the country. The enterprises were awarded subsidies to create 4,012 new jobs and to employ 3,295 job seekers in these jobs for at least 2 years. The grants also helped retain 6,230 jobs as the contractual employment obligation also applied to the headcount in the pre-application period. Job seekers included 400 Roma employees, a multiple of the figure in previous years. The vast majority of enterprises (516 enterprises, 88 %) were</p>

Measure	Content	Status	Further schedule	Estimated impact
		to receive a total of HUF 2.5 million / new workplace by meeting all of the preceding criteria.		<p>awarded less than HUF 20 million in grant. HUF 20.0 to 49.9 million in grant was awarded to 48 enterprises, and HUF 50.0 to 100.0 million of subsidy was awarded to 15 enterprises. HUF 100 million of non-refundable subsidies went to 6 enterprises which implemented their projects in disadvantaged counties. The number of SMEs creating 2 to 5 new jobs was 410 (70 %). In other words, a considerable number and proportion of micro and small enterprises used the opportunity of subsidy. Distribution of the core business of subsidised enterprises according to branches of the national economy:</p> <ul style="list-style-type: none"> • manufacturing industry: 31 %, • trade; repair of motor vehicles: 20 %, • construction: 12 %, • hotels and catering: 11 %.
	<p>▪ Subsidy for complex technological development and employment Within the grant scheme extended until the end of 2012, enterprises may apply for subsidies to hire new employees, acquire resources and develop information technologies in order to develop corporate technologies and facilitate employment.</p>	By virtue of Government Resolution 1333/2012 (7 September), the budget available for the GOP-2.1.3. scheme was raised to HUF 62.3 billion for the years 2011 to 2013. Simultaneously, the deadline for submitting applications was extended to February 2013. Support decisions are evaluated continuously and project implementation is ongoing.	Every project must come to physical completion 24 months after it has been launched or, unless it is launched before the Grant Agreement comes into force, after the Grant Agreement has come into force. The final deadline for physically completing projects/ submitting financial statements related to the project will be 31 December 2014.	An overall impact assessment will be made after commitments are completed.

Measure	Content	Status	Further schedule	Estimated impact
	<ul style="list-style-type: none"> ▪ Subsidy to strengthen the job creating ability of micro, small and medium sized enterprises Announced in 2012, this grant scheme is open to micro, small and medium sized enterprises to support the employment of new employees in the convergence regions. 	<p>At the time of announcing the call for applications, the planned grant budget is HUF 9 billion for 2012-13. The application submission period was between 01 August 2012 and 31 December 2012. In addition, the grant schemes titled EDOP-2012-3.5.1 – <i>Equal opportunity target groups in the economy</i> were announced, designed to provide a grant budget of HUF 6 billion for corporate projects which promoted the employment of Roma employees, women returning work after maternity leave, and disabled people.</p>	<p>Project implementation is ongoing. The physical completion of projects and submission of financial statements must take place by 30 June 2014.</p>	<p>An overall impact assessment will be made after commitments are completed.</p>
	<ul style="list-style-type: none"> ▪ Subsidy for job creation and job retention activities from the European Agricultural Rural Development Fund - Agricultural road development: Non-refundable subsidies are available to build, improve or widen agricultural roads, preferably fitting nature and made of environmentally-friendly and local raw materials, outside city limits, and to build or improve ditches, hard shoulders, slopes, retaining walls, bridges, culverts and other rainwater drainage facilities that are directly linked to, and built together with, the agricultural road affected by the project. - Modernisation of horticulture: A key objective of the measure is to increase competitiveness and employment in horticulture (due to the high demand of the business for manual work). - Subsidies for value-added agricultural products: The measure aims at increasing the overall performance and competitiveness of agricultural plants and food enterprises, improving food safety and hygienic conditions and reducing the environmental strain by improving the processing and distribution of agricultural products or by introducing new products, certain procedures and 	<p>The measure to provide subsidies for value-added agricultural products was relaunched in 2012. 276 applications were submitted for a total of HUF 15 billion in grant, of which 149 was awarded a total of HUF 8 billion. Young forest amelioration: According to feedback given to the Minister of Rural Development and the Office of Agriculture and Rural Development, the law was amended in December 2012. Agricultural road development: The bidding procedure was concluded in January 2012. The winning applicants started implementation after receipt of the notification of the Office of Agriculture and Rural Development. Modernisation of horticulture: Grant applications were submitted between 1 and 31 January 2012. As a result, 61 enterprises were awarded a total of HUF 1.9 billion of development in subsidy.</p>	<p>Subsidies for value-added agricultural products: the last payment request must be submitted by 31 January 2015. The reason why we deviated from the NRP date was that we did not know one year ago that we would have funds for this measure. Young forest amelioration: The closing date for implementation will be 31 December 2014. Agricultural road development: Payment requests are accepted by the Office of Agriculture and Rural Development in the periods laid down in Decree 23/2007 (17 April) of the Minister of Agriculture and Rural Development. Modernisation of horticulture: planned grant schemes: the last payment request must be submitted by 31 January 2015. The reason why we deviated from the NRP date was that we did not know one year ago that we would have funds for this measure.</p>	<p>Subsidies for value-added agricultural products: The measure aims at increasing the overall performance and competitiveness of agricultural plants and food enterprises, improving food safety conditions and increasing employment by improving the processing of agricultural products. Based on forest management plans, tree growing works in young forests, such as pruning and cultivation, trunk selection spacing and cleaning, add to the economic value of forests by improving wood quality and quantity. Agricultural road development: Projects result in a considerable improvement of agricultural infrastructure, promoting the shortening of transport routes</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>technologies.</p> <p>- Growing young forest trees: The measure aims at supporting finished cultivation, cleaning and trunk pruning, which increase the economic value of forests.</p>			<p>due to direct production and fuel saving.</p> <p>Modernisation of horticulture: The subsidy aims at improving overall economic performance by modernising the buildings required for doing productive activities and storing finished goods and by modernising technologies in horticultural facilities.</p>
<p>27. Tax benefits encouraging the employment of disadvantaged people</p>	<p>In order to intensify the demand for certain disadvantaged groups in the labour market, employers may receive allowances on taxes imposed on work in case they hire people within the target group. As of 1 January 2012, the previous START Plus and START Extra programmes are replaced by the START Bonus programme, where employers may receive a social contribution tax benefit for one year if they hire job seekers that have been continuously registered for at least 3 months and people who return to the labour market after using the Child Care Aid / Child Care Benefit / Child Care Support (or while receiving the Child Care Aid). The rate of the benefit is twenty-seven percent of the employee's gross salary but no more than 1.5 times the minimum wage. In addition, employers may receive a social contribution tax benefit for hiring career starters (START programme), people with reduced work capacities (Rehabilitation Card) and women returning after maternity leave in a part-time employment. In order to reduce the costs</p>	<p>The START Bonus Card was available from 1 January 2012 to 31 December 2012. (The cards were valid for 1 year.)</p> <p>Available until 31 December 2011, the START Plus and START Extra Cards (valid for 2 years) also encouraged the employment of disadvantaged people and the continuously working START Card in the case of young people. From 1 January 2013, within the Job Protection Act, the rate of employer contribution was significantly reduced for hiring the most disadvantaged groups in the labour market (people aged under twenty-five or above fifty-five, engaged in unskilled work, returning from maternity leave, long-term job seekers).</p>	<p>The START Plus, Extra and Bonus programmes will be fully phased out by 31 December 2013, but the Job Protection Act will continue. The START programme will also continue (for college or university graduates under 30).</p> <p>Further tax benefits encouraging the employment of disadvantaged people may be introduced if the Job Protection Act is further expanded.</p>	<p>In October 2012, 42,551 employees held a START Bonus Card, 20,739 a START Extra Card, 16,486 a START Plus Card, and 28,354 young people a START Card.</p> <p>It is too early to make assess the impact of the Job Protection Act. (According to preliminary estimates, it affects 1 million employees.)</p>

Measure	Content	Status	Further schedule	Estimated impact
	of hiring poorly qualified employees and promoting their employment, employers may receive a 9 percentage point targeted social contribution tax benefit for hiring people with a low education level (FEOR-9) from 2013 according to plans.			
28. Development of the social economy	The SoROP scheme, which is currently under planning, provides support for preparing business plans, making developments, acquiring entrepreneurial skills, and it subsidises labour and training costs, incubation activities and technical assistance, and it also includes the acquisition of resources related to such activities together with minor building and improvement costs. The measure contributes to reinforcing and increasing the social economy, which will create open labour market employment and hence a more secure living for the unemployed in the long run.	Aimed at expanding social cooperatives, the professional background of the measure was completed by 1 March 2012, so a working group was convened to prepare grant schemes in the same month. The legal amendment on the operation of social cooperatives was promulgated on 26 April 2012, and an overall economic consultation was held in summer 2012 on the support of disadvantaged unemployed people in social cooperatives. After the consultation, the calls were finalised and January 2013 saw a social consultation about the exact framework and conditions of the bidding. The call of grant applications aimed at transit employment was announced in June 2012, and the grantor's decision-making is in progress. The grant scheme will be announced again in 2013.	Calls for applications aimed at expanding social cooperatives are expected to appear in March 2013. The bidding period consists of two months and beneficial organisations will implement projects for a maximum of 24 months after the subsequent grantor's decision but not further than June 2015. The call for proposals for supporting transit employment will be announced again in 2013, and the beneficial organisations will implement programmes between spring 2012 and June 2015.	The measure aimed at expanding social cooperatives can be divided into two parts in terms of results and monitoring: job creation with a HUF 10 billion budget within social economy, and the improvement of the target group's employability to develop the human capacity of the employment cooperative. The former component is expected to create jobs for 2,200 disadvantaged people at recipient social cooperatives, while the latter will develop the employability of at least 1,800 people to promote their access to employment cooperatives and the open labour market. The measure aimed at supporting transit employment will result in the transit employment of at least 1,000 people, after which at least 500 people will find a job in the open labour market or will become capable of self-employment.
29. Public Work programmes	Public programmes may be launched according to the following priorities: <ul style="list-style-type: none"> National public work programmes are launched 	In 2012 the Government launched a training programme to train people involved in public work and poorly qualified people (SoROP 2.1.6). The courses related to public work aim at	In 2013, the agricultural model programme launched further courses, and another 13,000 people will start to study in spring.	For people involved in public work scheme who participate in the agricultural, winter and other value generating

Measure	Content	Status	Further schedule	Estimated impact
	<p>to manage the labour market's current situation and any "force majeure" and they encompass several branches: flood and inland water control, maintenance of public roads, railways and forests.</p> <ul style="list-style-type: none"> • Micro-regional Start Work model programmes are launched in the following areas of employment: agricultural projects, bio and renewable energy utilisation, inland water drainage, agricultural road repair, public road network improvement, elimination of illegal dumps and the development of winter and other value generating employment for people involved in public employment. • The public work system includes as a new element public-benefit employee leasing agencies and public work temporary agency work. • Public-benefit employee leasing agencies establish a legal relationship with a person involved in public work for the purpose of public work of at least 60 days, with the aim of temporary agency work for another public employer. • Pursuant to Government Decree 375/2010 (31 December) on Public Work Subsidies, enterprises hiring people on welfare instead of in work are eligible for subsidy if they commit themselves to continuing to maintain employment for a length of time equivalent to half of the subsidy period. <p>Agricultural projects in micro-regional Start Work model programmes offer a solution to low-skilled people which ensures them a long-term livelihood and helps them return to the primary labour market. Within agricultural projects, participants receive training in animal husbandry, plant growing and conservation. Agricultural training is</p>	<p>offering work-related vocational skills which prepare the grounds for professional and safe work in public work in the short run, and efficiently contribute to the target group's long-term employability.</p> <p>Originally expected to start on 1 March 2012, the priority central programme titled SoROP 2.1.6. "Back To School" had its official opening ceremony on 26 September 2012. The six-month delay was due to protracted consultations between the multi-party consortium of the central programme and the related management and implementation bodies.</p> <p>Conceptually, the courses can be divided in two large groups: one includes courses for people in the agricultural field of the Start Work model programme, and the other includes courses that respond to the needs of national public employers. The agricultural courses of the Start Work model programme are courses in semi-skilled trades accredited by the Adult Education Accreditation Body (FAT), and most courses needed by national public employers conclude with a certificate which proves a vocational qualification in the National Register of Vocational Qualifications (OKJ).</p> <p>Agricultural courses respond to local needs and conditions described in the applications of villages and towns. The courses come complete with accredited training programmes and textbooks which help self-study with the necessary and sufficient professional knowledge.</p> <p>In 2012, the agricultural projects came to involve 12,349 people according to the needs of villages and towns. Courses launched in 2012 are held continuously.</p> <p>National public employers normally request short-term courses introducing individual work stages and official courses (typically for</p>	<p>National public employers gave a preliminary report on the training needs of 7,500 people for 2013.</p> <p>In 2013, the conditions of launching vocational courses include:</p> <ul style="list-style-type: none"> ▪ 6 months or a longer term of public work, ▪ at least 100 people involved in public work. <p>In the SoROP 2.1.6 programme, the National Labour Office committed to involving 3,000 out of 37,000 people in Roma training. Affiliation to the Roma nationality must be reported at the time of involvement in training.</p>	<p>elements of the value generating micro-regional Start Work model programmes and who acquire work experience and qualifications, a preferred outcome is an opportunity to form a social cooperative after public work. A social cooperative as a part of social economy offers a form of advancement to people hired within public work programmes who leave public work to become self-employed, cooperative members or cooperative employees to gain access to the primary labour market.</p> <p>Every course contains work oriented training elements, so competences, qualifications and work experience acquired in the open labour market may help find employment with greater success.</p>

Measure	Content	Status	Further schedule	Estimated impact
	administered in a practice oriented way as opposed to traditional training administration, based on the work experience of participants. The training programme and the applied methods respond to the special needs of the target group (easy curricula for primary school graduates, easy textbooks for people with reading comprehension difficulties, theoretical education based on practical work experience).	operators of various small machines) for people involved in public employment. The majority of courses required by national public employers conclude with a certificate which proves a vocational qualification in the National Register of Vocational Qualifications. According to training information from the National Labour Office, 2,806 people completed a course in 2012.		
30. Involvement of 5,000 people in employment in connection with foster parents' benefit	Act LXXX of 1997 on the Eligibility for Social Security Benefits and Private Pensions and the Funding for These Services (hereinafter: Tbj.) explicitly includes persons in the legal status of professional foster parents among social security beneficiaries. If overall home care in a foster parent network was always provided under an employment relationship, "traditional" and professional foster parents would not perform their responsibilities in two distinct categories. This could help foster care in the foster parent network become a professional activity and would raise the standard of appropriate care and education.	Act CXCI of 2012 established the legal status of foster parents and surrogate parents (jointly: host parents) as beneficiaries. After the details of this special legal status have been worked out, time spent as a foster parent will add to the qualifying period for state pension, while keeping foster parents' responsibilities flexible. In respect of the latter, it is important that foster parents' benefits should be determined according to the number of children placed in their care.	Expected date of introduction: 1 January 2014	The profession of foster parents will be more attractive. More children will find their way to foster parents instead of children's homes, which is cheaper for the state and enables children to be raised in a family instead of institutional care.
Europe 2020 Strategy National Commitment 2: To raise spending on research & development to 1.8 percent of the Gross Domestic Product				
31. National Innovation Strategy (2013-2020)	NIS plays a key role in making preparations for Horizon2020 and in planning the next operational programmes of the Structural Funds in order to ensure a more efficient utilisation of EU funds between 2014 and 2020. NIS is a framework for planning the Smart Specialisation Strategies at a national or regional level, an ex ante condition for access to the 2014-2020 cohesion funds. NIS planning includes an overview of international policy trends and best practices and an evaluation of domestic processes in an effort to enforce modern innovation policy approaches which may even	On 6 November 2012, the Ministry for National Economy submitted to social consultation a document titled "National Research, Development and Innovation Strategy 2020".	The Government is expected to approve the RDI Strategy in spring 2013.	The RDI Strategy has the following horizontal objectives: <ul style="list-style-type: none"> • Encouraging intelligent specialisation in the region; • Operating resources that are sustainable and create equal opportunities; • Creating stable financing conditions; • Raising social awareness of knowledge and technology and promoting their

Measure	Content	Status	Further schedule	Estimated impact
	reflect a new paradigm. NIS planning includes the preparation of the first short-term action plan.			<p>recognition;</p> <ul style="list-style-type: none"> • Responding to global social challenges; • Stable and innovation-friendly economic and regulatory environment. <p>The RDI Strategy puts forth further related objectives and envisages a different situation in Hungary by 2020. Specifically,</p> <ul style="list-style-type: none"> • thirty major research and technology workshops will find their way to the global elite; • thirty global companies will start research & development centres in Hungary (while the existing ones gain strength); • thirty domestic technology-intensive medium sized enterprises will appear in a dominant position within the region of Central and Eastern Europe; • three hundred small enterprises relying on research & development and capable of rapid expansion will successfully find their way to the international market.
32. Implementation of certain measures of the National Environmental Technology Innovation Strategy	The implementation of measures within the National Environmental Technology Innovation Strategy (NETIS) is now underway. The Cooperation Agreements on the 2009-2014 period of the Norwegian and EEA Financing Mechanisms as a source of NETIS were promulgated by Government	In planning the European Union's Multiannual Financial Framework (MFF), we make sure NETIS is taken into consideration and is duly incorporated. We actively participate in planning the new Norwegian EEA Fund (2009-2014) and cooperate	In 2013 and 2014, we will continue to plan the European Union's Multiannual Financial Framework (MFF), making sure NETIS is taken into consideration and is duly incorporated.	The spread of environmental technology innovations will bring about progress in the environmental protection industry which will contribute to increasing both employment

Measure	Content	Status	Further schedule	Estimated impact
	<p>Decreets 235/2011 (15 November) and 236/2011 (15 November). Within the cooperation, the operators of the programme areas which serve the purposes of NETIS elaborate, with the professional support of the Ministry of Rural Development, call for application for funding available between 2009 and 2014 in the framework of the Norwegian and EEA Financing Mechanism. Afterwards, a monitoring and evaluation board will be set up to monitor the implementation of NETIS.</p>	<p>with the operators of the relevant programmes to make sure conditions for implementing the objectives determined by the NETIS are put in place.</p> <p>We contribute to the environmental protection part of the Research, Development and Innovation Strategy White Paper (RDI SWP), drafted under the aegis of the National Innovation Office, in order to implement the NETIS.</p> <p>We have started to develop an implementation and monitoring system for the NETIS in cooperation with the National Environmental Institute (NEI).</p>	<p>In 2013 we will participate (where applicable) in preparing the tender announcements of the new Norwegian EEA Fund (2009-2014) project in cooperation with the operators of the relevant programmes, making sure conditions for implementing the objectives determined by NETIS are put in place.</p> <p>In 2013 we will continue to contribute to the environmental protection part of the Research, Development and Innovation Strategy White Paper (RDI SWP), drafted under the aegis of the National Innovation Office (in order to implement NETIS), which is expected to be approved later this year.</p> <p>We will prepare the first overall NETIS report by 31 December 2013. We expect to implement the NETIS objectives by 2020.</p>	<p>and the country's competitiveness, and hence to society's well-being and to environmental protection.</p> <p>Estimated effects: By 2020 the number of people directly employed in environmental protection will rise to 50,000 (from 20,759 in 2009); the number of registered patents, qualifications and reports related to environmental protection will be 300% as opposed to the 2009 base year; public and private expenditure on RDI for environmental protection purposes (according to the Standard Industrial Classification) will rise to 200% as opposed to 2009.</p>
<p>33. Standard medium-term support system for research-development and innovation</p>	<p>We are continuing the establishment of a standard research-development and innovation support system, a process started in 2011. An important element of this process is encouraging Hungarian participation in international and EU programmes and initiatives, and thus increasing in the future Hungary's share in the supports provided on the basis of excellence within the frames of Horizon 2020. Among the RDI application objectives the main priority is to encourage the unexploited RDI opportunities (including adaptive innovation and RDI cooperation) in order to strengthen the competitiveness of Hungarian economy and its growth opportunities. Another key element is to encourage Hungarian participation in international</p>	<p>The measure is now completed.</p> <ul style="list-style-type: none"> The various R&D programmes are now subject to standard strategic planning and implementation, and tender administration has been reduced. In planning the RDI application system, we overviewed international policy trends and best practices, evaluated the domestic tender system, and hence strove to enforce support means which may even reflect a new paradigm. In early 2012, the Ministry for National Economy elaborated the new R&D tender portfolio. A total of 11 schemes were announced with an overall budget of nearly 	<p>In terms of the R&D funding system, 2013 is a transitional year as the Economic Development Operational Programme contains no freely available funds, so R&D application programmes can only be announced out of the RTIF. On the other hand, work is underway to plan the utilisation of the 2014-2020 EU development funds and to create their institutional system.</p> <p>The revised and restated 2013 RTIF Utilisation Plan is expected to appear in the first half of March 2013.</p>	

Measure	Content	Status	Further schedule	Estimated impact
	<p>and EU programmes and initiatives, and hence increase the share of Hungary in future grants awarded by Horizon2020 on the basis of excellence. In addition, special attention must be paid to territorial unbalance of the RDI support system: we ensure balanced development by coordinated absorption of EU co-financing and national resources and by encouraging regional RDI activities, cooperation projects and networking (poles, clusters). In planning the RDI tender system, we overview international policy trends and best practices, and assess the domestic tendering system and on the basis of that we strive at putting forward support instruments that might even reflect a new paradigm. In planning the medium-term RDI tendering strategy, we elaborate the annual absorption plan of the Research and Technology Fund and the RDI calls for applications will be prepared.</p>	<p>HUF 100 billion in the course of 2012. The tenders are financed by the Research and Technology Innovation Fund (RTIF) and the Economic Development Operational Programme. In 2012, the RTIF gave rise to an R&D tender worth HUF 56 billion. Since the abolition of subsidies from the budget, equivalent to the innovation contribution of medium and large companies, the RTIF has generated all revenues from the contributions of enterprises. Therefore, our tender portfolio programmes also primarily focus on the reinforcement of enterprises and their respective research, development and innovation activities.</p> <ul style="list-style-type: none"> • In developing the portfolio, we harmonised the R&D application system in its entirety and hence made the individual funding policy means available to all regions. The tender programme portfolio primarily serves to reinforce corporate RDI activities. • Within the 2012 Economic Development Operational Programme (EDOP), approximately HUF 36 billion were paid for the priority applications of “R&D and Innovation for Competitiveness”. The absorption problems previously observed in EDOP Priority 1 disappeared due to applicants’ activity, which has highly intensified over the past six months. • As of 2012, the Innovation Fund is regulated differently: deducting innovation contributions is no longer an option and uncertain complementary state contributions have been terminated. In order to eliminate the serious abuses found in the use of benefits and the consequent tax evasion, companies required to pay 	<p>Subsequently, the individual tender programmes may be announced out of the RTIF.</p>	

Measure	Content	Status	Further schedule	Estimated impact
		<p>innovation contributions may no longer use a tax benefit on the grounds of R&D from 2012 as the tax-reducing items are abolished.</p> <ul style="list-style-type: none"> The Government has approved the 2013 Absorption Plan of the Research and Technology Innovation Fund. At the proposal of the Ministry for National Economy, the Absorption Plan is under amendment, which was approved by the National Development Council. 		
<p>34. Preparing research institutions for the more efficient absorption of EU research, development and innovation funds</p>	<p>Among the objectives of NIS – in order to involve additional funds for the national innovation system – representing the national interests during the formation of Horizon 2020, as well as the appropriate preparation of Hungarian research organisation and corporate research centres for the successful participation in the programmes of Horizon 2020 are of a major importance. Apart from that, in order to absorb EU funds more efficiently we need to prepare for the changes in the regulatory system, as well as for a high-quality planning of the subsequent operational programmes of the Structural Funds.</p> <p>We will strengthen the Hungarian presence in Brussels in the area of R&D&I policies. Since the interests of the government need to be represented and the Hungarian influence needs to be strengthened during the intensive preparatory period before the start of Horizon 2020, the National Innovation Office will establish a branch office in Brussels as a part of the measure. As a default the activities of this office – apart from representing the interest of the government and performing lobbying activities – the activities of the office will be based on the Hungarian, operational R&D&I network, it will ensure the connection between the Hungarian institutions and the</p>	<p>According to the Commission proposal made to the financial 2014-20, EU funds in the field of R&D will increase compared with the funds available today (the proposal earmarks the allocation of EUR 87 billion for RDI during the Horizon2020 Strategic Framework Programme and proportionately increased funds will also be made available from the Structural Funds).</p> <p>It is necessary to explore and to resolve any problems that may hinder local participation, to reinforce local networks supporting participation and their cooperation, to make consistent the anticipated EU and the local programmes and to reinforce the presence of Hungary in Brussels in the field of RDI policies.</p> <p>The Government decided that the support of RDI within the field of economic development will play a key role in the allocation of the EU funds 2014-20. This will emerge in the priority axis of „Development of the Hungarian Knowledge Economy” No. 2, currently in the draft Economic Development and Innovation Operational Programme. In this framework, we are planning the following areas of intervention:</p> <ul style="list-style-type: none"> Providing support for corporate RDI activities; 	<p>The first version of the Economic Development and Innovation Operational Programme has been completed; contents will be further clarified in the next few months, on the basis of the remarks of the European Commission on the one hand and for the purpose of creating full consistence with the other operational programmes on the other hand. The preparation and consultation of the partnership agreements is a further task.</p>	<p>As a result of this measure, Hungary may play a wider and more successful role in the Horizon 2020 programme, compared with the 7th Framework Programme. The funding tools resorted to will have the effect that the expenditures invested will assist the vitalisation of the local economy and the promotion of the criteria of „excellence” to the fullest possible degree.</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>institutions of the EU, and facilitate the channelling of R&D&I based policies.</p> <p>A working group representing the Ministry of National Development, Ministry for National Economy, Hungarian Academy of Sciences and the National Innovation Office will be established, primarily to coordinate the tasks related to the research infrastructure. The objective of the working group is to ensure the creation of a professional forum – with the cooperation of the Hungarian Academy of Sciences possessing the highest level of expertise in assessing infrastructure cooperation at a scientific level, the Ministry for National Economy, being responsible for strategic management of the Hungarian RDI policy, and the Ministry of National Development disposing over the development funds – capable for the necessary prioritisation, by taking into consideration the scarce resources available.</p>	<ul style="list-style-type: none"> • Strategic R&D cooperation and initiatives; • Research institute excellence; • International R&D relations. 		
35. Preparation of a sector-specific agricultural and environmental research and educational strategy	<p>On the basis of the contents of the National Rural Strategy a new Research, Development and Innovation Strategy needs to be developed for the agricultural and environmental science sector. The basic principle of the RDI Strategy is that the research programmes of the various professional areas, the results of basic and applied research, as well as experimental developments should indirectly or directly help the development of the agriculture, the environmental protection, the rural areas, and thus the development of the national economy. The basic goal of the strategy is to help the agricultural and environmental science and the organisation of research programmes, and to provide within the frames of complex research programmes research results that can be used in practice indirectly or directly.</p>	<p>This measure was not implemented in its originally planned form. Foundations were laid for the development of a sector-specific strategy within the framework of the Research, Development and Innovation Sector Strategy White Book (RDI SSWB) coordinated by the National Innovation Office in 2012. The Agriculture chapter of RDI SSWB contains the strategic goals, potentials and possible interventions which provide information and input for further planning. The RDI SSWB will, as expected, be presented to social consultations and approved in the first half of 2013.</p>	<p>The preparation of the sector-specific agricultural and environmental research and educational strategy is subject to the approval of the RDI SSWB and the document <i>Investment in the future</i> as these will serve as a basis for the strategic planning in the sector.</p>	<p>Effects of measure: in the case of its implementation, the RDI guidelines of the local and international tender systems will be identified which will ensure the balanced availability of RDI financial resources in the sector (agricultural and environmental sciences). Further benefits: operation of sectoral agricultural research institutes in a network, improvement of financial situation in the field of RDI.</p>
36. Science Policy Strategy	<p>Preparation of a Science Policy Strategy that is in line with the innovation strategy. The objective of</p>	<p>A task force has been set up for the drafting of the Science Policy Strategy which has launched</p>	<p>The strategy will, as anticipated, be presented to senior officials meeting</p>	<p>The preliminary objectives of the strategic document are as</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>the strategy is to provide a basis for the research basic infrastructure and financing of the academic sector, as well as to systematically renew the acknowledgement and publication of scientific results.</p> <p>The central objective of the strategy and the interventions in the area of science policy is to ensure that the Hungarian academic sector – the higher education institutions, the institutions of the Hungarian Academy of Sciences, the state-owned and non-profit research centres – can join to the Horizon 2020 programmes and receive appropriate ESF supports.</p> <p>The ex ante condition of the EU financial planning period of 2014-2020 is the presence of a strategic document that identifies the targets along the increasing R&D opportunities of ESF and ERDF and duly explores the connections between the Horizon2020 and the Structural Funds, and the Hungarian research capacities.</p>	<p>its operation with the active involvement and agreement of the Hungarian Academy of Sciences.</p> <p>The development of the science policy strategy (higher education and academic R&D) has begun; deadline: first half of 2013. The strategy is in line with the innovation strategy developed by the Ministry for National Economy.</p>	<p>in the 2nd quarter of 2013.</p> <p>The Science Policy Strategy will be presented to a social consultation in May 2013.</p> <p>Final deadline for development of the strategy: 31 October 2013.</p>	<p>follows:</p> <p>Objective I: Enhancement of international competitiveness of basic research (in the higher education, academic and health care sectors)</p> <ul style="list-style-type: none"> • Improvement of support system of basic research • Reinforcement of relations between and cooperation of institutions conducting basic research, corporate research institutes and clientele • Enhancement of access to scientific and academic information • Organisational forms adjusted to research and academic work <p>Objective II: Availability of new researchers</p> <ul style="list-style-type: none"> • Availability of research staff and new researchers • Scheduled renewal of research infrastructure.
<p>37. Development of a public educational IT technology that supports the implementation of research, development and innovation, and introduces competitive services in the European Creative and Cultural Industry</p>	<p>The measure supports the cultural and creative industry through the following means:</p> <ul style="list-style-type: none"> - modernisation, innovative renewal of cinema halls showing Hungarian and valuable European films. - creation of creative and cultural industry information and service provision points. - development of the library and public education information technology, introducing competitive services in the EU Creative and Cultural Industry. - additional information technology training for the human resources working in libraries and in 	<p>This measure supports the cultural and creative industry through the following means:</p> <ul style="list-style-type: none"> • development of creative skills in non-formal and in informal education; • development of library and public education infrastructure, emergence of competitive services in the EU Creative and Cultural Industry; • development of up-to-date services in libraries supporting a new type of competitiveness, enhancement of access to local values, increase of number of digital contents; 	<p>Implementation of the applications which have not yet been closed is ongoing.</p>	<p>Improved access to digital contents supporting education contributes to the reduction of school dropout rates, equal opportunities in access to cultural contents, the reduction of territorial and socio-cultural disadvantages and the practical application of the cultural contents of the new National Curriculum published in 2012. In consequence of the developments, information and</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>the area of public education.</p> <ul style="list-style-type: none"> entrepreneurial, innovation and tourism-related value-creation in connection with the digital public education and cultural values of settlements, digital content development. 	<ul style="list-style-type: none"> development of data bases of libraries supporting education; creating entrepreneurial, innovation and tourism-related values and developing digital contents in connection with the digital public educational and cultural values of settlements. <p>A priority element is the digital cultural content and data base development and the improved accessibility of cultural contents in small settlements in the interest of equal access opportunities.</p> <p>The following call for applications have been published as part of the „Science – Innovation” development programme of the New Széchenyi Plan:</p> <ul style="list-style-type: none"> SoROP -3.2.4 A and B „Knowledge Depo Express”- Reinforcement of the role of the library network in non-formal and informal education in the interest of life-long learning (phase 3, published December 2011, aid awarded: July 2012), funds: HUF 3.5 billion SoROP -3.2.12-12/1 and Social Renewal Operational Programme 3.2.12-12/1/KMR Further training of cultural experts in the interest of the development of services (March 2012), funds: HUF 1.89 billion SoROP -3.2.3.B „Building communities” - B) Promoting the development of communal programmes, cooperation and new forms of learning that serve modern, multi-functional public educational developments (November 2012) – funds: HUF 1.0 billion SoROP -3.2.14 Development of a Standard National Educational and Cultural Spatial Information System (priority project, December 2012) – funds: HUF 0.5 billion SIOP -1.2.1.B National Cultural Spatial 		<p>communication technology developments will be implemented in more than 300 cultural institutions which will contribute to supporting research and development, making the collections of cultural institutions accessible and developing up-to-date services that enhance competitiveness.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>Information System Services and Consulting Multi-Functional Methodological Centre (priority project, November 2012) – funds: HUF 1.6 billion</p> <ul style="list-style-type: none"> • SIOP -1.2.3. „Coordinated infrastructure development of library services in support of the Knowledge Depo Express”(approval of aid: as of 2012) – funds: HUF 2.56 billion • SIOP -1.2.2. School-friendly development of museums and archives and infrastructural reinforcement of their role in education and training (February 2012) – HUF 1.67 billion 		
Europe 2020 Strategy National Target 3: Increasing the proportion of renewable energy sources to 14.65 per cent, 10 per cent total energy savings and maximum 10 per cent increase in greenhouse gas emissions outside the EU’s emission trading system (compared with 2005 level)				
<p>38. Group of measures related to climate protection</p>	<ul style="list-style-type: none"> • Hungary’s Decarbonisation Roadmap (DP) 2050 The Hungarian Decarbonisation Roadmap forming part of the National Climate Change Strategy (NCCS) currently under review examines in respect of key sectors, such as the energy sector, transport, built-up environment, industry and agriculture, under what scenarios, against what expenditures and with what benefits local emissions may be reduced radically in line with the European decarbonisation process. To this end, a number of background studies (for instance, on issues such as the vision of Hungary in 2050, pre-conditions and energy production, conveyance and utilisation) and analyses were prepared in 2012. The content of DP is further subject to the new energy efficiency directive to be published in 2012 as expected (a directive replacing Directive 2006/32/EU spanning the period extending to 2020 which covers a number of sectors). 	<p>In the 1st half of 2012, two background studies were prepared with respect to the following topics for the development of the Decarbonisation Roadmap 2050:</p> <ul style="list-style-type: none"> • Exploration of the potential for the reduction of emissions attainable by 2050 in the field of the production, conveyance and utilisation of energy • Exploration of the pre-conditions necessary for the drafting of the Decarbonisation Roadmap 2050, in particular: <ul style="list-style-type: none"> - vision of Hungary in the year 2050, in consultation with major players of sectors concerned - global, EU and local conditions precedent determining the vision of Hungary in 2050 - identification of factors with an impact on the possible emissions of sectors during the period extending to 2050 and quantification of emissions by sectors <p>In addition to the drafting of background studies, 5 sector-specific task forces were set up in the</p>	<p>According to our plans, following consultations at the relevant professional forums, the first version of the Decarbonisation Roadmap 2050 will be completed by the end of June 2013. Professional consultations will be conducted within the framework of the sector-specific task forces, each of which will hold 3 task force meetings in the first half of 2013.</p> <p>Pursuant to Section 3(2) b) of Act LX of 2007 amended as of 1 January 2013, a mandatory component of the National Climate Change Strategy is a Decarbonisation Roadmap determining the goals, priorities and directions for the reduction of greenhouse gas emissions with respect to the changeover by 2050 to a low carbon-content, competitive economy. Based on Section 3(2) of the law referred to, the review of the</p>	<p>The development of the Decarbonisation Roadmap 2050 will help reduce Hungary’s long-term greenhouse gas emissions for the following reasons:</p> <ul style="list-style-type: none"> • assessment of the emission reduction potential of the sectors with the highest greenhouse gas emission rates; • identification of vision, priorities and goals related to decarbonisation; • identification of decarbonisation opportunities in each sector.

Measure	Content	Status	Further schedule	Estimated impact
		<p>summer of 2012 for the sectors with the highest greenhouse gas emission rates – energy industry, building sector, transport, industry-waste management and agriculture – for the purpose of providing professional support for the development of the Decarbonisation Roadmap; members of the task forces are the representatives of professional interest groups, research institutes, universities and ministries. The purpose of the establishment of these task forces was to create a forum for a genuine debate on the options for long-term emission reduction and to promote the attainment of a consensus thereon.</p>	<p>National Climate Change Strategy is due in 2013. Accordingly, the document entitled „Decarbonisation Roadmap 2050“ will be approved in the form of a resolution of Parliament, as part of the reviewed National Climate Change Strategy, in the 2nd half of 2013.</p>	

Measure	Content	Status	Further schedule	Estimated impact
	<ul style="list-style-type: none"> Promotion of environment-friendly modes of transport <p>This measure contains two priority areas; on the one hand, the development of fixed rail transport and, on the other hand, the replacement of the fleet of vehicles (buses) used in public transport with environment-friendly vehicles.</p> <p>In the field of fixed rail transport, by virtue of aid from the New Széchenyi Plan (NSzP) and EU aid from the Transport Operational Programme (TOP), a number of fixed rail transport projects have begun (e.g. Debrecen tram line 2 project, Budapest metro line 4). One of the important goals of these projects is to reduce the greenhouse gas emission and atmospheric dust concentration of city transport. Fixed rail transport may significantly help to achieve zero emission, in particular, if the vehicles are operated by green energy.</p> <p>One of the most important and, also in terms of proportions, most significant factors in the attainment of green transport is the radical reduction of the emissions of buses through environment-friendly modes of transport in the interest of environmental sustainability. At present, the Volán coach companies and a few local transport companies operated by local governments (e.g.: Miskolc, Debrecen) fulfil the duties of public transportation. As part of the NSzP, the new programme of the Green Investment Scheme (GIS) resulting in more efficient emission rates may be tied to TOP and the credit tender invited by MFB for public transport. The essence of connecting GIS to the grant scheme lies in that the companies involved in public transportation should procure CNG-powered vehicles, rather than conventional fuel-powered buses, within the framework of the TOP and MFB grant.</p>	<p>Professional consultations have been closed; the tender for the procurement of CNG-powered buses will be announced expectedly in the 1st quarter of 2013.</p>	<p>The grant scheme will be announced in the 1st quarter of 2013, while bids may be submitted at the beginning of the 2nd quarter of 2013 according to plans. The assessment of bids will be completed by the beginning of the 2nd half of 2013 as expected, and the grant contracts will be concluded and advance payments will be made before the end of 2013 as planned. The procurements covered by the tender will be implemented by 31 December 2014 as anticipated.</p>	<p>In the event of the implementation of the programme, the emission of harmful substances may be reduced and air pollution rates may significantly improve in cities and suburban areas. As a result of the competitive advantage between the prices of CNG and diesel oil, the operating costs of the beneficiary businesses providing public transportation services may decrease. CNG-powered buses may potentially also be switched over to bio-gas fuel which may create an opportunity for its use in transport. A further additional benefit is the significant reduction of city noise levels as the noise emission of the new gas-powered buses is one third of that of older diesel-powered buses.</p>
39. Increasing the	We are planning to start consultations with the	Due to the fund allocation made at the initiative	In the case of the support	With regard to national

Measure	Content	Status	Further schedule	Estimated impact
<p>utilisation of renewable energy sources</p>	<p>European Commission and social partners on the regulatory environment of the feed-in tariff (METÁR) for thermal and electric energy generated from renewable and alternative energy sources in 2012. With the amendment this year of Government Decree No. 343/2010. (XII.28.) on bio-fuels (Bio-Fuels Implementation Decree), the future mixing ratios will be altered and a number of rules will be introduced which will simplify implementation. With an approximate framework sum of HUF 40 billion to be regrouped from the Transport Operational Programme in 2012, grant arrangements are planned to be announced as part of priority 4 of the Environment and Energy Operational Programme. We are planning to implement a programme providing aid for the procurement of solar panels, an arrangement that is available also at present within the framework of the Green Investment Scheme (GIS) (grant decision, conclusion of contracts, disbursement), while the launch of further programmes for the public is subject to the revenues derived from CO2 quota trading that cannot be estimated in advance.</p>	<p>of the Government from the Transport Operational Programme to the Environment and Energy Operational Programme, pursuant to Government Decision No. 1551/2012. (XII.4.), another HUF 40 billion will be made available for supporting projects aimed at the use of renewable energy sources. The social debates concerning the support arrangements were conducted in 2012 and the calls for applications were made at the beginning of 2012 and beginning of 2013.</p> <p>Government Decree No. 343/2010. (XII.28.) on bio-fuels (Bio-Fuels Implementation Decree) was amended last year, on the basis of which the mandatory mixing ratio will increase in 2015 compared to 2013 (the Government determines the mandatory mixing ratio for three years in advance).</p> <p>As part of the Green Investment Scheme sub-programme aimed at the procurement of solar panels that was launched in 2011 with a budget of HUF 2.97 billion, the Ministry of National Development extended the deadline for the settlement of grants until 20 November 2012. In response to the invitation, 5,686 applications were submitted, of which 3,525 were awarded with a grant. With the installation of the solar panels as a result of the availability of grants, we may project a 4,450-tonne reduction in carbon-dioxide emissions annually.</p> <p>It is a great achievement that, in December 2012, the European Commission found local projects using innovative geothermal technologies eligible for support worth some HUF 11 billion. The construction of an electric power station relying on an Improved Geothermal System contributes to the attainment of the targets set forth in Hungary's Renewable Energy Action Plan.</p>	<p>programmes announced within the framework of the Environment and Energy Operational Programme, the relevant support contracts are expected to be concluded and projects will be launched in the course of 2013, following the selection process.</p> <p>In the course of the planning of MFF, the Partnership Agreement and the individual Operational Programmes are being developed on an ongoing basis.</p>	<p>economy, environmental and sustainability criteria, the increased use of renewable energy sources is a priority issue for the national economy which not only contributes to the reduction of the country's energy dependence but is also one of the cornerstones of the attainment of the climate protection targets through the reduction of the emission of greenhouse gases.</p> <p>Additionally, the use of renewable energy promotes a structural change in the national economy and leads to comprehensive production and market reforms which result in the emergence of new local, marketable products and the creation of new jobs.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>Additionally, the planning of the EU's budget for the next fiscal period extending from 2014 to 2020 has also begun. Amongst the thematic goals set by the Commission, the promotion of shift towards a low carbon-dioxide emission economy in every sector plays an emphatic role, and in this context, the promotion of the production and distribution of renewable energy sources has been identified as a prominent project priority. These goals are also being enforced in the course of the detailed development of the Operational Programmes.</p>		
<p>40. Energy efficiency programmes</p>	<p>▪ Household energy efficiency programmes As part of the support programmes, we were planning to launch tenders for the subsidisation of the energy efficiency projects of residential buildings with a framework budget of HUF 1.9 billion in 2012. <u>Household „GIS” programmes in progress</u></p> <ul style="list-style-type: none"> • tender for the subsidisation of the modernisation and refurbishment of residential buildings built with industrialised technologies resulting in reduced carbon-dioxide emissions and energy savings • „ Climate protection based, energy efficiency renovation of traditional residential buildings, the use of renewable energy resources related to the building and the construction of new energy efficient residential buildings” Green Investment Scheme Climate-Friendly Home Energy Efficiency Sub-Programme • New Széchenyi Plan, Green Investment Scheme „Our home” Renovation and “Building New Home” sub-programme • New Széchenyi Plan, Green Investment Scheme „ sub-program for promotion of renewable energy usage, installation of multifunctional solar collector systems for the generation of 	<p>Grants in the magnitude of more than HUF 18 billion has been awarded for the energy-efficiency modernisation of residential buildings in the past two years, thereby contributing to the refurbishment of the homes of 30,000 families. In 2011, two new grant programmes were announced for households within the framework of the Green Investment Scheme; the „Our home” Renovation and “Building New Home” sub-programme with HUF 2.3 billion and a sub-programme for the procurement of solar panel systems with HUF 2.97 billion in aid. In the case of „Our home”, HUF 1.9 billion was awarded. In response to the solar panel programme, 5,686 applications were submitted, of which 3,525 were assessed favourably. With the installation of the solar panels from the grants awarded, we may project a 450-tonne reduction in carbon-dioxide emissions annually. In 2012, another energy efficiency programme worth some HUF 864 million was launched for the purpose of helping households modernise their heating systems. With regard to the great interest in the programme, at the initiative of the Ministry of National Development, the Government increased the original allocation to</p>	<p>In the case of the tenders and programmes announced, the implementation of the developments and the closure of settlements are ongoing. Additionally, the ministry is continuously working on ensuring that further household energy efficiency programmes may be launched. In 2013, fiscal resources of the anticipated magnitude of HUF 1 billion will be available which will be used for the subsidisation of household building energy projects. In 2013, another priority task will be the launch of the Green Economy Funding System, the statutory framework rules of which were approved by Parliament at the end of 2012. It will be mandatory to use 50% of the revenues of the EU's new quota trading system launched in 2013 for green economy development purposes within the framework of the Green Economy Funding System. The detailed rules of the legislation are now being</p>	<p>The programmes launched by or with the participation of the ministry will contribute to the improved energy efficiency of residential buildings and the reduction of the energy costs and energy consumption of households. The awarded grants will supply small local businesses in the sector with orders. The implemented developments will also promote the fulfilment of the Hungarian obligations undertaken in the field of climate protection. The planned measures of the action plan may promote the wider implementation of mentality forming activities and the reinforcement of energy consumer awareness which will thereby result in a reduction in the energy consumption of households and, due to the high energy prices, in a reduction of the energy costs of households.</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>residential hot water and heating purposes”</p> <ul style="list-style-type: none"> The development of an environment-conscious society is essential for improved energy efficiency; to this end, we are planning to launch wide-ranging awareness raising programmes for the attainment of energy- and environmentally conscious consumer attitudes. The relevant action plan was developed in 2012. 	<p>HUF 1.42 billion, in consequence of which 1,084 applications in total were awarded. The workshop phase of the Mentality Forming Action Plan designed to promote energy and climate awareness and to reduce energy consumption is ongoing also at present. In this phase of the action plan, we designated the areas also relevant to the Energy Strategy where it is necessary to raise greater consumer awareness. We identified the problems arising from social thinking in this field which may constitute the foundations for the development of mentality forming messages in Hungary. After the identification of the target groups and the players relevant to the implementation of the programme, we may determine the necessary measures. The precise identification of these measures and the investigation of their feasibility is ongoing at present. Based on the measures planned on the basis of our experiences to date, we identify (without providing a full and exhaustive list) direct communication measures and campaigns in connection with selected topics and further measures designed to help provide information for consumers, including information on regulatory issues.</p>	<p>identified and new tenders for green economy development purposes are expected to be announced before the end of 2013. Based on preliminary estimates, as part of the Green Economy Financing Scheme, new programmes may be launched in 2013 with an approximate allocation of HUF 5 billion. Based on plans, the Mentality Forming Action Plan will be completed by mid-March and consultations may then begin to convert the plan into a government resolution. In conjunction with the multiannual financial framework plan, Hungary will also propose the subsidisation of the energy efficiency modernisation of residential buildings in the Partnership Agreement and the related operational programme.</p>	
	<ul style="list-style-type: none"> Improved energy efficiency in the performance of public duties <p>This measure incorporates a number of elements of sustainable energy management (energy management tools and complex energy efficiency renovation projects), and its purpose is to achieve the performance of public duties with the lowest possible level of energy consumption. In 2012, we were planning to implement the following items of this long-term series of measures: - first phase of building energy efficiency</p>	<p>As a result of the fund reallocation initiated by the Government with the European Commission, pursuant to Government Decision No. 1551/2012. (XII.4.), another HUF 94 billion will be available for the use of renewable energy sources and the implementation of projects aimed at improved energy efficiency within the Environment and Energy Operational Programme. The NSzP-EEOP programmes promoting the energy efficient modernisation of public buildings (5.5.0/A, 5.5.0/B, 5.6.0, 5.6.0/B)</p>	<p>In the case of the grant schemes announced at the end of 2012 and beginning of 2013 as part of NSzP-EEOP, the support contracts will be concluded by the end of 2013 after the selection process. In harmony with Council Regulation 1083/2006/EC, the projects must be completed by mid-2015, at the latest. Implementation in respect of the programmes announced in previous</p>	<p>One of the most cost effective methods for the attainment of safe energy supply and the targets of climate protection is the reduction of energy consumption through the enhancement of energy efficiency. The programmes subsidised by EEOP reduce the energy costs of the central and local governments, and the</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>modernisation of public institutions (commencement and preparation of tender process to the debit of available Environment and Energy Operational Programme funds);</p> <ul style="list-style-type: none"> - assessment of energy consumption of performance of public duties (by creating a building energy efficiency register for public institutions); - assessment of and preparations for the adaptation of energy management tools in the public sector. <p>In 2013, we are planning to extend the building energy efficiency data base, to continue the detailed building surveys, to introduce energy management tools on a pilot basis, to start the necessary construction and installation projects as part of the public institution modernisation programme and to start identifying further measures within the multiannual financial framework (MFF).</p>	<p>have been announced.</p>	<p>years (disbursement, implementation) is ongoing. Financial planning for the period 2014-2020 in the EU has also begun, as part of which the individual operational programmes are being identified and the most important development guidelines for the next period are being determined. The compilation of a register of public buildings for energy efficiency purposes began in 2013 and preparations are being made for the fulfilment of the Member State target under Article 5 of Directive 2012/27/EC.</p>	<p>grants provided generate additional direct and indirect macro-economic impacts. For instance, new jobs may be created, competitiveness will improve which may contribute to a rise in export revenues and the foreign trade balance will also improve through the reduction in the consumption of imported energy. With the energy efficient modernisation of public buildings, the fiscal expenditures used for the purchase of energy will decrease.</p>

Measure	Content	Status	Further schedule	Estimated impact
	<ul style="list-style-type: none"> • Improving energy efficiency in the business sector <p>In the course of 2011, a number of support programmes were launched also for players of the business sector; namely:</p> <ul style="list-style-type: none"> - NSzP-EEOP 4.9 which provided support for building energy efficiency projects combined with renewable energy sources (as part of this, players of the business sector were also eligible for grants); - NSzP-EEOP 5.4 which provided support for the modernisation of the secondary side of district heating systems; - as part of the NSzP-ZBR „Our home” Renovation and “Building New Home” sub-programme, small and medium-sized businesses, too, were eligible for grants (newly built, highly energy-efficient residential buildings). <p>As part of this measure, on the one hand, the tasks related to the implementation of the support programmes launched in 2011 (disbursement, implementation) were performed in the course of 2012, and new support programmes were also planned to be launched in 2012. The main areas of intervention are the building energy efficiency projects of businesses, the modernisation of the district heating services sector and the preparations for the enhancement of the energy efficiency of power plants and distribution networks.</p>	<p>The European Commission approved the reallocation of funds to NSzP-EEOP later than originally planned; as a result, the programmes were only announced at the end of 2012 and the beginning of 2013. Based on Government Resolution No. 1551/2012. (XII.4.), support programmes were announced with regard to priorities 4 and 5 of NSzP-EEOP with an allocation of HUF 95 billion.</p>	<p>In the case of the support programmes announced at the end of 2012 and beginning of 2013 as part of NSzP-EEOP, the grant contracts will be concluded by the end of 2013 after the selection process. In harmony with Council Regulation 1083/2006/EC, the projects must be completed by mid-2015, at the latest.</p> <p>Implementation in respect of the programmes announced in previous years (disbursement, implementation) is ongoing. Financing planning for the period 2014-2020 in the EU has also begun, as part of which the individual operational programmes are being identified and the most important development guidelines for the next period are being determined.</p>	<p>One of the most cost effective methods for the attainment of safe energy supply and the targets of climate protection is the reduction of energy consumption through the enhancement of energy efficiency. The programmes subsidised by NSzP-EEOP reduce the energy costs of businesses, and the grants provided generate additional direct and indirect macro-economic consequences. For instance, it generates orders for businesses in the construction industry, new jobs may be created, competitiveness will improve which may contribute to a rise in export revenues and the foreign trade balance will also improve through the reduction in the consumption of imported energy.</p>
<p align="center">Europe 2020 Strategy National Target 4: increasing the share of those with tertiary or equivalent qualifications (amongst the population aged between 30 and 34 years) to 30.3 per cent and reducing the share of early school-leavers (amongst the population aged between 18 and 24 years) to 10 per cent</p>				
<p>41. Extension and reinforcement of quality education in early childhood</p>	<p>Pursuant to the Public Education Act in force as of September 2012, effective as of September 2014, kindergarten attendance will be compulsory from the age of 3, (instead of the present age limit of 5</p>	<p>The applications designed to promote kindergarten development were announced within the deadlines undertaken vis-à-vis the EU. With the successful implementation of the</p>		<p>This measure will have a positive impact on disadvantaged children and families and children and</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>years) . As a result, young children will grow up in a community already in early childhood which facilitates successful integration and progress in school and also serves to prevent early departure from the school system. In the interest of the extension of kindergarten education, kindergarten capacity will be increased, programmes designed to develop kindergarten education will be promoted and teachers who take part in the kindergarten and school education of children with multiple disadvantages will continue to receive a pay supplement.</p> <p>The development tool serving the Development of Educational Institutions launched within the framework of a number of regional development operational programmes in November 2011 is a development designed to support the scheme of further kindergarten capacity. With a view to the principle of equal opportunities, the grant scheme promotes the following by creating the infrastructure conditions for a healthy environment and effective education:</p> <ul style="list-style-type: none"> • reduction of regional differences in the quality of education, • access to quality education without exclusion, • development of integrated, functional institutions adjusted to the renewed content and methodological programmes; • compliance with the basic requirements of a fair educational environment. <p>Additional support provided from local resources for the organisation of kindergarten development programmes serves to promote the advancement in school of disadvantaged children and children with multiple disadvantages. Areas supported by the measure: integrated education, institution development, pedagogical renewal, personalised development, cooperation with the kindergarten's</p>	<p>project, an extra 5,439 kindergarten spaces will become available. This will result in a reduction in the territorial differences that exist in the quality of education, access to quality education without exclusion and, last but not least, the coming into being of integrated, functional institutions adjusted to the renewed content and methodological programmes, with a view to the principle of equal opportunities and in compliance with the basic requirements of a fair educational environment.</p> <p>Additionally, teachers who are involved in the kindergarten or school education and teaching of children with multiple disadvantages as defined in Government Decree No. 138/1992. (X. 8.) on the Implementation of Act XXXIII of 1992 on Public Sector Workers receive a pay supplement.</p>		<p>families with multiple disadvantages.</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>social environment and liaison with parents. Based on Act XXXVII of 1997 on the Protection of Children and Guardianship Administration, the kindergarten attendance benefit relieves the burdens of families with young children who are compelled to cope with multiple disadvantages and promotes the integration of children into kindergarten education at the earliest possible age. Families may receive this benefit twice annually, based on need, in respect of children aged three and four years enrolled into kindergarten if the children attend kindergarten regularly.</p>			
<p>42. Measures improving the school success rate , preventing early school leaving of disadvantaged children and pupils and multiple disadvantaged (including Roma) children through integrated education</p>	<p>This complex package of measures is designed to promote the successful advancement of disadvantaged children and children with multiple disadvantages in school and to serve inclusive education, thereby improving the chances of the continuation of their studies and reducing the threat of early dropout. The attainment of this goal is served, on the one hand, by the skills development and integration programme promoting the successful advancement of disadvantaged children and children with multiple disadvantages in school, based on the pillars of pedagogical and methodological renewal and statutory anti-discrimination components. Additionally, targeted programmes (Arany János programmes, school workshop programme) and scholarships (Útravaló (Provisions)) are being launched to help with a smooth transition to secondary education and to alleviate the financial burdens of the successful continuation of studies in higher education which many families cannot afford.</p> <p>Finally, the „Second Chance” programmes aim to prevent early school-leaving, with the purpose of helping young people with no secondary school qualifications who dropped out of the school system</p>	<ul style="list-style-type: none"> • Areas supported by the measures for the purpose of counter-balancing disadvantages arising from the child’s social situation: integrated education, institution development, pedagogical renewal, personalised learning support, cooperation with the school’s social environment, , keeping in contact with the parents. <p>During the period that has elapsed since April 2012:</p> <ul style="list-style-type: none"> • The decree regulating the funding of the aid for 2012 was published. • The rules laying down the professional conditions for the organisation of skills development and integration programmes and kindergarten development programmes were moved to the implementation decree of the public education legislation; simultaneously, the clarifications that were necessary on the basis of the experiences of the former legislation were also integrated into the new legislation, see Sections 171 to 173 of Ministerial Decree No. 20/2012. (VIII. 31.) on the operation of educational 	<p>The scheduling of the implementation of this measure is ongoing.</p>	<p>The effect of the programmes targeting disadvantaged children and multiple disadvantaged manifests itself in improved advancement in school, the prevention of early school-leaving and improved levels of qualifications. Institutions participating in the skills development and integration programmes have scored higher in competence measuring tests than other comparable institutions, and the dropout rate in the Arany János programmes is below average.</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>but are no longer required by law to attend school to obtain secondary educational qualifications. At the same time, these programmes also serve to reduce student failures through the introduction of new, personalised methods that respond to individual needs and support learning.</p> <p>Additional support provided for the organisation of skills development and integration programmes and the pay supplement of participating teachers serves to promote the advancement in school of children with disadvantages and with multiple disadvantages. Areas supported by the measures for the purpose of counter-balancing disadvantages arising from the child's social situation: integrated education, institution development, pedagogical renewal, personalised learning support, cooperation with the school's social environment, keeping in contact with the parents.</p>	<p>institutions and the use of names by institutions of public education.</p> <ul style="list-style-type: none"> • In the 2011/2012 school year, 74 259 pupils and 20 864 children attending kindergarten took part in the programme; in the 2012/2013 school year, the available funds will support the participation of 25 269 children and 78 626 pupils and students in the programme. • In 2012, new framework curricula were drafted with respect to the Arany János Programmes and these were issued in Ministerial Decree No. 51/2012. (XII. 21.) on the procedure for the issuance and approval of framework curricula and the amendment of certain educational legal rules. The framework curricula will enter into force as of September 2013. • 2,840 students in total take part in the Arany János Talent Fostering Programme in the 2012/2013 school year. • 860 students take part in the Arany János Boarding School Programme in the 2012/2013 school year. • 615 students take part in the Arany János Boarding School and Vocational School Programme in the 2012/2013 school year. • In the case of the equal opportunities sub-programmes of the Útravaló (Provisions) Scholarship Programme – On the way to secondary school, On the way to the final examinations and On the way to qualifications –, funds of the amount of HUF 2,223.1 million were made available in 2012. As part of the equal opportunities sub-programmes of the Útravaló (Provisions) Scholarship Programme, 17,303 disadvantaged students may receive 		

Measure	Content	Status	Further schedule	Estimated impact
		<p>scholarship funds and mentoring services in the 2012/2013 school year.</p> <ul style="list-style-type: none"> Several programmes launched in 2012 from EU funds covered the development of public education in the interest of disadvantaged and multiple disadvantaged children / students. As part of the SoROP 3.3.8, SoROP 3.3.9, SoROP 3.3.10 and SoROP 3.3.11 programmes, a total sum of HUF 16.78 billion was available for the purpose. 		
<p>43. Improving the rate of academic success of special education students</p>	<p>In the course of 2012, we provide for the special care that children with special needs require within the framework of early development and care, kindergarten education, personalised development, school education and preparatory development, with the support of programmes and measures implemented from EU and local funds in an integrated manner, where these children learn together with other children or in special classes or groups. The programme renders the organisation and operation of institutions involved in the education of children with special needs suitable for implementing inclusive education and enables them to renew their pedagogical practices. The purpose of the measures serving the development of special services is to improve access to services and to enable children, learners and their families to obtain quality, accessible, modern, complex and consciously organised care in the institutions of specialised pedagogical services locally or in the vicinity of their homes.</p>	<p>As part of the Integration of special education students programme SoROP-3.4.2.A-11/1, applications were accepted from 20 February 2012 until 15 April 2012. The grant scheme was closed.</p> <p>The call for application of SoROP-3.4.2.B Development of Specialised Services was published and support was awarded to Educatio Kft. The implementation of this measure is ongoing and will continue until 31 December 2014.</p>	<p>The implementation of this measure is ongoing and will continue until 31 December 2014.</p>	<p>These measures have a positive impact on the integration of special education children and the development and operation of specialised pedagogical services. The SoROP-3.4.2.B measure helps with the implementation of Ministerial Decree No. 15/2013 entering into force on 1 March 2013 that regulates the operation of special services institutions. New procedures are being developed and a detailed registration and tracking system will be introduced. These developments will make the work of special services institutions more effective and more professional.</p>
<p>44. Public education Bridge programmes ("Híd-Program")</p>	<p>The public education legislation passed in December 2011 introduced the concept of the bridge programmes. The public education bridge programmes represent a form of training in the school system which provides assistance for pupils performing poorly in primary education and a</p>	<p>The framework curricula of the Bridge I and Bridge II programmes were issued in a ministerial decree in March 2013. Teachers are currently being prepared. Those schools will be involved in the implementation of the programmes which have the practical experiences suited to the</p>	<p>Pursuant to Act CXC of 2011 on Public Education, the deadline for the launch of the programme is 1 September 2013.</p> <p>With this programme, we wish to reduce early school-leaving and to</p>	<p>The positive competitiveness effects of this measure are the reduction of the share of students leaving primary education and vocational training without qualifications</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>chance for those who are unable to complete their primary studies to continue their studies in secondary education. We distinguish different types of bridge programmes:</p> <ul style="list-style-type: none"> • students required to attend education by law who completed their primary studies but failed to gain admission to a secondary school may continue their studies in the Bridge I programme. The training provided in the Bridge I programme offers fundamental skills and competence training as necessary for the continuation of studies. • if a student, having completed his/her primary studies, does not wish to continue his/her studies in a secondary school, the primary school initiates his/her admission to the Bridge II programme. The Bridge II programme prepares students who are unable to complete their primary studies by the compulsory maximum school attendance age for the commencement of vocational training. The training provided in the Bridge II programme motivates students to learn and develops the skills necessary for the acquisition of an occupation. <p>The Bridge Programme has a positive impact on the students concerned and their families and more young people leave the education system with occupational qualifications.</p>	<p>nature of the programmes.</p>	<p>develop basic and professional competencies. Students may choose the occupation best suited to their interests in professional career orientation workshops, may obtain partial qualifications in the BRIDGE II programme and may continue their studies in vocational training in the interest of a successful future career.</p>	<p>and the enhancement of the labour market chances of successful students.</p>
<p>45. Non-formal and informal forms of learning and programmes offered by cultural institutions designed to support the attainment of the goals of public</p>	<p>As part of this measure, we lay particularly great emphasis on the reduction of the disadvantages that the school system in itself is unable to compensate for.</p> <p>To this end, we continue the measures of the National Reform Programme launched in 2011 with contents designed to reinforce access to cultural values, in addition to cultural services supporting public education. A new element is digital cultural</p>	<p>Within the framework of the New Széchenyi Plan „Science – Innovation” development programme, all applications designed to support the attainment of the goals of public education and offering non-formal and informal forms of learning and programmes by cultural institutions were published by the end of December 2012. The purpose of these is to develop cultural services designed to support public education,</p>	<p>Implementation of applications yet to be closed is ongoing. Full implementation will be closed in 2014.</p>	<p>In response to this measure, cultural institutions are currently implementing more than five hundred projects which realise non-formal and informal forms of learning and programmes designed to promote the attainment of the goals of public education; by</p>

Measure	Content	Status	Further schedule	Estimated impact
education	<p>content and data base development with the formulation of programme packages supporting education and cultural contents also accessible in small localities in the interest of equal access opportunities (Hungarian National Digital Archive – MaNDA).</p> <p><u>Components of the measure:</u></p> <ul style="list-style-type: none"> • Development of cultural services designed to support public education, talent fostering and the acquisition of creative competencies in programmes organised as part of the New Széchenyi Plan and about to be announced and applications for sharing public education, library, museum and cultural knowledge and skills within the framework of the programmes of institutions of public education outside school classes. • Calls for application as part of the New Széchenyi Plan for providing infrastructure support for the above. • Development of digital cultural contents and publication of cultural values and services in digital format for the purpose of supporting public education. This permits use both in and outside the classroom (MaNDA TV Public Education Partnership Programme). • Development of digital cultural information points serving to provide access to digital cultural contents (MaNDA points) and a methodological centre with nation-wide coverage. 	<p>talent fostering and the acquisition of creative competencies and they include applications for sharing public education, library, museum and cultural knowledge and skills within the framework of the programmes of institutions of public education outside school classes and supporting infrastructure tenders:</p> <ul style="list-style-type: none"> • SoROP-3.2.3.B „Building communities” - B) Promotion of communal programmes and cooperation schemes designed to serve up-to-date, multi-functional public education developments and of the development of new forms of learning (November 2012) – funds: HUF 1.0 billion • SoROP-3.2.4 A and B „Knowledge Depo Express”- Reinforcement of the role of libraries in non-formal and informal training in the interest of life-long learning (phase 3, published in December 2011, funds awarded: July 2012) – funds: HUF 3.5 billion • SoROP-3.2.8.B-12/1 „Museums for Everyone Programme – Reinforcement of the educational and training role of museums” Phase 3 (February 2012) – funds: HUF 0.55 billion • SoROP-3.2.12-12/1 and SoROP 3.2.12-12/1/KMR On-the-job training of cultural experts in the interest of the development of services (March 2012) – funds: HUF 1.89 billion • SoROP 3.2.13-12/1 Participation of cultural institutions in the fulfilment of educational tasks outside the classroom (March 2012, Phase 2: October 2012) – funds: HUF 8.58 billion • SoROP-3.2.14 Development of a Standard National Educational and Cultural Spatial Information System (priority project, 		<p>virtue of cooperation agreements, almost a thousand schools and more than 100,000 students participate in these programmes. As a result of the development, children and young adults may acquaint themselves with novel supplementary skills acquisition and competence development programmes and services supporting formal education which provide help with the acquisition and long-term preservation of competitive knowledge. As a quality effect, students have an increased need for the acquisition of new information, have improved creative skills and school drop-out rates, too, decrease. In response to the development, educational institutions manifest an increased demand for the new services of cultural institutions.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>December 2012) – funds: HUF 0.5 billion</p> <ul style="list-style-type: none"> • SIOP-1.2.1.A Agora – development of infrastructure for multi-functional communal centres and regional public education consulting services (August 2012) – funds: HUF 2.06 billion • SIOP-1.2.1.B National Cultural Spatial Information System Services and Consulting Multi-Functional Methodological Centre (priority project, November 2012) – HUF 1.6 billion 		
<p>46. Broadening access to higher education -</p>	<ul style="list-style-type: none"> • Creating opportunities and expansion of social dimensions <p>The Hungarian State promotes access to institutions of higher education with an extensive support system. As a result, in 2011, two thirds of students in higher education enjoyed full state support in their studies. This ratio is also attainable in the case of those joining higher education in 2012 by virtue of state scholarships and partial scholarships. For those who pay for their education, the Government maximised in a decree the sum of the tuition fees that universities may charge and there is no limit on the number of students that state institutions may admit for pay education. In the interest of further broadening the range of opportunities, as part of the Student Loan II programme, the State provides free access to higher education for all students newly entering higher education. The main tools of this measure are regulation and the introduction of a state interest subsidy.</p>	<p>The purpose of the Útravaló (Provisions)Scholarship Programme – „On the way to higher education” scholarship and tuition fee support sub-programme is to promote the commencement of studies in higher education by disadvantaged students, including Roma students. Based on the amendment of Government Decree No. 152/2005. (VIII.2) published on 15 August 2012, almost 400 disadvantaged students, including Roma students, attending higher education receive scholarship grants or tuition fee support.</p> <p>The purpose of the SoROP 3.3.10 programme „Supporting initiatives promoting studies in higher education” is to keep disadvantaged students, including young Roma students, in public education institutions, to promote their advancement in education and to thereby support their admission to training in higher education in the convergence regions and disadvantaged micro-regions. The programme was announced on 4 December 2012. Applications may be submitted between 22 February and 22 March 2013. As expected, the programme will be able to support some 6,000 students during the implementation period.</p>	<p>“On the Road” (Útravaló) – MACIKA (Hungarian Public Foundation for the Roma) scholarship programme: 2012/2013 school year, closing date of programme: 30 June 2013; subject to the availability of funds from the central budget, ongoing thereafter. The SoROP 3.3.10 „Supporting initiatives promoting studies in higher education” programme was announced on 4 December 2012. Applications may be submitted between 22 February and 22 March 2013. College for Advanced Studies for the Roma (SoROP 4.1.1.D): 2012 until July 2015.</p>	<p>The number of disadvantaged people, including Roma, entering higher education is increasing and this contributes to the attainment of the higher education target set forth in the Framework Agreement between the Government and the National Roma Self-Government.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>College for Advanced Studies for the Roma (from EU and local funds): their purpose is to improve the chances of young Roma in higher education and to train a Roma intelligentsia for the future. As of 2012, the range of Roma specialisation colleges was extended to the entire country with the involvement of EU funds; there are sufficient funds for subsidising 7 Roma specialisation colleges with 140 students in total.</p>		
	<p>▪ Development of higher education vocational training As an element of the streamlining of the structure of training, higher education vocational training will emerge as a new training form as of 2013 (through the transformation of tertiary vocational training about to be abolished). This may play an important role in increasing the number of degree-holders with a view to the targets that we have undertaken to attain by 2020. This form of vocational training (ISCED level 5) flexibly serves the needs of the economy for specialists and simultaneously provides access to basic training in higher education. By virtue of the availability of a flexible transfer between vocational training and basic training, vocational training will become more attractive, in consequence of which we may increase the number of students gaining admission to higher education (12 thousand annually). Regulation is the main tool of this measure.</p>	<p>The Act on National Higher Education entered into force on 1 January 2012. Section 110(1)7 of the legislation authorised the Government to regulate in a decree the order of higher education vocational training and the training areas, branches and disciplines. Government Decree No. 230/2012. (VIII. 28.) on higher education vocational training and certain issues concerning internship in connection with training in higher education was issued in the wake of this authorisation.</p> <p>Skills obtained in higher education vocational training are to be included as credits in studies aimed at the acquisition of tertiary education vocational qualifications; at the same time, by virtue of the fact that studies commenced in basic higher education are also accepted as credits, the scheme provides a steady path to a job or to the acquisition of the vocational skills necessary for engagement in an activity by allowing a transfer to higher education vocational training at the level of tertiary qualifications.</p> <p>Based on its purpose, higher education vocational training is a practice-oriented training form, as part of which institutions of higher education are required to organise minimum six</p>	<p>The short-cycle training courses advertised in 2013 will start in September 2013 for the first time. Based on the draft decree, the training and output requirements for 30 tertiary education vocational training courses in 7 of the 13 training areas will be published in total.</p>	<p>The Ministry of Human Resources will evaluate the new training form in cooperation with HAC and labour market actors in 2 years' time (at the end of the first training cycle) also with a view to determining to what degree it fits into the system of vocational training.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>months of continuous internship practice in the given field. The Minister published the training and output requirements of higher education vocational training in Decree No. 39/2012. (XI. 21.).</p> <p>The Hungarian Higher Education Accreditation Committee (HAC) accredited the new, short-cycle training courses on the basis of this.</p>		
<p>47. Reinforcement of advancement in training, reduction of drop-out rates</p>	<p>▪ Reinforcement of student motivation With regard to the increasing drop-out rates and the extension of studies, reinforcement of responsibility and motivation of students; therefore, in an incremental system, the State requires scholarship holders to obtain a degree within one and a half times the training period; in a case to the contrary, 50% of the scholarship grants must be repaid. Consequently, the scholarship agreement between the students and the higher education institute is a genuine incentive which students may take advantage of at their free discretion. Regulation is the main tool of the measure.</p>	<p>Section 48/A of Act CCIV of 2011 on National Higher Education provides for the student scholarship agreement between the students and the higher education institute. Based on this, Hungarian state (part) scholarship holder students will be required, on the basis of scholarship agreement, to obtain a degree as part of the subsidised course of studies within the study time determined in the training and output requirements but within maximum one and a half times the study time determined in the training and output requirements, and to pay the Hungarian State 50% of the state scholarship grants disbursed by the Hungarian State with regard to the given training course as a flat-rate sum if they fail to obtain a degree as part of the training course subsidised on the basis of a Hungarian state (part) scholarship.</p>		<p>Students participating in higher training will also be motivated financially to complete their studies within the study time determined in the training and output requirements.</p>
	<p>• Recognition of student excellence In the interest of the availability of academic succession and the recognition of student excellence, it is necessary to recognise and to reward students with outstanding research and/or study results. In the interest of recognition, a separate programme funded by ESF will be launched.</p>	<p>The development and operation of the SoROP 4.2.4/A1 and A2 National Excellence Programmes - a system designed to provide personal support for students and researchers – has started; national programme (A1) and convergence programme (A2). Main purpose of projects: The implementation of a comprehensive grant system that permits the funding of the participation of excellent students (master and doctoral students), doctoral candidates and instructors and researchers in national R&D programmes in Hungarian</p>		<ul style="list-style-type: none"> • increased number of foreign students in Hungarian institutions of higher education • reinforcement of international reputation of institutions of higher education in the short term • making the researcher career more attractive • increased research capacity • increase in number of

Measure	Content	Status	Further schedule	Estimated impact
		<p>institutions of higher education in the interest of enhancing the retaining force of the researcher career.</p> <p>The Magyary Zoltán Board of Trustees, the professional decision-making body of both programmes, has been set up. Scholarship competitions have been invited with the approval of the board of trustees within both programmes for the following target groups: master degree students, doctoral students, doctoral candidates and young instructors and researchers.</p>		<p>patents</p> <ul style="list-style-type: none"> in the case of the instructors and researchers of the higher education institutions concerned, we may expect an improvement in working conditions
	<p>▪ Improvement of foreign language skills</p> <p>The improvement of foreign language skills continues to remain a priority in higher education as, in many cases, the lack of foreign language skills is an obstacle to obtaining a degree. The purpose of the projects launched in this field from ESF funds is to enable students to attend foreign language courses which will improve both the ratio and effectiveness of both instructor and student participation in mobility programmes. The main tools of the projects are the renewal of the methodology of language teaching in higher education, institution-level developments and language courses. The expected result of the measures and programmes is the improved recognition of degrees obtained in the Hungarian educational system on the international labour market.</p>	<p>The <u>SoROP 4.1.2.D-12/1/KONV</u> programme entitled Development of the system of foreign language training in higher education was announced on 19 April 2012. Applications were received by 21 September 2012, they were assessed and a decision was adopted on the projects to be funded on 13 February 2012 (sic!).</p> <p>The available budget is HUF 3 billion, in response to which applications worth HUF 4.8 billion were received. The expenditures of the awarded projects amount to HUF 2.96 billion, while a further allocation of HUF 1.17 billion is required for the reserve-listed projects. There are 13 awarded winners, 5 reserve-list applicants and 2 refused applications.</p> <p>The Grant Contracts are currently being concluded with the awarded applicants.</p> <p>The <u>SoROP 2.1.2 programme</u>, Development of foreign language and IT skills, is now in the phase of implementation. The project, whose purpose is to promote IT skills and to improve foreign language skills, is being implemented under the auspices of the Office for Public Administration and Justice. The training courses offered by the</p>	<p><u>SoROP 4.1.2.D-12/1/KONV</u>: the programme will be closed in the 2nd quarter of 2015.</p>	<p>Both programmes contribute to the improvement of the population's foreign language skills and, as a result of the measure, a higher number of people may obtain language certificates. The main beneficiaries of SoROP 4.1.2/D are higher education students, while the beneficiaries of SoROP 2.1.2 include former students who are unable to obtain their degrees due to the lack of a language certificate. The measure will improve the standard of the foreign language skills of degree-holders, thereby enhancing the country's competitiveness and generating a rise in employment. In the wake of the measure, students participating in higher education will have improved knowledge of foreign languages and more students will obtain language certificates</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>project have been available to the public as of autumn 2012.</p>		<p>during their studies in higher education. Number of students successfully passing their examinations at the end of the pilot courses – 80% of attendees. Number of students successfully completing the course – 70% of attendees – <u>effect of SoROP</u> <u>2.1.2 programme</u></p> <ul style="list-style-type: none"> • There should be a significant increase in the number of people amongst the Hungarian population with digital and foreign language skills. • Some 100,000 persons will attend the training courses; 10,000 of them live in disadvantaged localities or are older than 45.
	<p>▪ Support services One of the reasons for the high student drop-out rates is the lack of information related to study and career opportunities. In the interest of the better planning of the training path, it is necessary to develop a student consulting system and career services. The objective is to enable students to flexibly orient themselves amongst the training and accreditation procedures and to improve their skills. To this end, in the course of 2012, we create student services from ESF funds (career consulting and tutoring activities) for students participating in higher education which help students obtain a degree within the shortest possible time.</p>	<p>Status of higher education development programmes attached to this measure: The grant contract of the priority project SoROP 4.1.3 Development of higher education services, Phase 2, was concluded on 12 June 2012; the project has since entered its phase of implementation.</p> <p>The 19 applications received in response to the tender SoROP 4.1.1./C Supporting regional and sectoral higher education cooperation and promoting integration in provincial higher education were evaluated in March 2013. Pursuant to the decision, 15 applications were awarded grant of the amount of HUF 16.9 billion in total.</p>	<p>SoROP 4.1.3 – the programme is currently in the phase of implementation; the grant contract is under amendment (due to management increase and extension of range of activities); closure of programme: 4th quarter of 2014. SoROP 4.1.1./C The programme will foreseeably be closed in the 2nd quarter of 2015.</p>	<p>The expected benefits of the two higher education development programmes constituting the measure are, on the one hand, the further development of the degree-holder career tracking system, the establishment of procedures for the recognition of the acquired skills, availability of professional support for graduate services and the introduction of student consulting systems, mentor services and the National Qualification Framework</p>

Measure	Content	Status	Further schedule	Estimated impact
				<p>System. This measure will also facilitate decision-making in the various sectors through the further development of the sectoral executive systems. In the wake of these measures, the ratio of drop-out students will also decrease.</p>
<p>48. Renewal of strategic planning</p>	<p>▪ Development-centred state-financed system The new model adjusts a part of the fiscal resources to the development policy evaluation of the higher education institution's growth and development skills and strategic objectives. State institutions are required to identify medium-term development plans for a period of four years (Institution Development Plan – IDP) by 30 June 2012 which will constitute the basis of supplementary state finance. The new higher education legislation created the Higher Education Planning Board, which assesses the social, economic and labour market needs related to higher education, prepares analyses for education policy decisions and conducts research.</p>	<p>The higher education legislation required all higher education institutions to draft medium-term institution development plans (IDP) and to send these plans to their respective operators by 30 June 2012. State-operated institutions were required to complete the evaluation of their institutions by 23 April 2012 and to think over and plan the entire spectrum of their educational and academic operations for the period extending to 2015-2016; in other words, they were required to draft a strategic plan which identifies the development objectives of the period to come. Institutions of higher education drafted their applications for institutional excellence ratings on the basis of the IDPs (priority higher education institution, research university, research faculty, college of applied sciences). Higher education institutions were required to submit their applications for excellence aid by 16 July 2012, and the data stated in the institution development plans was also taken into consideration upon the assessment of the applications. Based on Government Decree No. 24/2013. (II. 5.) on national higher education excellence, for the rating period between 2013 and 2016, 3 institutions were awarded the title of priority higher education institution, 6 were awarded the</p>	<p>As of 2013, we wish to make this support form part of the fiscal support received from the central budget.</p>	<p>This measure promotes the quality-based, differentiated funding of higher education institutions.</p>

Measure	Content	Status	Further schedule	Estimated impact
		status of research university, 4 university faculties received the title research faculty and 2 colleges were awarded the status of college of applied sciences. The 2013 budget set aside HUF 10 billion for supporting institutional excellence; the above-mentioned institutions will receive this sum as additional funding.		
	<p>▪ Economy-driven development policy The requirement of adjustment to the priority sectors of industry emerges in the institutional development plans and some of the development activities expressly support the development of cooperations with the business sector. A significant increase in the ratio of technical and scientific qualifications is a priority objective. In the 2012 university entrance procedures, the Government offers some 70 per cent of state-funded courses in the areas of technical and scientific disciplines. Arousing interest in studies in sciences and technology and raising the standard of education in these fields through infrastructure development and extension, the modernisation of curricula and the further training of instructors enjoy a top priority in subsidisation. This measure is assisted by the following programmes: SoROP priority 4: Programmes for the content and organisational development of higher education and the building of a knowledge-based economy</p> <p>▪ 4.2.2/C (Promotion of research into progressive infocommunication technologies and availability of related IT expert succession)</p> <p>▪ SoROP-4.1.2/A1 training and content development tender</p>	<p>Status of higher education development programmes related to measure: SoROP 4.2.2./A The programme entitled Promotion of basic and targeted basic research projects implemented in international cooperation was announced on 23 December 2011. Applications were submitted, 75 in total. These were assessed, on the basis of which 41 applications were awarded grant. The Grant Contracts entered into force between October 2012 and February 2013; at present, the conclusion of 1 reserve-listed AC is in progress. The contracted amount at present is HUF 24.756 billion. The framework sum of the programme was HUF 20 billion in the convergence regions; however, due to the significant excess applications, the allocation was increased by another HUF 7 billion in consequence of the amendment of the action plan in October 2012 [MK. 141. Government Resolution No. 1469/2012 (X.26)].</p> <p>SoROP 4.2.2/C Promotion of research into progressive infocommunication technologies and availability of related IT expert succession. This programme was advertised on 12 January 2012. After the submission and evaluation of applications, a committee decision was adopted, on the basis of which 10 applications were awarded grant and another 5 were reserve-listed. The Grant Contracts entered into force</p>	<p>SoROP 4.2.2./A In the case of this programme, a period of 28 months is available for implementation. Planned completion of developments: between February 2014 and March 2015. SoROP 4.2.2/C In the case of this programme, a period of 27 months is available for implementation. Planned completion of developments: between May 2014 and January 2015. SoROP 4.1.2/A1 In the case of this programme, a period of 24 months is available for implementation. Planned completion of developments: between June 2012 and April 2014. SoROP-2.1.2/12-1 Planned completion of priority project: 31 October 2014.</p>	<p>The above developments help to attain the objective of the measure via the following tools and steps:</p> <ol style="list-style-type: none"> 1. Encouraging innovative activities in higher education, thereby promoting job creation related to research and development and the local adaptation of the latest international research methodological experiences. 2. Reinforcing local research capacity related to infocommunication technologies (ICT), linking the local ICT R&D sector to the EU's research cooperation related to ICT and the Information Society and developing close relations between research institutes, higher education and industry. 3. The knowledge and skills acquired by students graduating from local higher education

Measure	Content	Status	Further schedule	Estimated impact
		<p>between November 2012 and February 2013, with the contracted figure amounting to HUF 8.075 billion.</p> <p>The allocation of the programme originally amounted to HUF 7.164 billion in the convergence regions; however, due to the large number of applications received, the allocation was raised to HUF 9.08 billion in consequence of the amendment of the Action Plan in October 2012 [MK. 141, Government Resolution No. 1469/2012 (X.26)].</p> <p>SoROP 4.1.2/A1 Training and content development, training of trainers, with special regard to training in mathematics, sciences, technology and IT and their development</p> <p>This programme was announced on 10 February 2011. After the submission and evaluation of applications, a committee decision was approved. 51 applications were approved to the value of HUF 6.039 billion.</p> <p>SoROP-2.1.2/12-1. Development of foreign language and IT skills was announced as a priority project on 1 February 2012. The purpose of the programme is to encourage the adult Hungarian population to continue to learn, to increase the number of those participating in adult education and to promote the labour market re-integration and to improve the adaptability of individuals with low foreign language and IT skills. The Grant Contract of this priority project is in force as of 7 August 2012; contracted amount: HUF 12.488 billion. Implementation is ongoing at present, which means that members of the public may enrol for IT and foreign language training courses on an ongoing basis, and some of the training courses have already started.</p>		<p>institutions should become competitive also in the medium term in accordance with labour market needs.</p> <p>4. Encouraging the Hungarian adult population to continue to learn, increasing the number of people involved in adult education and promoting the labour market re-integration and improving the adaptability of individuals with low foreign language and IT skills.</p>

Measure	Content	Status	Further schedule	Estimated impact
<p>49. Quality-based sector policy -</p>	<ul style="list-style-type: none"> ▪ Introduction of qualification procedures based on institutional functions The legislation on national higher education introduces three qualification procedures, as part of which higher education institutions may obtain excess funding with a view to certain target tasks. <ul style="list-style-type: none"> ▪ The purpose of the „priority higher education institution” qualification is to enhance the international role and international recognition of certain institutions, to promote their advancement in the international rankings and to help to make them more international. ▪ Purpose of the „research university, research faculty” qualification: reinforcing the research capacity of universities conducting complex R&D activities to international standards and promoting their access to European research networks. ▪ The purpose of the „college of applied research” rating is to recognise applied research related to the economy at colleges of higher education and technological institutes. 	<p>The higher education legislation required all higher education institutions to draft medium-term institution development plans (IDP) and to send these plans to their respective operators by 30 June 2012. They were required to think over and plan the entire spectrum of their educational and academic operations for the period extending to 2015-2016; in other words, they were required to draft a strategic plan which identifies the development objectives of the period to come. The new Higher Education Planning Board was requested to evaluate the submitted institution development plans; this evaluation has been completed.</p> <p>Institutions of higher education drafted their applications for institutional excellence ratings on the basis of the IDPs (priority higher education institution, research university, research faculty, college of applied sciences).</p> <p>Government Decree No. 24/2013. (II. 5.) on national higher education excellence determined the conditions for the status qualifications of priority higher education institution, research university and college of applied sciences.</p> <p>Based on the Government Decree, with respect to the rating period between 2013 and 2016, 3 institutions were awarded the title of priority higher education institution, 6 were awarded the status of research university, 4 university faculties received the title research faculty and 2 colleges were approved for the status of college of applied sciences.</p>		<p>Development guidance that also offers financial incentive channels higher education institutions in the direction of quality education and research.</p>
	<ul style="list-style-type: none"> ▪ Quality assessment and development The Hungarian Higher Education Accreditation 	<p>With the Act CCIV of 2011 on National Higher Education and Government Decree No. 19/2012.</p>		

Measure	Content	Status	Further schedule	Estimated impact
	<p>Committee reinforced by the new higher education legislation plays a prominent role in quality assurance in higher education. HAC operates in accordance with the relevant international practice as a body with national competence that performs quality evaluation in the system of higher education as necessary for the state recognition of institutions of higher education and their training, academic, research and artistic activities. Regulation is the main tool of this measure.</p>	<p>(II. 22.) on certain issues of quality assessment and development in higher education, the operation of the Hungarian Higher Education Accreditation Committee (HAC) was placed on new foundations. The Government Decree stipulates that HAC as an expert body performs its activities in accordance with the Standards and Guidelines for Quality Assurance in the European Higher Education Area approved by the European Association for Quality Assurance in Higher Education.</p> <p>The Government Decree uniformly regulates the preparatory decision-making activities related to the quality evaluation of training, academic research and artistic activities in institutions of higher education and the development of higher education by laying down that the maintenance of high standards in training, academic research and artistic activities in higher education as the core activities of higher education is primarily the given higher education institution's duty and responsibility.</p>		
<p>50. Reinforcement of international skills and enhancement of European mobility</p>	<p>▪ Promotion of student mobility</p> <p>New complex programmes are being launched to support the mobility of students in higher education. The development of language teaching in higher education enables the involvement of students in the largest possible numbers in mobility programmes. Finally, the extension of the international relations of institutions and the entire education sector will play a more emphatic role in the future. The added flexibility of training as part of the review of the regulation of training also serves increased student mobility.</p>	<p>The development of the personal promotion system of international student mobility attached to the SoROP 4.2.4/B1 and B2 National Excellence Programme – Campus Hungary R&D projects and training programmes, at national (B1) level and in the convergence (B2) regions has been launched.</p> <p>Purpose of these priority projects: Campus Hungary is a scholarship programme and a higher education mobility programme which is designed, in line with the EU's higher education objectives, to enable local higher education to join international mobility processes with maximum intensity. One of its two main goals is the promotion of the partial training of</p>	<p><u>Further scholarships expected to be announced:</u></p> <ul style="list-style-type: none"> - 30 April – 10 June 2013 - 26 August – 4 October 2013 - 15 December 2013 – 1 March 2014 - December 2014 – February 2015 (B2, only convergence regions) 	<p><u>Anticipated effects of measures:</u></p> <ul style="list-style-type: none"> - a rise in the number of higher education students involved in mobility, - enhanced popularity of mobility (group study trips are highly successful), - a rise in the number of students with proficient language skills, improvement of existing language skills

Measure	Content	Status	Further schedule	Estimated impact
		<p>Hungarian higher education students abroad (brief study trips, internships, six-month training courses) in the form of scholarships.</p> <p>The other main goal is to raise the number of foreign students in Hungarian institutions of higher education by making higher education more international. This is achieved through the presentation of a standardised image at international higher education fairs, publications, the publication on Internet websites of the choice of courses in foreign languages on offer, the development of a mobility data base and analytic centre and the promotion of the international training and service development tasks of institutions of higher education (organisation of expert courses for the training of language, inter-cultural and internationalisation audits for institutions of higher education).</p>		<p>both amongst students, instructors and the administrative personnel of higher education institutions,</p> <ul style="list-style-type: none"> - increased relationship capital acquired abroad, - experience gained in the course of training abroad contributes to the improved employability of graduates and to the training of an internationally informed, confident Hungarian intelligentsia, - broadening of the horizon of Hungarian students, instructors and administrative personnel, access to first-hand information on other peoples and cultures. <p>Indicators: In the B1 national project, minimum indicator until the end of the project period: number of Hungarian students participating in international exchanges – 500 persons. In the B2 convergence projects, minimum indicator until the end of the project period: number of Hungarian students</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>▪ Promotion of international appearance of institutions</p> <p>The building of international relations at an institutional level is another important priority for the internationalisation of Hungarian higher education. ESF development programmes will be launched with regard to the above objectives. The purpose of the „priority higher education institution” status introduced by the law on national higher education is to greatly reinforce the international nature of certain institutions of higher education.</p>		<p>1. Internet portal</p> <p>As part of the Campus Hungary programme, we shall launch an Internet portal (website) following a standard image and structure as of the spring of 2013. This foreign-language (primarily English) website will contain all relevant information related to the programme that promotes incoming mobility and will additionally feature a searchable data base which will contain the data forms of all foreign-language courses on offer in Hungary. We shall build this data base on the foundations of the data base created and edited/processed by the Hungarian Rectors’ Conference. The individual higher education institutions may then continuously update the training data on the website.</p> <p>2. Uniform representation of Hungarian higher education with a standardised Hungarian stand at international educational fairs:</p> <p><u>Planned training courses:</u></p> <ul style="list-style-type: none"> - Specialised EU English language training for staff members working at the studies or international departments of higher education institutions (two courses have already been held and another two are ongoing [January and February 2013]), - Inter-cultural preparatory course 	<p>participating in international exchanges – 2,000 persons.</p> <p>SoROP 4.2.4/B1 and B2</p> <p>Anticipated effects of measures:</p> <ul style="list-style-type: none"> - a rise in the number of foreign students in Hungarian higher education institutions, - enhanced international reputation and reinforced competitiveness of Hungarian higher education institutions, - drafting of standard higher education publications, - presentation of a standardised image of Hungarian higher education, also with a view to foreign policy priorities, at international higher education fairs, - development of a searchable Internet data base concerning the choice of foreign language courses on offer in Hungarian higher education institutions, - improved language skills of staff members working at the studies or international departments of higher education institutions, - development of skills of staff members of higher

Measure	Content	Status	Further schedule	Estimated impact
			<p>and sensitivity training for the reception of foreign students for the staff members of higher education institutions,</p> <ul style="list-style-type: none"> - Website management and development skills course for the staff members of international departments, - Marketing training for the administrative personnel of higher education institutions, - Training of internationalisation and institution development experts for internationalisation audits. <p>Preparations: local experts create a syllabus in Hungarian and English in January 2013 and the completed materials will be validated by an international expert so that PLA may take place at the end of March.</p>	<p>education institutions promoting the reception of foreign students (marketing, sensitivity, inter-cultural, website management training),</p> <ul style="list-style-type: none"> - a rise in the number of experts competent to conduct internationalisation audits.
<p>Europe 2020 Strategy 5th National target: Reducing the poverty rate of families with children, the number of people living in severe material deprivation, and the number of people living in low work intensity households by 20% each (reducing the above numbers by 450 thousand people by excluding overlapping figures)</p>				
<p>51. National Social Inclusion Strategy</p>	<p>The Strategy specifies the targets of the social and labour market related integration of those living in poverty, including Roma, and the required directions of intervention for the time period until 2020. Therefore, the Strategy mostly incorporates trends, challenges, targets and directions of intervention pertaining to the social integration of Roma, however, its effects actually go beyond those above: it is generally extended to the areas related to the integration of people living in deep poverty, or children living in poverty. The objective of the National Strategy is to ensure a complex method of approach required for the social inclusion of most disadvantaged people, so it strives to harmonize the relevant policies, with a view to horizontally enforce the principles of social inclusion. The Government</p>	<p>The measure consists of a number of interrelated programme components linked to child welfare, housing, employment, education, culture, healthcare, equal opportunities and system level transformation, which also feature in detail in the Action Plan for 2012-2014 of the Strategy. The implementation of individual programme components can be followed in through programme monitoring system allowing the tracking of the programmes under the Strategy. Social impacts can be seen from data uploaded to the Social Inclusion Information System on an ongoing basis.</p>	<p>The schedule of implementation can be monitored in the Action Plan for 2012-2014 of the Strategy.</p>	<p>The impact of the measure is manifold, and is best reflected in the following areas: child welfare, housing, employment, education, healthcare, culture, equal opportunities and system level transformation; it is evaluated in the Social Inclusion Information System.</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>approved the Strategy along with its governmental action plan for the period of 2012-2014, specifies governmental actions along the directions of interventions related to children' welfare, education, employment, healthcare, housing, the involvement of those affected and antidiscrimination measures, and determines those in charge, the related deadlines and funds. The Strategy also integrates the target numbers included in the agreement concluded by the Government and the National Roma Self Government in May 2011.</p>			
<p>52. Improving the employability and labour market chances of most disadvantaged groups, those living in segregated housing environments and in extreme poverty</p>	<p>Several EU financed programmes will be launched with a view to improve the chances of social inclusion of those permanently unemployed, inactive, and living in deep poverty by the means of trainings and competence development.</p> <p>In addition, a complex programmes is designed to support the social and labour market related integration of those living in settlements, and to reduce the extent and effects of impoverishment and social exclusion, as well as to restrain segregation on ethnic and social basis by the following means:</p> <ul style="list-style-type: none"> - training based on personal needs, - improvement of writing-reading skills, - mental hygienic development, - improving skills to perform household and domestic works, - training on gardening and animal husbandry - establishment of social housing <p>One additional programme is designed to improve the Roma population's access to social and children's welfare services, by supporting the training and employment of Roma social workers.</p>	<p>Improving employability SoROP 5.3.8./B "Motivational training and supportive services in order to improve the labour market prospects of the most disadvantaged groups" project: a grant agreement for the project was concluded on 16 August 2012. The project has been commenced. As of January 2013, 600 persons were on the programme. SoROP 5.3.10: The Government made a decision on the launch of the "Development of the lifestyle skills of the most disadvantaged groups" project in December 2012. The conclusion of the grant agreement is in progress. Improving the situation of those living in segregated neighbourhoods SoROP 5.3.6-11/1: 14 out of the 22 applicants who were successful in the first round of the human services project of the complex programme of segregated slums had an effective grant agreement as of February 2013. The evaluation of the applications submitted during the second round is in progress and is expected to finish by early March. SIOP 323 A - the preparation of the housing</p>	<p>SOROP 5.3.8./B: A grant agreement was concluded on 16 August 2012. The implementation of the project is underway. End-date of implementation: 31 December 2013. SOROP 5.3.10: The project is awaiting the conclusion of a grant agreement.</p>	<p>Of the projects aimed at improving employability, motivational training aimed at skills development and offering support services of SOROP 5.3.8./B is expected to be provided to approximately 30 thousand persons, of whom 10 thousand will be included in a skills development programme. Of them, 2000 are expected to enter subsidised employment. The project aimed at developing lifestyle skills and to be implemented under SOROP 5.3.10 consists of two sub-programmes: a training and a counselling sub-programme. A 4-month training course with mentoring support is followed by a 2-month introductory period and a 2-month follow-up counselling period. Persons participating in training will receive living allowance. Scheduled tasks in the project period (1 January 2013 and 30</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>components of the complex programme of segregated slums has finished; announcement is scheduled for 2013 H1.</p> <p>SoROP 5.3.6./B The preparation of the “Methodological support for the implementation of a complex programme of segregated slums” priority project has finished, announcement is scheduled for first half of 2013 1.</p>		<p>June 2015): status and skills assessment of 13,000 persons, training for 6,000 (4,500 are expected to complete it successfully). We undertake to place 1,800 persons out of those who finish the training successfully in training or employment programmes until the end of the maintenance period.</p> <p>Under the projects aimed at improving the situation living in segregated neighbourhoods</p> <p>, approximately 55 segregated locations in approximately 40-45 settlements will receive grants under SoROP 5.3.6 -11/1. The number of persons to be included in the programme is expected to exceed 2500, of whom those to be involved in training under the programme will account for at least 60% of all the persons involved in the programme.</p> <p>As an impact of the programme, the process of segregation is likely to be halted through the social and spatial integration of marginalised groups in slum dwellings in these settlements. The living conditions of both the Roma and the non-Roma population in segregated neighbourhoods will improve</p>

Measure	Content	Status	Further schedule	Estimated impact
				through the concerted use of public services and a number of administrative means.
	<ul style="list-style-type: none"> • Operation of Regional Training Centres (RTC) functioning as regional convergence co-ordination centres and performing adult educational tasks <p>Major tasks of the Türr István Training and Research Institute (TTRI) operating as a state-funded adult training institution with national competence:</p> <ul style="list-style-type: none"> • development of the level of education and skills of disadvantaged; • raising the rate of employment among disadvantaged; • improvement of housing conditions hindering social inclusion; • improvement of the access of the disadvantaged to services; • research activities related to social inclusion, including research activities performed in the framework of international cooperation; • priority treatment of tasks pertaining to public employment; • participation in cross-border co-operation, in particular, for the purpose of the development of a uniform vocational and adult education scheme in the Carpathian Basin; • participation in the implementation of the national strategy developed on the basis of the EU framework for National Roma Integration Strategies. 	<p>In 2012, TTRI as a satellite institution of the MHR co-ordinated regional-level social inclusion and on-going programmes in the form of complex support. Its main task was to develop the employability, skills and abilities and access to services of the disadvantaged.</p> <p>Fulfilment of tasks related to the development of housing conditions</p> <ul style="list-style-type: none"> • The tasks serving as a basis for SoROP 5.3.6 projects in 2013 have been performed. The regional directorates of TTRI provided support for applicant organisations in the form of advisory and quality management services. • A model programme entitled “Trust and Work” was implemented in order to help the social inclusion of those living in extreme poverty and the disadvantaged. Involving 1,370 persons, it was implemented at 8 locations in 6 settlements of the country. Training was provided for 652 persons and 137 flats were refurbished. Success is illustrated by 26 organisations providing community services and 10 facilities providing satisfactory hygienic conditions. <p>Tending to duties related to public work</p> <ul style="list-style-type: none"> • TTRI offered 3 types of training within the framework of the “Start Work” Programme to participants in accordance with the needs of local governments. (backyard gardening and conservation; backyard gardening and flock raising; flock raising) 	<p>TTRI continues to manage the programmes launched in 2012 and carried over to 2013.</p>	<p>In 2012, TTRI provided training for 25,768 persons in a total of 1,543 courses, adult education services for 20,000 and support services in a total of 102 projects.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>Projects providing assistance with social inclusion in which TTRI performed technical tasks:</p> <ul style="list-style-type: none"> • SoROP 5.3.1-B-1-11/1: Employment of the Roma embedded in training Tasks: Co-operation with Roma organisations and employers • SoROP 5-3-1-B-2-12/1-2: Employment of the Roma embedded in training in the social care and child welfare system Tasks: Employment for those obtaining a certificate in the above programme • SOROP 5.3.8-B-12/12-0001: “Motivational training and supporting services in order to improve the labour market chances of the most disadvantaged groups” project: Tasks: assessment of skills, preparation of customised development plans, skills development, social skills training • SoROP 5.3.6-11/1: A complex programme of segregated slums (ensuring access to complex human services) Tasks: participation in implementing the professional tasks of the project; co-ordination <p>TTRI works in co-operation with the National Roma Self-Government on a number of projects in line with the National Social Inclusion Strategy.</p>		
53. Enhancing the chances of inclusion for children and families	<ul style="list-style-type: none"> • Integrated regional programmes for the improvement of the opportunities of children and their families for social inclusion <p>Developments on the one hand include the following activities:</p> <ul style="list-style-type: none"> - Sure Start Children Centres , - settlement type work functioning in segregated areas, - leisure time and schooling achievement services, 	<p><i>The objective of the measure is to adopt an integrated policy aimed at combating child poverty in the most disadvantaged regions of the country and improving the chances of the disadvantaged children through the involvement of families.</i> Development is targeted at improving the current situation of children, delivering quality services currently not provided (e.g. early childhood education: “Sure Start” Children Centres, settlement-type work</p>	<p>Scheduled contract dates in respect of all the regions involved: first half of 2012 (jointly responsible entities: NDA and ESF Non-Profit LLC). Appraisal of objections raised by regions due to lack of funds; identifying possibilities of raising funds for them (jointly responsible entities: NDA, MND and ESF Non-Profit LLC.)</p>	<p>Long-term impacts are reflected in improved social inclusion prospects for children living in the most disadvantaged regions. Thus, for instance, in order to prevent exclusion, children have access to services critical to their future prospects from early childhood to young adulthood; health and medical</p>

Measure	Content	Status	Further schedule	Estimated impact
	<ul style="list-style-type: none"> - summer camps, - healthcare medical screenings <p>And on the other hand, the programme is intended for the development of a children and youth strategy in micro regions for a minimum period of 10 years by using the devices of community planning, and by enhancing regional and professional collaborations. On the basis of EU funds designated to the period of 2009-2010, integrated programmes are currently being implemented in 5 micro regions, and as a result of the call for tender issued in August 2011, another 6 micro regions will join the programme. In January 2012 a call for tender was issued for another 15 micro regions.</p>	<p>functioning in segregated locations, leisure time and schooling achievement services, summer camps and health and medical screening) and working out child and youth strategies for micro-regions covering at least 10 years by using through community planning, and strengthening regional and professional co-operation. In addition to children, families themselves will also be involved in development by means of services such as the development of parental skills, the improvement of family planning and household skills and debt management.</p> <p>EU funds allocated to the 2009-2010 period are spent on integrated programmes currently being implemented in 5 micro-regions, and as a result of the announcement of the programme in August 2011, another 6 micro-regions will join the programme. A call for applications was advertised for another 15 micro-regions in January 2012. The professional preparation of social planning has started in the 15 most disadvantaged regions, which are potential candidates. Preparations are underway in cooperation with the SoROP 5.2.1. priority project. A total of 4 multi-purpose micro-regional associations submitted their grant applications by 1 May 2012, and another 11 by 1 September. The projects linked to the former 4 applications are about to start, awaiting contract conclusion. In their case the conditions (e.g. training for the professionals involved) needed for the operation of the projects will have to be soon created. As regards applications submitted in the second round, the programmes of 3 regions had to be put on a waiting list due to lack of funds. Funding sources to finance them are being identified.</p> <p><i>Overall, including developments in 2012, EU funds amounting to over HUF 13 billion support</i></p>	<p>Term of projects: 24 months, scheduled date of completion: first half of 2015</p>	<p>screening, healthcare-related, leisure time and sports activities and other activities aimed at prevention will help reduce their health risks and the risk of deviant behaviour; their performance at school will improve, they will get places in institutions of higher education; their long-term labour market opportunities will improve and they will lead a more health-conscious life.</p> <p>Overall, at least 10% of all the children living in the regions concerned, i.e. a total of 13,000 children benefit from some positive output of the programme if 15 regions receive support.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p><i>the creation of opportunities for children in at least 23 of the most disadvantaged micro-regions of the country densely populated with Roma people.</i></p>		
	<ul style="list-style-type: none"> Improvement of access to social and children welfare services (training of Roma social workers embedded in employment) The objectives of the two associated programmes and number of the target groups intended to be reached: The objective and purpose of the primary project is to train Roma people involved in supported employment in the framework of simplified tendering to work in social and children welfare positions (Professional career training programs, personality and competence development services) and to prepare for their employment in the related institutions (needs assessment and continuous liaising with host institutions). The objective of the tender project is the supported employment of 700 people, primarily of those Roma people who received training in the framework of the primary project of SoROP 5.3.1.-B-1-11/1, in the social and children welfare, as well as in the children protection schemes. 	<p>SoROP 5.3.1 B-1: a grant agreement for the project was concluded on 16 August 2012. The project is being implemented. Professional nanny training was launched first in Nyíregyháza and Békéscsaba in 2012, then in Szolnok in March 2013 for a total of 60 persons. Over 4,000 persons applied for participation in the programme, of whom, 1,000 persons have concluded a co-operation agreement with recipient organisations.</p> <p>SoROP 5.3.1 B-2: Based on the prior registration of prospective employers, 62 institutions have reported 307 persons as potential employees.</p>	<p>SoROP 5.3.1 B-1: Project period: 1 July 2012 – 31 August 2014</p> <p>SoROP 5.3.1 B-2: The applications submitted can be provided grants until funds are fully exhausted. Implementation depends on the scheduling of the priority project (SoROP 5.3.1 B-1).</p>	<p>The two programmes allows strengthening the relationship between those living in segregated areas and social institutions through the involvement of Roma people as employees in the programmes, as a result of which equal access to services is guaranteed and the provision of services becomes more efficient. In addition, the employment of Roma people in social and children welfare institutions may reduce the prejudice of employers and clients against Roma people. As an output of the project, 1,000 persons have received subsidised training. Of them, 750 are expected to complete the programmes successfully and become prospective employees in social care, child welfare and child protection institutions.</p>
	<ul style="list-style-type: none"> National Infant and Child Health Care Programme This long-term programme is based on the assumption that the time period from conception to the age of 18 predetermines the physical and mental capabilities of later ages, the possibility of health promotion and prevention of illnesses, because the impairments suffered during this stage of life are not possible to be compensated at later 	<p>Aligned with the Semmelweis Plan, the key objectives the National Infant and Child Health Care Programme and the Recommendation (worked out within the framework of a co-operation agreement between the World Health Organisation and the Hungarian Ministry of Health) are as follows: - Directing attention to child health and the infant and child health care system, with the</p>	<p>Most of the tasks linked to Objective 1 (improvement of the quality of life of infants, reduction in the ratio of premature births, birth defects and developmental disabilities) have been carried out (except Task 1 aimed at the establishment of a network of family planning advisors);</p>	<p>Efficient and effective child health care, primary and secondary prevention and efficient health care in general is a sound investment. The work capability and economic output of a healthier society are better. The health expenditure-to-GDP ratio in Hungary compares</p>

Measure	Content	Status	Further schedule	Estimated impact
	<p>stages. All this make it reasonable that infant and child healthcare is treated as a special subsystem of the healthcare scheme, which should be planned, organized, operated and managed by taking into account the physiological, psychological and sociological characteristics of children.</p>	<p>latter significantly affecting the health and the health literacy of future generations.</p> <ul style="list-style-type: none"> - Presentation of the current situation, setting goals and tasks and identifying possible and necessary solutions in order that a streamlined, modern, efficient, uniform and flexible system can be established. - Raising broad-based social awareness with the involvement of all stakeholders as a token of successful implementation. - In order to facilitate successful implementation, a framework system for monitoring and regular reviews must be established. <p>The National Infant and Child Health Care Programme announced in 2005 has only set goals for the period ending in 2013. 13 main goals and, within them, 75 tasks have only partially been achieved and carried out respectively.</p> <p>The vast majority of the performed tasks linked to the goals are of a preventive nature. Assessments and feasibility studies have been carried out and conducted respectively in connection with the necessary transformation of the social welfare system.</p>	<p>nevertheless, we have not achieved our target (the ratio of premature births has not decreased). Surveys and analyses related to basic health care, health care at schools and out- and in-patient care have been conducted (Objectives II to VIII and Objective X). Objective IX (the launch of paediatric heart transplantation in Hungary) has been achieved. Objective XI (health care tasks requiring multi-disciplinary co-operation) has only been partly successfully achieved): National Child and Youth Safety Action Plan 2010 – 2019, a website and protocol related to the prevention of child abuse Objective XII: indicators, collection of data: on-going or completed.</p> <p>A New Child Health Care Programme needs to be defined, with the first steps in this direction taken.</p>	<p>rather unfavourably with its counterparts in other countries in terms of both healthy life years and life expectancy. There is still room for improvement. There are indicators observed for a number of years. The National Health Insurance Fund has data on the efficiency of health care. Indicators can be inferred from HBSC data (self-completion questionnaires) or data on recorded child diseases (NIC database, diabetes database, status reports on healthcare at schools). The area that needs improvement the most is a high rate of preterm births (in particular, low birth weight premature infants).</p>
<p>54. Modernization of residential social institutions and introduction of supported housing</p>	<p>Various servicing methods are developed for those living in residential institutions, which combine housing and social services in a manner that services are provided in apartments/houses leased or owned by the institution, to which the services required by the provided person are related. Therefore, those involved in the supported housing scheme do not have to live in institutions having a high number of residents; more important roles are given their independence, to the enhancement of social and family relationships and to the development of skills and capacities.</p>	<p>Supported housing has been incorporated into Act III of 1993 on social governance and social benefits and Government Decree no. 321/2009. (XII.29.) on the licensing of the operation of social service providers through an amendment.</p>	<p>Ministry of Social and Family Welfare Decree no. 1/2000. (I.7.) on the professional tasks and the conditions of the operation of social institutions providing personal care is being amended and is scheduled to be published in March. Scheduled for completion in 2013, professional guidelines for providing supported housing will provide methodological support for service providers.</p>	<p>Licensed services providing supported housing are likely to start being supplied with effect from 2013. We hope to provide room for approx. 20 to 30 persons this year.</p>
<p>55. Comprehensive</p>	<p>The primary project of State Reform Operational</p>	<p>In order for the targets identified in the National</p>	<p>SROP 1.1.9: 2013: modification of</p>	<p>SROP 1.1.9: As an outcome of</p>

Measure	Content	Status	Further schedule	Estimated impact
<p>enforcement of social inclusion targets</p>	<p>Programme (SROP) 1.1.9 entitled 'Integrated development of sector-specific policy tools promoting social inclusion and modelling of the development of regional cooperation based on the principles of equal opportunities in the area of public services' serves the purposes of inter-sectoral coordination, and the establishment of cooperative and regulatory systems.</p> <p>Pursuant to the provisions of Act CXXV of 2003 on equal treatment and promotion of equal opportunities, settlements may only receive funds given on the basis of individual decisions and granted by tender procedures after 1 November 2012, if they have their respective effective equal opportunities schemes. The development of the schemes is supported by the operation of a mentor network of the primary project entitled SROP-2011/1.1.16 "Ensuring the capacities of the development policy based on the principles of equal opportunities.</p> <p>SROP 2.2.15 'Methodological promotion of Roma' social inclusion' programme is intended to activate and involve Roma communities. The target of the primary project is to promote the National Roma Self Government to act as an umbrella organization in providing the necessary professional, methodological, administrative basis, the monitoring system and data base to Roma minority self governments required for successful and positive participation in social inclusion programmes. Furthermore, the knowledge and skills required for the planning and implementation of the programmes intended for the social inclusion of Roma minority groups will be provided in the form of trainings to the elected representatives and/or employees of Roma minority self-governments.</p>	<p>Social Inclusion Strategy to be achieved, it is essential that inter-sectoral cooperation be strengthened and co-ordinated, the formulation of sector-specific policies brought in line with the goals of the strategy be supported at a local and micro-regional level and partnerships be created.</p> <p>The priority project of the State Reform Operational Programme (SROP) 1.1.9 entitled "Integrated development of sector-specific policy tools promoting social inclusion and modelling of the development of regional co-operation based on the principle of equal opportunities in the area of public services" serves the purpose of inter-sectoral co-ordination, and the establishment of co-operative and regulatory systems.</p> <p>The following are included in the output of the programme: 1) a concerted uniform social inclusion policy in the inclusion policy segment of employment, education, social policy and regional development, 2) establishment of the regulatory, institutional and standard-setting system of social inclusion and 3) the establishment of the government's monitoring and coordination system for social inclusion.</p> <p>Key government-level results include the establishment and operation of a social inclusion reporting system at all the ministries and state secretariats directly affected (e.g. those on the Inter-ministerial Committee for Social Inclusion and Roma Affairs). Within the framework of co-operation, we held inter-sectoral workshops on issues related to health care, statistics, Roma affairs, public education, culture, sports and rural development; participants included</p>	<p>state support, SROP 1.1.9 project (HUF 500 million)</p> <p>Continuation planned for the period between 1 May 2013 and 30 November 2014 (20 months) – HUF 600 million (decision preparation)</p> <p>SROP 1.1.16 Implementation on-going until 15 December 2013. 1,000 HRP's will have been prepared by 30 June 2013, and 2,000 HRP's will have been prepared by 15 December 2013.</p> <p>SROP 2.2.15: The relevant grant agreement was signed 10 August 2012. Implementation is in progress. Project term extended until 31 October 2013.</p>	<p>the project, co-operation between the parties participating in social inclusion programmes will be closer and better, and social inclusion will be a more integral part of policy and decision-making processes, because, based on the identified good practices, uniform standards will be set and recommendations put forward. Furthermore, when a package for statutory amendments is available, modification on the basis of a social inclusion approach will also be possible.</p> <p>SROP 1.1.16 Local-level equal opportunity programmes, which may serve as a basis for later programmes of social inclusion in a particular place, are prepared in response to local needs, however, on the basis of uniform considerations, relying on a uniform professional and methodological background and in a manner that renders comparison possible. Providing technical preparation for local government officials guarantees that strategic and program planning knowledge (expertise) is available locally. The project will raise the equal opportunity awareness of the target groups concerned. This will lead to a more balanced local equal opportunity policy, which, in</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>representatives of the state secretariat and the National Roma Minority Self-Government. Approx. 30 to 60 attendees per workshop included, e.g. representatives of ministries, the Equal Opportunities Authority, the WHO, the UNDP, the National Institute for Health Development (NHD), the National Institute for Quality- and Organizational Development in Healthcare and Medicines, the Maltese Charity Service, the Open Society Institution and Türr István Training and Research Institute.</p> <p>In addition, conferences were held in various cities in the country (e.g. Pécs, Győr, Szeged, Kaposvár, Eger, Miskolc, Budapest, Zalaegerszeg, Salgótarján and Nyíregyháza). The goal of organising conferences was to create a social dialogue, collect needs and recommendations relating to local social inclusion and the NRP and make social inclusion transparent. Quantifiable output of the project:</p> <p>In the course of the project, within the framework of 14 target tasks, 57 professionals were involved. They identified 205 good practices, examined 189 statutory regulations and 433 local decrees and put forward proposals for the modification of 386 in order to incorporate social inclusion in the regulations.</p> <p>Local equal opportunity programmes are a means of implementing the National Social Inclusion Strategy at a local level. The Act on Equal Treatment and the Promotion of Equal Opportunities amended by Act LXXXVI of 2012 stipulates that local governments shall – with effect from 1 July 2013 – be eligible for grants awarded in a tendering procedure, financed by the sub-systems of public finances or EU funds or granted on the basis of an individual decision arising from other programmes financed on the</p>		<p>turn, will result in better conditions for the disadvantaged target groups, their access to services and educational, training and employment opportunities. Local communities will become more active, cohesion stronger.</p> <p>SRPOP 2.2.15: The following will be established: public interest network providing labour outsourcing services (at 20 locations across the country), institutional network of early childhood development (Network for the Educational Integration of the Roma), Roma Institution Providing Pedagogical Services (holds a ME identifier and helps participants in the Roma educational network to implement their pedagogical and professional programmes) working out special guidelines (identifying development potential and possibilities and offering methodological recommendations), public administration-related preparation of local actors, establishment of databases.</p>

Measure	Content	Status	Further schedule	Estimated impact
		<p>basis of an international agreement only if they have a valid local equal opportunity programme in place. Local equal opportunity programmes (LEOP) are prepared and reviewed by the appointed civil or public servants of the local governments. Túrr István Training and Research Institute (TTRI) as a satellite institution of the state secretariat in charge of social inclusion at the Ministry of Human Resources provides assistance, free of charge, with the preparation of equal opportunity programmes through support for <i>SROP 1.1.16 "Ensuring capacities for a development policy based on equal opportunities"</i> and establishing an equal opportunity mentoring network.</p> <p>A public procurement procedure for the training syllabus and the training for mentors and assistant mentors have been conducted. The teaching materials have been prepared by the Faculty of Romology and Sociology of Education at the winner Pécs University. The development of the software providing support for the preparation of LEOPs has been completed. A network of mentors has been established. Mentor training is scheduled to finish in March 2013. Simultaneously, the training of senior officials at local governments seeking help from the priority project will start. The training will also include the preparation of LEOP's.</p> <p>One of the specific objectives of the NSIS is to involve stake-holders. The objective of priority project <i>SROP 2.2.15</i> entitled "Methodological support for Roma social inclusion" is to enable the National Roma Minority Self-Government as an umbrella organisation to provide an appropriate professional, methodological and administrative basis and a monitoring system for a successful participation of local Roma minority self-governments in social inclusion</p>		

Measure	Content	Status	Further schedule	Estimated impact
		<p>programmes. The priority project comprises four pillars. Pillar 1 means the establishment of a public interest network engaged in providing labour outsourcing and labour organisation services in the capital city and 19 counties, thereby promoting entry into the labour market and combating discrimination at work. Pillar 2 means the establishment of an institution providing pedagogical services and providing technical and pedagogical assistance for the social, public educational and vocational training institutions taken over by the National Roma Self-Government as facility operator. Pillar 3 means the establishment of a public administrative network for Roma minority local governments. Pillar 4 means the establishment of a reliable database that serves as a source of indicators suitable for the monitoring of the above objectives. Professional and economic activities are carried out in accordance with the original schedule in a staggered manner and with identical intensity. The project is being implemented.</p> <p>An example of the inter-sectoral integration of social inclusion in the area of culture is the Tudásdepo-Expressz programme, under which the state secretariat responsible for culture provided in 2012 3 billion HUF support for young children, young adults and adults in lagging regions. Such support included classes aimed at reducing functional illiteracy and develop reading comprehension and training aimed at promoting digital literacy. The "Museums for All" programme, giving priority to people from disadvantaged areas, provided an introduction into museology for school-age children.</p>		
56. Social land programme	With regard to the considerably high interest in the social land programme in the year 2011, it seems	The comprehensive objective of the programme is to help the socially disadvantaged earn a living,	Due to changes to the structure of the ministry, the programme was	Applicants (candidates) have undertaken to achieve the

Measure	Content	Status	Further schedule	Estimated impact
	<p>reasonable to launch the programme again in the year 2012, which is in its planning phase. Following in the footsteps of the previous programme and embedding previous experiences, the scheme of 2012 allows the participation of those settlements, which were not granted funds due to the limited nature of funds available, and allows the continuation of the programmes started in 2011, if these do not have the necessary financial resources.</p>	<p>improve the quality of their life and increase their chances to create an independent life and career.</p> <p>Available funds: HUF 170.5 million (national financing)</p> <p>The tender comprises 3 sub-projects (components A, B and C):</p> <ul style="list-style-type: none"> A Component A: Social land programme sub-project related to public employment. Available funds: HUF 91,500,000. B Component B: Asset purchase and development sub-project. Available funds: HUF 34,000,000. C Component C: Backyard gardening and flock raising. Available funds: HUF 45,000,000. <ul style="list-style-type: none"> - In the case of Components B and C, candidates now also include social co-operatives. - Under Component B as a new component, candidates may apply for grants for assets promoting the market entry of organisations also engaged in farming. <p>Minority Roma self-governments at the individual settlements played an important role, because applications were allowed to be submitted only if their co-operation had been secured.</p> <p>A total of 147 applications have been submitted; number of approved applications: 101. Term of programme: June 2012 – 30 June 2013.</p>	<p>announced on 28 June 2012. The 2012 Social Land Programme will end on 30 June 2013. We are planning to announce another programme package in 2013.</p>	<p>following major indicators under the programmes to be implemented in the 2012-2023 period:</p> <ul style="list-style-type: none"> - Cultivation of 259 hectare piece of land - Planting of 213,074 plants, seedlings - Distribution and use of 10,000 packages of seeds - The families on the programme will receive close to 17,000 backyard flocks - Improving the living conditions of 2,657 families - 1,401 in public employment. <p>The implementation of the programmes will make the daily living of the families involved in the programmes easier. The public employment aspect of the programme will contribute to the improvement of the employment indicators at the particular settlement significantly.</p>

Measure	Content	Status	Further schedule	Estimated impact
57. Learning partnerships for promoting employability	<p>It is a key feature of the programme that the development of key competences is implemented in a flexible manner, by taking into account individual aspects, mainly in the following areas: promotion of active involvement of citizens, development of digital writing skills, communication in the mother tongue, foreign language skills, counting, entrepreneurial and learning skills, however, the centres also provide assistance in the following areas: financial and management skills required for sustainable living standard, everyday and banking administration online, training on the completion of forms, job searching techniques, health protection, promotion of environmental and energy awareness, interpretation of sign language, computer literacy, providing knowledge on works performed in household farms, animal husbandry, gardening, animal breeding, and competence development aligned with local employment opportunities and employer requirements.</p>	<p>In order that the measure can be implemented, the following steps have been taken:</p> <ol style="list-style-type: none"> 1. SoROP 539 “Learning partnerships for better employability” was announced on 18 January 2012. A timeframe of 60 days was available for the submission of applications. 2. 20 March 2012 – 6 September 2012: Evaluation of the submitted applications, decision-making and preparation of contract conclusion 3. Start date of programme: 1 August 2012 4. Contract date: 6 September 2012 5. Currently, the programme is being implemented. In order that support can be provided for the implementation and monitoring processes can operate, ESF Non-Profit LLC, NDA, MHR and the recipient organisation hold monthly project implementation meetings. 	<ol style="list-style-type: none"> 1. In order that support can be provided for the implementation and monitoring processes can operate, ESF Non-Profit LLC, NDA, MHR and the recipient organisation hold monthly project implementation meetings. 2. End-date of programme: 31 January 2015 (original end-date: 31 October 2014) 3. Programme maintenance period: 31 January 2016. <p>Supporting argument: The reason why the closing date has been postponed by 3 months relative to the original deadline is that the programme also started later than expected. Causes: The evaluation and the contract conclusion periods were longer than planned. The implementation of the project is not threatened by the change presented.</p>	<p>Indicators (indicators undertaken within the framework of the programme):</p> <p>50 learning centres (locations) will be created in the course of the implementation.</p> <p>Number of learning partnerships at the settlements concerned and their catchment areas: 50.</p> <p>Number of users of the services provided by the learning centres: 12,000.</p> <p>Number of participants in training, development and learning programmes: at least 5,000 persons.</p> <p>The programme directly creates jobs for 113 persons and provides support for thousands more with their labour market integration.</p>
58. Development programme for public educational sports facilities	<p>The intervention area of the programme extends to public education, such as kindergarten and elementary level education. The objective of the programme is to supplement the infrastructural and contents related, regionally aligned development activities of the public institutions, and to promote the implementation of educational and pedagogical schemes focusing on sports or any form of physical activity by the renovation, extension of public education sport facilities (sport and leisure time facilities), or in justified cases, by the building of new sport facilities and premises.</p>	<p>In 2nd half of 2011, we announced 4 kindergarten development tenders (SGPOP, NGPOP, NHOP and EHOP) with a total amount of HUF 10.93 billion in funds available for support.</p> <p>In 2012, another 2 kindergarten development tenders (STOP and WTOP) and 3 school development tenders (NGPOP, NHOP and WTOP) with a total amount of HUF 19.6 billion in funds available for support were announced.</p> <p>The projects supported under the schemes announced in 2011 are being implemented; some have already been completed.</p> <p>The projects supported under the schemes announced in 2012 are expected to be</p>	<p>In 2013, financed probably from the residual amounts of funds, another school development tender (STOP) can be announced.</p>	<p>As a result of the measure, we will be able to improve the infrastructure making daily physical education possible at institutions of public education.</p>

Measure	Content	Status	Further schedule	Estimated impact
59. School milk programme	<p>Within the framework of the programme, children and youth attending kindergarten, elementary school and secondary school can consume milk or milk products (processed cheese, yogurt and kefir) on a daily basis. The programme is financed by community (kindergarteners, secondary and elementary school students) and supplementary national funds (kindergarteners, elementary school students).</p> <p>MRD Decree 116/2011 (XII.14) ensures the implementation of the programme in the year 2012.</p>	<p>implemented in 2013.</p> <p>Within the framework of the programme, children and youth attending kindergarten, elementary school and secondary school can consume milk or milk products (processed cheese, yogurt and kefir) on a daily basis. The programme is financed by community (kindergarteners, secondary and elementary school students) and supplementary national funds (kindergarteners, elementary school students).</p> <p>In addition to available EU funds, central budget appropriation entitled "Drink Milk Programme" was also provided in an amount of HUF 1,200 million. We wish to note that the above amount is not fixed and provided full financial support.</p>	<p>The implementation of the measure is on-going.</p>	<p>The measure helps provide milk and dairy products for kindergarten, elementary school and secondary school children. Currently, approximately 215,000 children are involved in the programme, and their number is on the increase. By implementing this measure, MRD makes a considerable contribution to the achievement of the government's goal related to the promotion of a healthy lifestyle.</p>
60. School fruit programme	<p>Provision of the following products to elementary school students of Grades 1-4 maximum 4 times per week for a minimum period of 4 months</p> <ul style="list-style-type: none"> - all fresh fruits and vegetables suitable for direct consumption as set forth in Part IX of Annex I of Council Regulation 1234/2007/EC, - processed vegetables and fruits suitable for direct consumption, which do not contain added sugar, fat, salt and sweetener as set forth in Part IX of Annex I of Council Regulation 1234/2007/EC <p>Furthermore, during the course of the programme, so-called follow-up actions shall be implemented, to raise student awareness to the benefits of consuming vegetables and fruits, to extend students' knowledge on healthy diet and on growing vegetables and fruits, and to promote vegetables and fruits consumption by students.</p>	<p>The implementation of the school fruit programme is on-going.</p> <p>The milestones have been achieved as per schedule.</p> <p>The legal regulations ensuring the implementation of the school fruit programme had been published by the deadline undertaken; social consultations are provided during the ongoing implementation.</p>	<p>Change in the operators of public educational institutions warrants the modification of the effective ministerial decree with effect from 31 March.</p> <p>The underlying reason for the measure is that, due to change in the operators of public educational institutions as set forth in Act 2011 of CXC on national public education, public educational institutions cannot enter into contract; therefore, the rules governing the making of contracts must be modified.</p> <p>Implementation will be continuous during the academic/school year.</p> <p>The closing date of the implementation of the measure can be set after 2020, subject to the market policies of the EU.</p>	<p>The economic impact of the measure is that it creates a reliable market for vegetables and fruits in the short run and increases market demand and, hence, marketable quantities in the long run.</p> <p>Social impact: The eating habits of primary school children improve, fruit and vegetables make up a higher proportion of their diet, which, in turn, reduces the risk of obesity and, hence, improves health in general.</p> <p>Environmental impacts: Giving preference to local fruit and vegetables also leads to reduction in emission from the shipment of products.</p>

Measure	Content	Status	Further schedule	Estimated impact
				<p>Currently, 88% of grade 1 to 4 children are participating in the programme.</p> <p>National funds and EU funds financing the measure amount to HUF 511 million and EUR 3.5 million respectively.</p> <p>Only high-quality products are provided for the children in this programme.</p>

Annex 3. Implementation of the Country-Specific Recommendations 2012

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
CSR 1							
Correct the excessive deficit by 2012 in a durable manner, by implementing the 2012 budget and the subsequently approved consolidation measures, while possibly reducing the reliance on one-off measures. Thereafter, specify all structural measures necessary to ensure a durable correction of the excessive deficit and to make sufficient progress towards the MTO, including meeting the expenditure benchmark, and ensure sufficient progress towards compliance with the debt reduction benchmark. Also to help mitigate the accumulated macroeconomic imbalances, put the public debt ratio on a firm downward path.							
CSR 1/ Sub-category 1							
Correct the excessive deficit by 2012 in a durable manner, by implementing the 2012 budget and the subsequently approved consolidation measures, while possibly reducing the reliance on one-off measures.							
Activation of the full amount of contingent expenditure cuts. Fiscal consolidation measures unveiled in the EDP Progress Report on 5 October 2012							
Correct the excessive fiscal deficit in a durable manner	The general government deficit in 2012 was in line with the goals of the Government and the recommendation given in the Excessive Deficit Procedure, which was ensured by several measures of the Government during the course of the year aiming at improving the general government balance.	Government Decision of 1428/2012	A telecommunication tax was introduced and a reverse charge mechanism in some agricultural sectors. Measures aiming at increasing revenue were coupled with measures aiming at reducing expenditure. The latter mainly consisted of freezing funds of budget authorities and budget chapter-managed expenditure appropriations. The general government deficit was 2% of GDP in 2012; the structural balance was in line the medium term budgetary objectives.	The government fulfilled its general government deficit target for 2012 and the ECOFIN Council Recommendation.			Contingent expenditure cut: HUF 412 billion of which half was assumed at the time of the issuance of the CSR. Measures adopted in October: HUF 120 billion
CSR 1/ Sub-category 2							
Specify all structural measures necessary to ensure a durable correction of the excessive deficit and to make sufficient progress towards the MTO, including meeting the expenditure benchmark, and ensure sufficient progress towards compliance with the debt reduction benchmark.							
Various measures of fiscal consolidation in the context packages adopted in October and later in November 2012							
Correct the excessive fiscal deficit in a	The government has remained committed to deliver the formerly announced structural reform agenda of the Széll Kálmán Plan (in the areas of employment and labour market policies, pension	2013 budget	A number of measures of the Széll Kálmán Plan (employment, pension system, public transport, pharmaceutical subsidies, higher education, and central and local				Three rounds of corrective packages account for approx. HUF 854 billion.

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
durable manner	system, public transport, pharmaceutical subsidies, higher education and central and local government financing). Although the implementation of some reform measures has been delayed or given up, it is compensated by new ones.		<p>government financing) have been implemented, such as the merger of local government administrative offices and the launch of a gradual review of the working capability of disability pensioners. In October 2012, the Government unveiled two corrective packages in the context of its EDP Progress Report (with an officially estimated gross impact of more than 2.5% of GDP for 2013). On 16 November the Government announced further corrective measures. These are revenue side measures (e.g. increasing the taxation of energy and utility services). The 2013 budget was adopted by the Government on 11 December 2012 containing the measures mentioned above.</p> <p>The cash-flow data of the first three months of 2013 were favourable. The unified deficit of the central government budget, social security funds and extra budgetary funds was 56% of the annual appropriation, which is the lowest rate in the last few years.</p>				
CSR 1 / Sub-category 3 Put the public debt ratio on a firm downward path.							
<i>New rules for local and central government to limit borrowing</i>							

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
Slow down public debt accumulation	New rule for local governments: ex-ante authorisation is needed to borrow by local governments. A nominal general government debt ceiling was set at 50% of GDP in the Fundamental Law. In connection with it, the debt reduction rule will be effective from 2015 onwards.	On 24 September 2012, the Parliament adopted the Act on the Amendment of Act CXCV of 2011 on Hungary's Economic Stability (HES).	Limits to local governments' capacities to borrow were introduced and the Fundamental Law set out a nominal general government debt ceiling at 50% of GDP. (Effective from 2016).	Local governments need the ex-ante authorisation of the central government for borrowing. A nominal general government debt ceiling was set at 50% of GDP in the Fundamental Law. In connection with it, the debt reduction rule will be effective from 2015 onwards.			
CSR 2: Revise the cardinal law on economic stability by putting the new numerical rules into binding medium-term budgetary frameworks. Continue to broaden the analytical remit of the Fiscal Council, with a view to increasing the transparency of public finances.							
CSR 2 / Sub-category 1 Revise the cardinal law on economic stability by putting the new numerical rules into binding medium-term budgetary frameworks.							
<i>Transposition of Council Directive (2011/85/EU) on requirements for budgetary frameworks of the Member States</i>							
Strengthen budgetary frameworks of the Member States	The provisions of Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States are required to be transposed to Hungary's national law by 31 December 2013. The new system will be able to manage cash-flow based accounting and accrual based accounting with regard to the public finances as a whole within a single system; in addition, a transparent and unified economic and functional classification (COFOG) will be introduced.	Government Decree No. 4/2013 (I.11.)	In the framework of the transposition of the Directive, in the second half of 2012 a new public accounting system was set up. It will enter into force in 2014 (Gov. Decree No. 4/2013 (I.11.)).	The provisions of Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States are required to be transposed to Hungary's national law by 31 December 2013. The coordination of the legislative alignment provided for by the Directive has started.	Transposition of Council Directive (2011/85/EU) on requirements for budgetary frameworks of the Member States		

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
CSR 2 / Sub-category 2: Continue to broaden the analytical remit of the Fiscal Council, with a view to increasing the transparency of public finances.							
<i>Amendment of Act CXCV of 2011 on Hungary's Economic Stability (HES)</i>							
Broaden the analytical remit of the Fiscal Council	Following EDP recommendation of March 2012, the Government submitted amendments to Act CXCV of 2011 on Hungary's Economic Stability (HES). This represents some reinforcement both in terms of tasks and resources (5 extra staff at the Secretariat).	On 24 September 2012 the Hungarian Parliament adopted Act on the Amendment of Act CXCV of 2011 on Hungary's Economic Stability (HES) and the related T/7669 Amendments	On 24 September 2012, the Parliament adopted the Act on the Amendment of Act CXCV of 2011 on Hungary's Economic Stability (HES).	No new steps are foreseen			
CSR 3:							
Make the taxation of labour more employment-friendly by alleviating the impact of the 2011 and 2012 tax changes on low earners in a sustainable, budget-neutral manner, for example by shifting part of the tax burden to energy taxes and recurrent taxes on property. Strengthen measures to encourage women's participation in the labour market by expanding childcare and pre-school facilities.							
CSR 3 / Sub-category 1							
Make the taxation of labour more employment-friendly by alleviating the impact of the 2011 and 2012 tax changes on low earners in a sustainable, budget-neutral manner, for example by shifting part of the tax burden to energy taxes and recurrent taxes on property.							
<i>Job Protection Act – effective from 1 January 2013</i>							
Reduction of the tax wedge of low income earners and the introduction of	In the framework of the measure, the following benefits applicable to monthly gross incomes not exceeding HUF 100,000 will be introduced: For employees under 25 years of age and above 55 years of age, the rate of contributions (social contribution tax and	The Parliament adopted the Job Protection Act on 1 October 2012.	The Job Protection Act entered into force on 1 January 2013.		Hungary's EU 2020 employment target is 75% (it stood at 60.6% in 2011)		In terms of revenue, the estimated budgetary effects of the targeted exemption from or discount on the social

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
<p>on of two small business taxes to improve employment outcomes and tax compliance.</p>	<p>vocational contribution) to be paid by the employer will be 14% instead of the general rate of 28.5%. For employees who fall into the category of young entrants to the labour market under 25 years of age (i.e. those with a maximum of 180 days in an employment relationship due to which healthcare contributions are paid), the contribution rate is still lower. In this case, the employer is exempt from paying employer's contributions (the 27% social contribution tax and the 1.5% vocational contribution) for the first 2 years.</p> <p>For employees performing jobs requiring no qualifications (FEOR-9), the rate of contributions to be paid by the employer will be 14% instead of the general rate of 28.5%.</p> <p>For long-term unemployed employees (i.e. employees with a period of unemployment of more than 6 months), the rate of contributions to be paid by the employer will be 0% in the first two years and 14% in the third year (instead of the general rate of 28.5%).</p> <p>For employees returned from the period of the payment of the childcare fee (GYED), or during or after the period of the payment of the childcare benefit (GYES) and the child-raising allowance (GYET), the rate of the contribution to be paid by the employer will be 0% in the</p>						<p>contribution tax is HUF -132 billion.</p> <p>However, taking into consideration the fact that – for local and central budgetary bodies – the extra resources created as a result of the preferential scheme will be deducted, the net effect on the budget is HUF -101.7 billion.</p>

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
	<p>first two years (instead of the general rate of 28.5%) and 14% in the third year.</p> <p>Furthermore, Act CXLVII of 2012 on the lump-sum tax on small entrepreneurs (KATA) and the small business tax (KIVA) was elaborated.</p> <p>The lump-sum on small entrepreneurs (KATA) tax offers a simple form of taxation for micro enterprises with an annual sales revenue below HUF 6 million. The amount of the lump-sum tax is HUF 50,000 for full-time small tax-payers and HUF 25,000 for part-time small tax-payers. The new tax replaces the small tax-payer's corporate tax, personal income tax, allowances, social contribution tax and vocational contribution. This tax substantially eases taxation primarily for enterprises providing services to individual clients (e.g. for mechanics, taxi drivers and hairdressers).</p> <p>The small business tax replaces several taxes (social contribution tax, vocational contribution and corporate tax) and is primarily open to micro, small and medium enterprises with no more than 25 employees and with a balance and annual sales revenue with a maximum of HUF 500 million. The tax base is determined by the sum of the enterprises accrual based profit and the amount of wage costs for employees; the single tax rate is 16%. This single tax rate helps create an</p>						

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
	employment-friendly environment for enterprises and is also favourable for enterprises implementing major investments. The small business tax promotes investment and employment as the full value of investments can be deducted from the accrual based profit right in the year of the investment, and the hiring of new employees will not increase employer burdens so the higher number of employees will not result in higher tax payment obligations.						
<i>Elimination of the social contribution cap</i>							
A fairer distribution of the tax burden	The social contribution cap was eliminated. The current provision that sets social contribution rate at 0% above HUF 661,000 per month is abolished.		This measure is included in the balance correcting package of actions introduced on 5 October 2012.		Hungary's EU 2020 employment target is 75%.		The measure is expected to result in a HUF 51 billion balance correction.
<i>Abolition of the 27% PIT base component for those with higher than average income Effective since 2013</i>							
Simpler, truly one-rate personal income tax system		Act CLXXVIII of 2012 (29 November)					Revenue loss of at least 0.3% of GDP
<i>Increasing the role of consumption tax</i>							
Creating an employment-friendly tax policy	In addition to reducing taxes on income, the Government, paying due respect to the deficit target, started to shift the tax burden towards consumption taxes and implemented a more general and proportionate sharing of taxation.	The balance correcting package of actions announced on 5 and 17	Adopted by Parliament as part of the tax package of October 2012.	Transposition of the measures into legislation.			

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
	<p>Furthermore, the tax system now reflects the consideration of environmental and health aspects to a larger extent. The amount of excise duty on alcohol and tobacco was increased in several steps to better enforce health aspects. The tax content of diesel fuel prices was raised in order to reduce its tax advantage compared to gasoline,</p> <p>In order to add an incentive to healthier lifestyle into the tax system, in 2011 the Government introduced the public health product tax. In addition to levying tax on pre-packed products with a high sugar or salt content, beverages with a high sugar content as well as energy drinks, the scope of products subjected to this tax was extended in 2012.</p> <p>In order to keep the deficit target, in July 2012 Hungary introduced the telecommunications tax which is set at HUF 2 (0.67 cent) per minute or text/multimedia message.</p> <p>From 2012 the environmental fee on products was raised by three times on average.</p> <p>The public utility tax, effective since 1 January 2013, is a classic property-type tax, since the tax's object is the public utility network, which represents property value, and its subject is the owner of the public utility network.</p>	<p>October 2012 includes these measures, all of which will be modified by separate laws.</p>					

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
CSR 3 / Sub-category 2 Strengthen measures to encourage women's participation in the labour market by expanding childcare and pre-school facilities.							
<i>Expansion and reinforcement of quality education in early childhood</i>							
Expansion and reinforcement of quality education in early childhood	<p>Pursuant to the Public Education Act becoming effective in September 2012, as of September 2014 kindergarten attendance will be compulsory from the age of 3 (instead of the present age of 5), therefore the children will develop communally from their early childhood, thus facilitating the subsequent adaptation to school, and also preventing early dropout from school. As a result of this measure, kindergarten capacities will be expanded, and kindergarten care improvement programmes will be supported using EU funds. The grant scheme "Development of education institutions" announced in the framework of several regional development operational programme aims at the expansion of kindergarten capacities This grant is designed to support, observing the principle of equal opportunities, the following aims by creating the conditions for a healthy environment and efficient educational infrastructure:</p> <ul style="list-style-type: none"> • reduction of the existing regional disparities in the quality of training and education, • access to high-quality education without exclusion, • establishment of integrated, functional institutions adapted to the renewed content and methodological programmes, 			<p><u>Expected term of the projects:</u> SGPOP-4.2.1-11: 01 October 2013-01 December 2014 STOP 3.1.2-12: 01 February 2014-01 March 2015 NGPOP-4.1.1/A-11: 30 September 2013-31 December 2014 NHOP-4.3.1/A-11: 30 June 2013-31 December 2014 CHOP-4.6.1-11: 01 June 2013-31 December 2014 The applications were submitted between 16 January 2012 and 2 April 2014, applications for STOP and WPOP were accepted until January 2013.</p>	This measure will have a beneficial impact on the access of children to kindergarten services, the reduction of existing regional disparities in the quality of training and education, as well as access to high-quality education without exclusion.		<p>EU funds (as well as domestic funds to an extent of 15%): ROP "Development of institutes of education" SGPOP-4.2.1-11: 2350 M HUF STOP 3.1.2-12: 4990 M HUF NGPOP-4.1.1/A-11: 2 billion HUF NHOP-4.3.1/A-11: 2 billion HUF CHOP-4.6.1-11: 3,040 M HUF STOP-5.3.1/B-12: 880 M HUF</p> <p>Supporting the education of educators – Kindergarten support: HUF 135.773 million.</p>

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	<ul style="list-style-type: none"> compliance with the fundamental requirement for an equitable educational environment. 						
Improving the availability of child care services (nurseries)							
Improving reconciliation of work and family and to improve women's participation in the labour market	The expansion of day-care facilities (crèches) for children aged between 0 and 3 is continuous through development and increase of existing capacity and establishment of new institutions/services (both nurseries and family day care centres). In 2011, there were 35,450 available nursery places (which means a 42% increase compared to the 24,934 places available in 2007) and 2,744 children were enrolled in family day-care centres		Between 2007 and 2012 nursery capacities were expanded by 2,000 places from ERDF funds. Calls for proposals to support the creation of family day-care centres or flexible day-care facilities were launched in November 2011 (ERDF-type projects) and in March 2012 (ESF-type projects). The selection of successful applications in 2012 is in progress. Nursery development projects are implemented continuously throughout 2013 in 5 statistical regions. 820 places are expected to be created in 33 institutions.	Around 3,200 new nursery places will be established in 2013. The number of places at family day-care centres will increase to 4,900 by 2013. ERDF project are in progress. ESF projects' implementation may start as of 2013	Expansion of employment Fighting poverty		ERDF (RDOP infrastructure development): HUF 9.3 billion ESF: HUF 10 billion
Targeted tax reliefs							
Improving reconciliation of work and family and to improve women's participation in the labour market	From 1 January 2012, former START Plus and START Extra programmes were replaced by the START Bonus programme which provides a tax relief for a period of one year on social contribution payable by employers willing to employ job seekers registered for an uninterrupted period of three months and persons returning to the labour market after a period of eligibility for maternity, child care or nursing benefits (or during eligibility for maternity leave). The amount of the tax relief is 27% of the employee's gross wage		The START Bonus programme started in January 2012 and ends in December 2013 (cards were issued until December 2012).	From 1 January 2013 the START Bonus programme was replaced	Expansion of employment Fighting poverty In October 2012, 42,551 employees held a START Bonus Card, 20,739 a START Extra Card, 16,486 a START Plus Card, and 28,354		The START Bonus programme is implemented with EU (ESF) co-financing, within the framework of SoROP (Social Renewal Operational Programme) 1.2.1.

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	(capped at 150% of the minimum wage). As of 1 January 2013, in the framework of the Job Protection Act, Hungary reduced the tax wedge for 5 priority target groups, including women returning from maternity leave (exemption in the first 2 years, 50% reduction in the third year, capped at gross HUF 100,000).				young people a START Card.		
Flexible forms of employment and flexible workplaces							
Improving reconciliation of work and family and to improve women's participation in the labour market	<p>To promote a better balance between work and private life, the SoROP 2.4.5 programme co-financed by the European Social Fund (ESF) supports the promotion of flexible employment forms, the introduction of flexible organisation of work, and the introduction of human resource policies by employers that take private life commitments into consideration, and supports innovative local projects which, by enhancing the flexibility of local services, promote a better balance of work and private life.</p> <p>The EDOP 3.5.1.B programme is aimed at creating work place environments that ensure equal opportunities for efficient work for female employees or employees who return to the labour market after a period of receiving child care fees (GYED) or child care benefits (GYES), and help integrate these groups into the labour market.</p>		The SoROP 2.4.5 programme also contributes to the establishment of flexible day-care services for children under 3 years of age. According to the original plans, 2000 new day-care facilities will be created for children all over the country in 2013. Due to the great demand on the part of appliers, the resources available for the grant scheme were increased; thus, new facilities are expected to be created.	<p>An exceptionally large number of applications were received for the calls for tenders of SoROP 2.4.5. Therefore, MNE proposed that the original budget of 8 billion HUF should be increased to 10.4 billion HUF. The notification of winning applicants and the preparation of contracts are underway.</p> <p>The implementation of SoROP 2.4.5 projects will be started in the first half of 2013.</p>	The measure will improve the employment prospects of parents with small children, enhance the balance between work and private life and increase the number of persons with flexible employment.		EU <u>co-financing</u> : SoROP 2.4.5. [HUF 10.4 billion] EDOP 3.5.1.B

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Improving the employment situation of parents with small children and the flexibility of the labour market	To facilitate the spread of flexible employment, the new Labour Code contains, in addition to the existing rules, several new provisions creating the possibility for various new, flexible forms of employment (work on call, job sharing, employment by more than one employer, telework, flexible working hours). Furthermore, pursuant to the new Labour Code, it will become compulsory, also in the private sector, to employ employees raising children under 3 years of age or returning after maternity leave on a part-time basis at their request.	The new Labour Code has been in force since 1 July 2012.			This measure will improve the employment situation of parents with small children and the flexibility of the labour market		
CSR 4 Strengthen the capacity of the Public Employment Service to increase the quality and effectiveness of training, job search assistance and individualised services, with particular regard for disadvantaged groups. Strengthen the activation element in the public work scheme through effective training and job search assistance. Implement the National Social Inclusion (Roma) Strategy, and mainstream it with other policies.							
CSR 4 / Sub-category 1: Take measures in order to strengthen the capacity of the Public Employment Service to increase the quality and effectiveness of training, job search assistance and individualised services with particular regard for disadvantaged groups.							
Strengthening active labour market policies							
Improving the employability and supporting the labour market entry of disadvantaged groups	In compliance with the recommendation of the European Commission, we strengthen our active labour market instruments, co-financed by the ESF, which have delivered good results by reallocating further resources for this purpose. According to the plans, the funds available between 2011 and 2015 for the decentralised programmes for the employment of the disadvantaged (SoROP 1.1.2 in the convergence regions, SoROP 1.1.4 in the Central Hungary Region) will		The active labour market policies financed by the county-level employment centres from the decentralised National Employment Fund (NEF) are used on a continuous basis and are available throughout the year. As a change in the content of projects, a significant portion of the extra funding is primarily spent on improving the employability and	The professional implementation of the project SoROP 1.1.2 will take place between 1 May 2011 and 30 April 2015, while that of the project SoROP 1.1.4 will take place between 1 May 2011 and 30 April 2014.	The number of people affected by various forms of assistance provided using active labour market instruments financed from domestic sources is between 15 thousand to 37		The amount available from NEF for the operation of decentralised active labour market policies financed from domestic sources was 10.8 billion HUF in 2012. As part of the

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including those returning to the labour market after parental leave	<p>amount to 91 billion HUF (from which the budget of SoROP 1.1.2 will be 86 billion HUF). According to the plans, the funds necessary for the measure will be complemented by 26 billion HUF through reallocation among SoROP priorities and the use of residual resources; this amount will primarily be used for the support of the entry of young workers into the labour market.</p> <p>In line with the increase of the frame, the capacities of the National Employment Service (NES), which implements the programmes, will be strengthened. (In addition, the SoROP 1.3.1 programme, aiming at the development and efficiency improvement of NES, will also be carried on)</p> <p>The SoROP 1.1.2 and 1.1.4 programmes are aimed at improving the chances of disadvantaged people from a labour market point of view for permanent employment or reintegration in the labour market by organising labour market services, support and training into tailor-made, complex packages. The target group is constituted by undereducated people, fresh graduates, people over 50, women returning to the labour market after maternity leave, people receiving an unemployment benefit, and a selected group of job-seekers, typical of the given region, threatened by long-term unemployment.</p>		<p>labour market integration of young people - in accordance with the European Commission's "Youth Opportunities Initiative". More than 30 % of the target group is made up of young job-seekers looking for their first job, and we also place great emphasis on reaching young people who are not registered job-seekers, but are neither studying nor working. The support planned for this group primarily consists of services aimed at providing assistance in career choice, defining further educational paths (possibly within the school system), and acquiring the competences necessary for finding employment. The programme also provides services to young people who are currently still studying within the school system, mainly in the form of employment information services and career counselling.</p> <p>The amendment of the contract by adding the above modifications is still underway (February 2013); however, the projects will be implemented according to the amended content as of October 2012.</p>		<p>thousand persons per month. According to the plans, the project SoROP 1.1.2 will involve 110,000 persons in a disadvantaged situation from a labour market point of view, while the corresponding figure for the project SoROP 1.1.4 will be 7,000 between 2011 and 2015. As a result of the projects, at least approx. 30 % of those involved will find employment in the non-supported labour market (based on the impact assessment conducted on the 180th day after the closure of the individual programmes of those involved).</p>		<p>strengthening of our active labour market policies co-financed by the ESF, as a result of reallocation among SoROP priorities, the budget for the priority project SoROP 1.1.2 increased by 20 billion HUF (to a total of 106 billion HUF), while that of priority project SoROP 1.1.4 increased by 2 billion HUF (to a total of 7 billion HUF) in July 2012. In the case of the project SoROP 1.1.4, the project period will be extended by 1 year (until 31 July 2014).</p>

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Development of the National Employment Service							
<p>In compliance with recommendation No. 4, effective and active labour market instruments have to be reinforced to improve the employability and support the labour market entry of disadvantaged groups.</p>	<p>The objectives of the measure aimed at improving the National Employment Service (SoROP 1.3.1) include the precise mapping of the position of customers, the provision of individualized assistance services, the improvement of the system of support and services available to employers in order to increase their job creation and job maintenance potential, the survey of the demand side of the labour market, the strengthening of international cooperation, the adoption of best practices, and the development of the internal operation and human resources of the NES.</p> <p>In addition to the strengthening of active measures, the capacity of the National Employment Service devoted to implementing these programmes is also being strengthened.</p> <p>The objectives for the development of labour inspection (SoROP 2.4.8) are to improve the professional skills of the HSE experts and supervisors working for the agencies of the county and metropolitan government offices specialised in HSE and labour, to offer technical assistance to them, to improve the organizational efficiency of the specialised bodies and to enhance the transparency of the operation and processes of specialised bodies. The National Labour Inspectorate intends to achieve these goals primarily</p>		<p>The implementation of the supported projects started in October 2012 and will finish in June 2015.</p> <p>SoROP 1.3.1: The implementation of the first phase of this measure ended in 2012; the second phase started in the Fall of 2012.</p> <p>SoROP 2.4.8: The purchasing of the tools necessary for carrying out inspections and improving their effectiveness, and the training of the experts working for the organization will start in early 2013.</p>		<p>As a result of the projects, the quality of the NES services will improve; the system, processes and efficiency of official supervisions will improve; and the awareness of employees, employers and social partners will be raised.</p>		<p>HUF 6.7 billion. <u>EU co-financing:</u> SoROP 1.3.1: HUF 3 billion SoROP 2.4.8: HUF 3.7 billion.</p>

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	with the development of the system and processes for official inspections, the improvement of its efficiency, the enhancement of the quality and depth of inspection, and the raising of the awareness of employees, employers and social partners.						
Housing allocation for job-seekers							
Improving the employability and supporting the labour market entry of disadvantaged groups.	In October 2012 the Government introduced a housing allocation for job-seekers who cannot find a job locally due to the unavailability of local jobs. This grant can be used for renting accommodations, and it may be provided for 18 months (through this period it is gradually reduced) in case of employment that is located at least 100 km from the employee's permanent residence or to which commuting by public transport takes at least three hours (six hours total per day). The employment relationship has to last at least six months and to involve at least 20 hours of work a week.		500 accommodation support contracts were signed by March 2013, with most requests for support being submitted in Szabolcs-Szatmár-Bereg and Borsod-Abaúj-Zemplén counties.	Making more flexible the conditions for requesting the housing allocation is currently in progress, based on the experience gathered so far			
CSR 4 / Sub-category 2: Strengthen the activation element in the public work scheme through effective training and job search assistance.							
Public work programmes							
The purpose of public work is to provide a work-related income for the	- National public work programmes are launched in multiple sectors for tackling the labour market situation as at any time and for the management of any force majeure situations, for the purposes of flood and inland water control and the maintenance of public roads, railways and woodlands. - Micro-regional start work model	National Work Plan (adopted in 2011)	In 2012, more than 314 thousand job-seekers participated in public work programmes. More than 52% of the participants were low-skilled. Between January and November 2012 8.5% of those who finished public work could find a job on the primary labour market. This shows significant improvement	The scheme was closed on 31 December 2012 and a new scheme was launched in January 2013. In 2013, around 300,000 job-seekers can participate in public work. In 2013, focus on vulnerable groups with multiple disadvantages will be strengthened in the public work	Expansion of employment) Fighting poverty		Support for public work programme was raised from HUF 64 billion to HUF 132 billion in 2012. In 2013 this figure is expected to be raised further to HUF

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long-term unemployed to whom employment centres are unable to offer work opportunities suitable for their qualification.	programmes focus on the following fields: agricultural projects, utilisation of bio and renewable energy, draining of inland waters, repairing agricultural roads, repairing the public road network, eliminating illegal waste disposal sites, as well as establishing wintertime and other value-creating employment activities.		compared to 2011 when this number was only 5.4%.	schemes: Small, targeted pilot programmes will be launched aiming at the social inclusion. A policy programme on the elaboration of a monitoring system for the new public work scheme will be completed until 30 April 2013.			152 billion.
Training element of public work programmes							
The agricultural projects of micro regional START work model programmes provide solutions for low-skilled people that ensure	To up-skill public workers and strengthen the activation element in the public work programme, the Government launched an EU-funded programme (SOROP 2.1.6 "I learn again") to support the training of low-skilled public workers. Participants of agricultural programmes received training on animal farming, plant cultivation and preservation. Differently from the conventional organisational form of training, agricultural training is a practice-oriented form of training that relies on the work experience of participants. The training programme and the methods applied are adjusted to the special needs of the target group (syllabus that can be learned even without	National Work Plan (adopted in 2011)	Between September and December 2012 more than 15,000 public workers were enrolled in the training scheme.	In total, approx. 20,000 public workers are planned to be involved in training in 2012-13.	In 2013, 20,158 people participate in trainings associated with the agricultural part of the micro-regional START work model programmes, and 6,147 persons participate in trainings through national public work providers.		ESF funds: min. HUF 8.1 billion

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their subsistence over a long term and facilitate their return to the primary labour market.	completion of primary education, textbooks that can be used even by people having difficulties understanding written text, a theoretical training based on the work experience acquired in practice). Country-wide public work programme participants may also attend special training courses according to their needs specified by their employers (forestry, water management, etc.) to gain basic competences and qualification						
Strengthening the activating elements of public work							
Improving the employability and supporting the labour market entry of disadvantaged groups.	From 1 January 2013 the new amount of public work wage is HUF 75,000 (i.e. raised by 5.2%), while the new amount of the guaranteed wage of public work is HUF 96,800. In the case of specific public work programmes, public work employers now have the opportunity to employ for higher wages. The allowance of the social contribution tax (50%) has been extended to the full scope of public work employers. We plan to develop for an additional 30,000 public workers some of the key competences that are essential for taking up employment, living, and obtaining useful knowledge at individual, social and economic level. In light of the fact that 52.8% of			In the framework of the SoROP-1.1.19-2012-2012-0007 project titled "Preparation of impact analyses and strategies", subject to more flexible assessment, a task force was set up to prepare the relevant policy programme for the development of monitoring system of the public work scheme. Deadline for this task: 31 May 2013	The measure resulted in more tools that can improve inclusion of multiple disadvantaged persons in the labour market.	.	The amount of appropriation allocated for the support was changed: it increased from HUF 137.5 bn in 2012 to HUF 153.8 bn in 2013.

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	<p>participants in public work had elementary level educational qualifications or lower in 2012 and 20.8% of participants were above the age of 50, it is clear that mentoring is necessary for persons participating in public work.</p> <p>A policy programme on the development of a monitoring system for the new public work scheme will be completed by 30 April 2013. Considering that in the past years no assessments were carried out concerning the efficiency of public work scheme, the indicators of public work in 2012 shall be deemed as reference data. Certain elements of the system are already working, and the full monitoring system will become operational by the end of 2013. In order to measure the outcome and impact of public work, we have to develop a monitoring system that supports the analysis and control of the tools of public work, helps the demonstration of the situation of public work, makes it possible to track the career (labour market position) of the public worker after participation in the public work programme, and the utilisation of tangible assets of lesser and greater value purchased for the public work programme.</p> <p>In order to support independent job seeking and finding employment in the open labour market, the legislation in</p>						

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	<p>force requires public work employers to provide unpaid leave to persons participating in public work if they enter into a fixed-term employment relationship with another employer for a period of 3 to 90 days.</p> <p>The Ministry of Interior conducts professional consultation with the National Roma Self-Government (ORÖ) on the continuation of the national public work programme started in 2012 and on the employment of mentors in addition to helpers.</p>						
<i>Continuation of the social land programme</i>							
Improving the employability and supporting the labour market entry of disadvantaged groups.	<p>Taking into account the experience gained through the implementation of the 2012 Social Land programme, the main aims of the 2013 Social Land Programme were set as follows: managing unemployment and promoting employment, especially by involving disadvantaged social groups.</p> <p>In 2013 the social land program will contribute to:</p> <ul style="list-style-type: none"> • the reduction of regional disadvantages; • the improvement of the local social and economic well-being and the establishment of sustainability; • the mobilization of the beneficiaries and the improvement of their employment level; • the improvement of the quality of life 			Term of the programme: April 2013 - 30 June 2014	<ul style="list-style-type: none"> ▪ Reduction of poverty ▪ Fighting unemployment and remediation of the social effects of the financial crisis. 		MHR Secretariat for Social Inclusion will provide 250 million HUF and according to plans the Ministry of the Interior will provide 800 million HUF.

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	of disadvantaged persons, primarily the Roma.						
CSR 4 / Sub-category 3: Implement the National Social Inclusion Strategy, and mainstream it with other policies.							
2011-2014 Action Plan of the National Social Inclusion Strategy							
Implementation of the National Social Inclusion Strategy	<p>The Government approved the Strategy along with its government action plan for the period of 2012-2014, which specifies governmental actions along the directions of interventions related to child welfare, education, employment, healthcare, housing, the involvement of those affected and antidiscrimination measures, and determines those in charge, the related deadlines and funds. The Strategy also integrates the target numbers included in the agreement concluded by the Government and the National Roma Self Government in May 2011.</p> <p>The Strategy specifies the targets of the social and labour market related integration of those living in poverty, including Romas, and the required directions of intervention for the time period until 2020. Thus, the Strategy covers to a major extent trends, challenges and intervention directions in the field of social inclusion of Roma, but it also goes beyond this: it extends in general to fields connected to the inclusion of people living in deep poverty and children living in poverty. The objective of the National Strategy is to ensure a complex method of approach</p>	Government Resolution No. 1430/2011. (13 December) on the National Social Inclusion Strategy and Governmental Action Plan for the Implementation Thereof (2012-2014).	Several measures of the Action Plan are under implementation. The progress report on the implementation was submitted to the government in summer 2012.	The next progress report is due in May 2013. The next review of the Strategy will be performed in 2014.	Fighting poverty. By 2020: The number of those living in poverty and exclusion will be reduced by 450 thousand. By 2015: - 100 000 unemployed Roma involved in the labour market; - 20 000 young Roma people to earn a marketable vocation in one of the 50 vocational schools taking part in the inclusion program. - 10 000 Roma young people in high schools - 5 000 talented Roma individuals to take part in the higher (university/college) - 50 000 Roma		The Government's Action Plan for 2012-2014 relies to a major extent on funds which are available in the present programming period. Measures are mainly funded from SoROP and SIOP (Social Infrastructure Operational Programme) sources, and to a smaller extent from national sources.

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	required for the social inclusion of people living in the most disadvantageous situation, so it strives to harmonize the relevant policies, with a view to horizontally enforce the principles of social inclusion.				adults receive marketable vocations - 80 000 Roma adults involved in programs improving basic skills (writing, reading, calculation, and informatics); - 150 000 Roma participating in preventive health screenings as well as with continuous consultancy on healthy lifestyle		
Monitoring system of the National Social Inclusion Strategy							
Implementation of the National Social Inclusion Strategy	A governmental report is prepared about the implementation of the action plan in May every year, while the National Social Inclusion Strategy has to be reviewed every second year, in 2014 at the earliest.	Government Resolution No.1430/2011. on the National Social Inclusion Strategy and Governmental Action Plan for the Implementation (2012-2014).		The main elements of the monitoring system has been prepared (indicator system for tracking the societal changes, and the, programme monitoring system for the regular reviews of the strategy). Social researches are being conducted to get detailed information on the most deprived (eg. TARKI Household Monitor and a large sample roma survey.			

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Implementation of local equal opportunity programmes and the establishment of regional cooperation for that purpose							
Implementation of the National Social Inclusion Strategy	<p>The means for the local implementation of the National Social Inclusion Strategy are the local equal opportunity programmes. The Act on equal treatment and the promotion of equal opportunities, as amended by Act LXXXVI of 2012, i.e. the Ebktv., provides that after 1 July 2013 a municipality may only receive support subject to individual assessment from grants from the systems of government finances, resources of the European Union or other programmes financed under international agreements if it has a valid equal opportunity programme compliant with the law.</p> <p>The Türr István Training and Research Institute (TKKI) provides free support for the preparation of the equal opportunity programmes through the support of the SROP 1.1.16 "Assurance of the capacity of a development policy based on the principle of equal opportunities" highlighted project, by its establishment of an equal opportunities mentor network, in order to ensure that the community level equal opportunity programmes are prepared in response to local needs, but in accordance with uniform aspects, with a uniform professional, methodological background, in a way that enables their comparison to one another.</p>			<p>2012-2018</p> <p>2013: the five-year local equal opportunity programmes are created</p> <p>2013 - ongoing: implementation of the action plans of the local equal opportunity programmes</p> <p>2013: the regulatory impact analysis of the local equal opportunity programs are completed</p> <p>2015: the review of the local equal opportunity programmes is performed</p> <p>2018: preparation and adoption of new local equal opportunity programmes</p> <p>SROP 1.1.16 project: 2012-2013</p> <p>SROP 1.A.3 project: 2013-2014</p> <p>SROP 1.1.19: The impact analysis will be completed in the 2nd half of 2013</p>	<p>Through the development of local equal opportunity programmes, the generation of regional cooperation and the establishment of the service and institutional cooperation necessary for the implementation and monitoring of the local equal opportunity programmes, and by the development of complex regional programme(s), this grant will contribute to the improvement of public services in accordance with the principle of equal opportunities and the regional level implementation of the National</p>		<p>EU funds:</p> <p>SROP 1.1.9: 2.98 billion HUF</p> <p>SROP 1.1.16: 1.2 billion HUF, of which 800 million HUF to support the preparation of the local equal opportunity programmes and 400 million HUF for supporting its implementation</p> <p>SROP 1 A 3: 2 billion HUF</p>

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	<p>Through the grant programme SROP 1.A.3 “Establishment of programmes supporting regional cooperation at the municipalities in the convergence region” we support those district level cooperation schemes that are essential for the efficient implementation of the equal opportunity programmes of local governments, and enable the development of complex regional programmes for each district that can serve as the basis for grants of this type after 2014.</p> <p>Objectives of this measure include, for example, the assessment of the impacts of the regulation of equal opportunity programmes through the support of the SROP 1.1.19 programme entitled “Creation of strategic documents and impact analyses affecting human resources”, and laying down the foundations for a system to track and implement the monitoring of the programmes.</p>				<p>Social Inclusion Strategy.</p> <p>The training of local government staff will create strategic and program planning skills at the local level. As a result of the project the equal opportunity awareness of the relevant local target groups will increase. As a result of all the above actions, the opportunity equalizing policy of communities will improve, which will, in turn, improve the conditions and access to services of the disadvantaged target groups living in the given communities, as well as their opportunities for training and employment. The activity level and</p>		

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					cohesion of the local community will be reinforced		
Reversal of processes of territorial exclusion							
	The purpose of this measure is to create, in the form of a model program in 10 to 12 communities, a development plan relying on the creativity inherent in the local community and on its intellectual and social capacity, with an innovative approach aimed at the reversal of the adverse economic and social processes, and to establish the community and social capacity necessary for the implementation of the activities included in the action plan.			Call for applications: 2nd half of 2013: Implementation: 2013-14-15	The result of this measure will be the development of a system of prevention tools that will be able to hold up the processes of territorial exclusion.		<u>EU resources:</u> The budget allocation for this measure is 500 million HUF in the convergence regions, in the Central Hungary region it is 353,6 million HUF. Source: SoROP 5.3.11.
Implementing complex programmes for segregated localities, including the provision of human and housing factors. Developing of a housing strategy, supporting the further developments linked to programmes for segregated localities							
	Within the framework of this measure, on the one hand, the implementation of the human service component of the complex programmes for segregated slums supported from the SoROP 5.3.6. scheme announced in 2012 is in progress, to which will be added the SIOP 3.2.3. in 2013. In addition to the improvement of housing conditions, the scheme will also serve to improve the mobilization and integration of target group members with an individual development plan, supported by social work. In order to lay the foundation for the measures after 2014, in 2013 the housing strategy related to the programmes for		SoROP 5.3.6-11/1 In the human service application of the programmes for segregated slums up to February 2013, of the 22 applicants who were winners in the first round 14 will have a valid grant contract. Assessment of the applications in the second round is in progress. It is expected to be completed by the beginning of March. SIOP 3.2.3. The call for applications aimed at the improvement of housing conditions will be published in the 1st half of 2013.		Concerning the programmes for segregated slums, one of the biggest problems is that EU funds are not permitted to be used for the development of private properties, while several properties in the segregated slums are owned privately, and there are		EU funds: [Amount of SoROP 5.3.6 funds: 5.72 billion HUF Amount of SIOP 3.2.3/B and SIOP 3.2.3/C funds: 1.5 billion HUF SROP 1.1.9 12 million HUF

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	segregated slums will be created with the support of SROP 1.1.9. The elimination of the Roma segregated slums that are often hardly suitable for human habitation, or their occasional rehabilitation - with utmost concern for the individual circumstances - requires the preparation of a comprehensive, long-term strategy, as well as the development of a related action plan, which will create the framework for successful practical implementation after the processing of earlier experience and with regard to the domestic and international legislative environment.		Considering the submission deadline and the decision process, the winning applicants will be able to start implementation of the programme part ensuring housing elements at the end of 2013 or the beginning of 2014. Development of the housing strategy related to programmes for segregated slums after 2014, with the support of SROP 1.1.9.		significant impediments to the implementation of improvements affecting entire segregated slums		
CSR 5: Implement measures envisaged to reduce the administrative burden. Ensure that public procurement and the legislative process support market competition and ensure a stable regulatory and business-friendly environment for financial and non-financial enterprises, including foreign direct investors. Reduce tax compliance costs and establish a stable, lawful and non-distortive framework for corporate taxation. Remove unjustifiable restrictions on the establishment of large-scale retail premises. Provide specific well-targeted incentive schemes to support innovative SMEs in the new innovation strategy.							
CSR 5 / Sub-category 1: Implement measures envisaged to reduce the administrative burden							
“Cutting Red Tape” Programme (Hungary’s administrative burdens reduction programme)							
Admi-nistrative burdens reduction	The Hungarian Government adopted a medium-term programme to reduce administrative burdens on entrepreneurs in November 2011. In 10 intervention areas the programme contains 114 measures, including, the reduction of administration relating to taxation, the simplification of the operation of authorities, a faster and more predictable construction permit procedure and the reduction of the administrative burdens on employment. In addition, the programme contains measures to eliminate parallelism in information		Initially, the Government identified 114 measures within the “Cutting Red Tape” Programme (Hungary’s administrative burdens reduction programme) in order to reduce the administrative burden on enterprises. Due to other policy considerations, the Government cancelled eight of the measures. Until its meeting on 26 February 2013, the Zoltán Magyar Simplification Working Group, which is responsible for the reduction of administration,	For the ultimate approval, the ministries responsible for implementation should submit implementation reports on 13 measures. 10 are expected to take place successfully by the end of 2013, whereas three measures are expected to be implemented in several phases during 2014.	The preliminary ex post impact assessment followed the fundamental principles of the SCM method applied by the European Union. The number of measures implemented until the end of		

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	obligations, to reduce the rise of bureaucracy and to eliminate institutional mechanisms that encourage distrust and punitive sanctions. The programme also contains organisational and systemic changes which may prevent future re-emergence of administrative burdens on businesses by becoming an integral part of the functioning of the State.		approved implementation reports on 93 measures. (Of them, implementation is conditional in the case of 7 measures; final amendments to legislation and certain steps relating to implementation are in progress as approved by the Working Group.)		February 2013 is 93; the impact of these measures estimated in advance amounts to HUF 186 308 billion. In addition to other policy measures, Hungary has accomplished its 25% administrative burden reduction target.		
Reducing administrative burdens on citizens (Simplification Programme)							
Admi-nistrative burdens reduction	As part of the Zoltán Magyar Public Administration Development Programme, the Simplification Programme aiming at the reduction of administrative burdens on citizens was adopted by the Hungarian Government in August 2011. The Simplification Programme was implemented in three stages (the first one closing at the end of March 2012), and until the end of 2012 altogether 228 procedures were to be simplified. The range of procedures designated for simplification covered all the important areas (for example, family benefits, taxation, unemployment benefits as well as matters related to real properties, vehicles, pensions, health insurance and documents) where citizens encounter		<ul style="list-style-type: none"> • 98% of the simplification of procedures has been closed (the relevant amendments to legislation have been prepared). • No substantial simplification has taken place in the case of a total 9 procedures; in each case, this was approved by the Zoltán Magyar Simplification Working Group. • In order to facilitate central, external communication, separate content was drafted regarding the Simplification Programme and the supporting projects within the website 	The closing date for the complete implementation is 30 April 2013, which is the deadline for carrying out the measurement of the administrative burden on citizens. The work is in progress, and the calculations will be completed on schedule.	As a result of the Simplification Programme, customers will perceive simpler administration in respect of the 228 procedures included in the Programme. Administrative burdens on citizens will decline by 25% in the procedures concerned. Descriptions of the simplified		

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	official procedures in their day-to-day lives.		<p>http://magyaryprogram.kormany.hu), which is available for citizens.</p> <ul style="list-style-type: none"> • For the efficient implementation of the Simplification Programme, the Ministry of Public Administration and Justice provided process management training for the staff of ministries and background institutions, participating in the Programme. The teaching of the application of the MS Visio flowcharting software for the electronic preparation of flow charts was the practical part of the training. • For a more efficient utilisation of the results of the Simplification Programme and for the inclusion of foreign experiences, a one-day conference was organised with the involvement of experts from the OECD. • In the State Reform Operational Programme's SROP-1.2.6/A projects serving the implementation of the Simplification Programme, all ministries undertook to reduce administrative burdens in connection with their 		procedures will be prepared and made available for customers. Administrator's handbooks (approx. 200 ea) will be prepared about all the simplified procedures.		

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			<p>procedures by 25% by 30 April 2013. Measurement is in progress and will be completed by 30 April 2013.</p> <ul style="list-style-type: none"> • Experts simplified the language of 2 pilot laws. The legislation affected by the linguistic simplification: <ul style="list-style-type: none"> - 1. Act LXXXIV of 1998 on Family Support, - 2. Act CXXXII of 2003 on Condominiums. <p>A summary study was prepared in order to draw lessons from the linguistic simplification.</p>				
<i>The introduction of e-enterprises, an entrepreneurs' web portal and an administrative interface</i>							
Improving business environment	Currently, a survey of the status of the electronization of procedures is carried out involving the major administrative authorities (the Hungarian Central Statistical Office, National Tax and Customs Administration, National Development Agency, National Employment Office, National Health Insurance Fund, Central Administration of the National Pension Insurance and National Office for the Judiciary). Further tasks include the technological setup and testing of the web portal and its integration with the portal for entrepreneurs. According to the current plans, the modernization of the information obligation interface will be		<p>The technological set up of the portal for e-enterprises: 01 November 2013</p> <p>The testing of e-enterprise; integrating it into the portal for entrepreneurs: 01 January 2014</p> <p>Translating content into foreign languages: 31 October 2013</p>		Enterprises will have easier access to information about their operation and administrative processes will be simplified. The result of simplification is the reduction of administrative burden on enterprises; businesses may re-allocate the resources more		<p>Set up (including the set up of the entrepreneurs' portal): HUF 300 million</p> <p>Updating and operation: HUF 30 million/year</p> <p><u>EU resource:</u> The priority project EAOP – 2.1.15 “Development of the interoperable IT infrastructure</p>

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	<p>implemented in the framework of the information portal for entrepreneurs (which includes a PSC portal that meets EUGO criteria).</p> <p>The National Tax and Customs Administration and the Central Office for Administrative and Electronic Public Services started to examine and schedule technological options.</p> <p>Further tasks include: the definition of the content of the new portal on the basis of the list of minimum content requirements of the EUGO portal, on the basis of the content collected by administrative authorities and of the catalogue of proposed content; and the technical implementation of the portal and augmenting it with foreign-language content.</p>				efficiently. The development of a PSC portal contributes to meeting the requirements prescribed in Directive 2006/123/EC.		<p>of integrated customer service " covers the costs of the IT-related elements of the set up of the portal.</p> <p>The content of the portal is being created with the utilization of the official definitions and procedural descriptions that are relevant for entrepreneurs and are implemented within the framework of project SROP 1.2.7 "Organizational development of government offices".</p>
<i>Establishing of the regulatory framework for the interoperability between governmental databases</i>							
Improving business environment	<ul style="list-style-type: none"> • Carrying out an international survey of the data content of certified registers, with particular attention to the avoidance of duplications • The horizontal and vertical mapping and analysis of the existing regulation of certified registers 			<p>Examination of international practice: 30 April 2013</p> <p>Review of the current situation: 30 April 2013</p>			<p>HUF 50 million/year</p> <p><u>EU resource:</u> SROP 1.2.14 - The revision of legislation on</p>

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	<ul style="list-style-type: none"> • The creation of standards required at the legislative level in the form of new legislation. (explanatory notes, issues of data management, the set up of a body of mediators, principles and authorizations for government decrees) • The development of an administrative concept to create the data content and data connections of authenticated registers • The performance of preliminary impact assessments with regard to various target groups • The elaboration of legislation on the coordination of registers (impact analysis, the elaboration of a proposal and the amendment of relevant sectoral laws and decrees) 			<p>Creation of legislative regulations: 03 May 2013</p> <p>Development of a detailed concept of the new regulations: 30 July 2013</p> <p>Review of the social and economic effects of the new regulations: 30 September 2013</p> <p>Submission of legal proposals: 30 September 2013</p>			authenticated registers and on the management of national data assets
<i>Development of an action plan for electronic data provision</i>							
Improving business environment	The identification of the most frequent information obligation that make up 90% of the burden of enterprises is in progress, involving authorities (the Hungarian Central Statistical Office, National Tax and Customs Administration, National Development Agency, Hungarian Labour Inspectorate, National Health Insurance Fund, Central Administration of the National Pension Insurance and National Office for the Judiciary), which are currently developing action plans on convert to electronic information obligation.						No financial resources are required. The implementation of the plans within the measure will require financial resources.

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<i>Simplification of qualification requirements necessary for certain activities and jobs</i>							
Improving business environment	According to Governmental Decree 1589/2012 (17 December) on the Reasonable Simplification of Qualification Requirements, the main directions of governmental activity was outlined in the field of the simplification of qualification requirements. It also determines the principles upon which qualification requirements have to be revised, and also calls on the competent ministers to fully explore and revise regulations that include qualification requirements and to make all legislative amendments that are necessary for the simplification of qualification requirements.			Completion: 01 July 2013			No additional budget resources are required.
<i>Developing further measures to reduce the administrative burden on enterprises</i>							
Improving business environment	The measure will further reduce the administrative burden, with its primary focuses being the predictability of legislative practice affecting enterprises and a more efficient involvement of administrative obligations in the legislative procedure. To achieve this, in the first half of 2013 the Government will use international best practices in order to develop measures that contribute to the strengthening of legal certainty and the in-depth reform of the legislative approach.				The guarantees create a more predictable regulatory environment (and its changes) for businesses, while they also, maintain the information obligation burden of entrepreneurs at its current level, thus contribute to a more competitive economic and		No additional budget resources are required.

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					legal environment.		
CSR 5 / Sub-category 2: Ensure that public procurement and the legislative process support market competition and ensure a stable regulatory and business-friendly environment for financial and non-financial enterprises, including foreign direct investors.							
<i>The new Public Procurement Act</i>							
Improved transparency	Act CVIII of 2011 on Public Procurement (new PPA) was adopted and entered into force on 1 January 2012. With the entry into force of the new PPA and the implementing regulations a stable, transparent and reliable legislative system on public procurement was created. The new PPA falls in line with the EU directives on public procurement in all respects, and contains provisions that embed the relevant case law of the European Court of Justice in the legislation. A primary objective of the new PPA and its implementing regulations is to make it easier for enterprises to participate in public procurement procedures and thus to enhance competition. To this end, the new regulations have simplified the certification of eligibility, and reduced the obligations related to the documents to be submitted in public procurement procedures (for instance, the obligation of the certification of subcontractors has been lifted; in an increasing number of cases, paper-based certificates were substituted with electronic registers; notarization is no longer necessary if the	Act CVIII of 2011 (PPA)	The new Act entered into force on 1 January 2012.	Government decrees on green public procurement and the social aspects of public procurement are under negotiation.			

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	<p>chamber performs the required task; and if the tender offers a responsible translation, no certified translation is needed). To influence the practice of contractors, the MND (Ministry of National Development) published directives on the reduction of the bidders' burden, which is available at http://www.kozbeszerzes.hu/mutat/1229. To guide and assist practice, the MND organizes professional forums where, among others, the regulations aimed at the reduction of the administrative burden are presented.</p>						
<i>JEREMIE SME support programmes</i>							
<p>JEREMIE programme: grants easier access to credit for SMEs New Széchenyi Plan: support system for the development of Hungarian SMEs</p>	<ul style="list-style-type: none"> • New tenders in the field of venture capital • New tenders in the field of combined non-refundable micro loan facilities (max. HUF 100 million). 		<p>The JEREMIE programme was modified in 2011 to make disbursement of funds easier.</p> <p>Based on the assessment of the previous Széchenyi Plan, part of the tenders were modified, the terms were changed, administrative requirements were simplified, and procedural deadlines were made shorter.</p>				

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<i>Developing the strategy for small and medium enterprises for 2014-2020</i>							
<p>Creating a proactive, innovative Hungarian enterprise sector that is familiar with available financial sources and is competitive even in the international market.</p>	<p>In the new strategy, a significant part will be dedicated to the instruments targeting the growth and enhancing the growth potential of micro enterprises, besides the financial support of small and medium enterprises. The main pillars of the strategy include reinforcement of innovation potential; development of a business environment that facilitates networking and cooperation; reduction of the administrative burden; elimination of excessive regulations; easier access to finance; and overhauling of programmes based past experiences. Through creating a more transparent regulatory environment, more targeted assistance and information, and the improved development of entrepreneurial skills, our aim is to build a proactive and innovative Hungarian business sector that is familiar with available financial resources and is competitive in the international market. While making our efforts we will pay special attention to the European Commission's communication No. COM(2008)394 titled "Think Small First – Small Business Act for Europe", as well as to the strategic documents adopted in relation to the Small Business Act (SBA). The action plan relating to the SME Strategy will give a more institutionalized framework to the governmental coordination of the SBA. The strategy is</p>			<p>Planned date of social consultation: early May 2013 Date of the adoption of the Strategy by the Government: 30 June 2013</p>			

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	expected to be adopted by the Government in June 2013.						
CSR 5/3. Reduce tax compliance costs and establish a stable, lawful and non-distortive framework for corporate taxation.							
<i>New simplified taxes for SMEs</i>							
Creating a sound business environment for enterprises	<p>In line with the Job Protection Act, not only legislative amendments were made but the Act CXLVII of 2012 on the lump-sum tax on small entrepreneurs (KATA) and the small business tax (KIVA) was also elaborated.</p> <p>The lump-sum tax on small entrepreneurs (KATA) offers a simple form of taxation for micro enterprises with an annual sales revenue below HUF 6 million. The amount of the lump-sum tax is HUF 50,000 for full-time small tax-payers and HUF 25,000 for part-time small tax-payers. The new tax replaces the small tax-payer's corporate tax, personal income tax, allowances, social contribution tax and vocational contribution. This tax substantially eases taxation primarily for enterprises providing service to individual clients (e.g. for mechanics, taxi drivers, hairdressers).</p> <p>The small business tax (KIVA) replaces several taxes (social contribution tax, vocational contribution, corporate tax) and is primarily open for micro, small and medium enterprises with not more than 25 employees and with a balance and annual sales revenue of max HUF 500 million. The tax base is determined by the sum of the enterprises' accrual based</p>	Job Protection Act; Act CXLVI of 2012 Promulgated : 13 October 2013.	Adopted in October 2012.	No new steps are foreseen			

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	profit and the amount of wage costs of employees; the single tax rate is 16%. This single tax rate helps create an employment-friendly environment for enterprises and is also favourable for enterprises implementing major investments. The small business tax promotes investment and employment as the full value of investments can be deducted from the accrual based profit right in the year of the investment, and the hiring new employees will not increase employer burdens so the higher number of employees will not result in higher tax payment obligations.						
CSR 5 / Sub-category 5: Provide specific well-targeted incentive schemes to support innovative SMEs in the new innovation strategy.							
<i>The National Innovation Strategy (2013-2020)</i>							
Supporting R&D activity and innovation (especially in the SME sector)	NIS plays a key role in making preparations for Horizon 2020 and in planning the next operational programmes of the Structural Funds in order to ensure a more efficient utilisation of EU funds between 2014 and 2020. NIS is a framework for planning the Smart Specialisation Strategies at a national or regional level, an ex ante condition for access to the 2014-2020 cohesion funds. NIS planning includes an overview of international policy trends and best practices and an evaluation of domestic processes in an effort to enforce modern innovation policy approaches which may even reflect a new paradigm. NIS planning includes the preparation of the first short-		On 6 November 2012, the Ministry for National Economy submitted to social consultation a document titled "National Research, Development and Innovation Strategy 2020".	The Government is expected to approve the RDI Strategy in spring 2013.			

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	term action plan.						
Standard funding system of medium-term research, development and innovation							
Supporting R&D activity and innovation (especially in the SME sector)	We will continue to develop the standard funding system of research, development and innovation, which started in 2011. A key element is the to encourage Hungarian participation in international and EU programmes and initiatives, and hence increase the share of Hungary in future grants awarded by Horizon2020 on the basis of excellence. The RDI tender objectives primarily include the promotion of unused RDI opportunities (including adaptive innovation and RDI cooperation projects) in the SME sector in order to reinforce the competitiveness and growth potentials of the domestic economy. Another key element is to encourage Hungarian participation in international and EU programmes and initiatives, and hence increase the share of Hungary in future grants awarded by Horizon2020 on the basis of excellence. In addition, special attention must be paid to regional discrepancies in the RDI support system: we ensure balanced development by a concerted utilisation of EU co-financing and national funds and by encouraging regional level R&DRDI activities, cooperation projects and networking (poles, clusters). In planning the RDI tender system, we overview international policy trends and best practices, and evaluate domestic tender systems and		<p>The measure is now completed.</p> <ul style="list-style-type: none"> The various R&D programmes are now subject to standard strategic planning and implementation, and tender administration has been reduced. In planning the RDI application system, we overviewed international policy trends and best practices, evaluated the domestic tender system, and hence strove to enforce support means which may even reflect a new paradigm. In early 2012, the Ministry for National Economy elaborated the new R&D tender portfolio. A total of 11 schemes were announced with an overall budget of nearly HUF 100 billion in the course of 2012. The tenders are financed by the Research and Technology Innovation Fund (RTIF) and the Economic Development Operational Programme. In 2012, the RTIF gave rise to an R&D tender worth HUF 56 billion. Since the abolition of subsidies from the budget, equivalent to the innovation 	<p>In terms of the R&D funding system, 2013 is a transitional year as the Economic Development Operational Programme contains no freely available funds, so R&D tender programmes can only be announced out of the RTIF. On the other hand, work is underway to plan the utilisation of the 2014-2020 EU structural funds and to create their institutional system.</p> <p>The revised and restated 2013 RTIF Utilisation Plan is expected to appear in the first half of March 2013. Subsequently, the individual tender programmes may be announced out of the RTIF.</p>			

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	<p>hence strive to enforce support means which may even reflect a new paradigm. In planning the medium-term RDI tendering strategy, we elaborate the annual utilisation plan of the Research and Technology Fund and the RDI tender announcements.</p>		<p>contribution of medium and large companies, the RTIF has generated all revenues from the contributions of enterprises. Therefore, our tender portfolio programmes also primarily focus on the reinforcement of enterprises and their respective research, development and innovation activities.</p> <ul style="list-style-type: none"> • In developing the portfolio, we harmonised the R&D tender system in its entirety and hence made the individual funding policy means available to all regions. The tender programme portfolio primarily serves to reinforce corporate R&DRDI activities. • Within the 2012 Economic Development Operational Programme (EDOP), approximately HUF 36 billion were paid for the priority tenders of “R&D and Innovation for Competitiveness”. The absorption problems previously observed in EDOP Priority 1 disappeared due to applicants’ activity, which has highly intensified over the past six months. • As of 2012, the Innovation 				

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			<p>Fund is regulated differently: deducting innovation contributions is no longer an option and uncertain complementary state contributions have been terminated. In order to eliminate the serious abuses found in the use of benefits and the consequent tax evasion, companies required to pay innovation contributions may no longer use a tax benefit on the grounds of R&D from 2012 as the tax-reducing items are abolished.</p> <ul style="list-style-type: none"> The Government has approved the 2013 Utilisation Plan of the Research and Technology Innovation Fund. At the proposal of the Ministry for National Economy, the Utilisation Plan is under amendment, which was approved by the National Development Government Committee. 				
<i>Drawing up a comprehensive research and development and innovation support scheme</i>							
Supporting R&D activity and innovation	<p>Implementation of the measure requires the accomplishment of the following tasks:</p> <ul style="list-style-type: none"> drawing up and coordination of the Economic Development and Innovation Operational 			The time frame of this measure is a continuous task to be completed by the first half of 2014.			

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(especially in the SME sector)	<p>Programme and the Research and Technology Innovation Fund (RTIF), and within this, designing application solutions at achieving the objectives laid down in the RDI Strategy planning (7-year programme-budget appropriations, conditions of eligibility, activities to be supported)</p> <ul style="list-style-type: none"> • Assessment of the R&D qualification system • drawing up tax proposals for fostering R&D and setting up the related regulatory environment • Elaboration of the details of the system of direct support, and within this <ul style="list-style-type: none"> ○ Elaboration of an EU co-financed RDI support system for the period 2014-20 (relevant priority and action plan for the operational programme); ○ Elaboration of the programme strategy for the Research and Technology Innovation Fund for the period between 2014-16 (to be adopted by a Government 						

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	<p>resolution (Article 10 (2) of the Act);</p> <ul style="list-style-type: none"> ○ Determination of the technicalities of the RDI grant monitoring system (including the scope of indicators to be collected); ○ development of the professional monitoring system of knowledge bases; ○ Development of an institutionalized R+D IGD system (grants allocated by individual government decision) reflecting the interests of the RDI strategy <ul style="list-style-type: none"> ● Performance of planning and regulatory tasks related to the review of rules applying to research-development and innovation grants <ul style="list-style-type: none"> ○ notification of the RTIF; ○ Participation in the notification of RDI-related resources from the Structural Fund; ● Establishment of a system of organizations in charge of managing and handling the RDI applications <ul style="list-style-type: none"> ○ forming the RDI 						

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	organizational framework for application management for the budgetary period 2014-20; <ul style="list-style-type: none"> ○ forming the technical assessment procedures of RDI applications; ○ work-out of the system of indicators for RDI grant processes 						
CSR 6: <i>Prepare and implement a national strategy on early school-leaving by ensuring adequate financing. Ensure that the implementation of the higher education reform improves access to education for disadvantaged groups.</i>							
CSR 6 / Sub-category 1: <i>Prepare a strategy on early school-leaving by ensuring adequate financing.</i>							
<i>Drawing up and implementation of a comprehensive national strategy aimed at reducing the number of early school leavers</i>							
Reduction of the ratio of early school dropouts.	In the framework of this measure a national strategy will be drawn up aimed at the reduction of the share of early school leavers. The aim is the creation of a well thought-out document resulting from a strategic professional dialogue, the elements of which will be appropriately communicated to the stakeholders. High level representation and support for implementation should be guaranteed through the local professionals assisted by the programme, taken the principles of sustainability and subsidiarity into consideration.			Ongoing, completion of this task can be expected in 2014.			The total cost of the preparation of the strategy is 154,736 EUR, the resource is the support granted through the EU Commission (LLP-KA1-ECET) and contributions from own resources. <u>EU funds:</u> 2012 LLP KA1

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
	In the framework of the measures the following tasks are planned to be completed: finalization of a system based on the analysis of the domestic and international conditions consisting of strategic recommendations submitted for public consultation and a monitoring system of implementation, as well as the submission of proposals for the decision-making level. After this, the dissemination of the results of the conditions analysis is followed.						Specific Call for proposals EACEA/20/2012 "Implementation of the European strategic objectives in Education and Training (ET 2020)" this project is implemented by the Educational Research and Development Institute, Tempus Public Foundation and Corvinus University of Budapest
Measures aimed at improving school success rates and preventing early school leaving among disadvantaged and multiple disadvantaged children and pupils (including Roma children) through integrated education							
	This measure serves to promote the success for disadvantaged children and multiple disadvantaged children and youths, thereby to increase their chances to proceed to higher-level education and enter in the labour market with success. The "Útravaló" (Provisions) Scholarship Programmes will also be launched in 2013, together with programmes aimed to promote integration in kindergartens and schools:			Útravaló (provisions) -MACIKA scholarship programme: Academic year of 2012/2013. Submission: 19 October 2012 to 21 November 2012, decision: 17 January 2013, closing date: 30 June 2013. ongoing after that depending on the availability of budgetary resources,	These measures have a favourable impact on the school progress of disadvantaged children and for multiple disadvantaged children, and improve the educational conditions for the most		The cost needs of this programme for talent management and preparation for integration that serve to ensure the successful school performance of disadvantaged children and multiple

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	<p>The purpose of the "Útravaló" (Provisions) Scholarship Programme: equal opportunity scholarships ("Road to secondary school," "Road to the final examination," "Road to a profession" "Road to higher education" sub-programmes) is to help disadvantaged pupils to get into secondary school, to perform successfully in secondary school, to learn a profession, as well as to help disadvantaged students to start studying in higher education, by mentoring and scholarship support.</p> <p>The funding of studies in higher education is a heavy burden for families living in poverty and difficult social situations, the scholarships provided in the "Útravaló - MACIKA" programme (Hungarian Public Foundation for the Roma) for disadvantaged and multiple disadvantaged students provide assistance to these families, coupled with educational support.</p>				disadvantaged regions.		disadvantaged children, is 3.5 billion HUF per year, and furthermore, the budget necessary for the support of educators participating in the programmes - amounting to 3.2 billion HUF per year - has been incorporated into the budget appropriation containing the costs of Klebelsberg Institution Maintenance Centre (XX/18/2 Institutes of public education functions and management). The entire cost requirement of this programme is close to 10 billion HUF for one academic year (for state-owned and non-state-owned schools

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							and kindergartens). The equal opportunity sub-programmes of the Útravaló (Provisions) Scholarship Programme - Road to secondary school, Road to the final examination, Road to higher education - are financed from the section appropriation of XX. 20/59/7 "Scholarship programme for the Roma" in the amount of 2,067.1 million HUF.
	The additional support provided for fostering talent, the preparations for integration and the additional remuneration for participating educators serve to enhance the success of disadvantaged children and multiple disadvantaged children and pupils.			Ongoing			The cost needs of this programme for talent management and preparation for integration, serving to ensure the successful school performance of

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
							disadvantaged and multiple disadvantaged children, is 3.5 billion HUF per year, and furthermore, the budget necessary for the support of educators participating in the programmes - amounting to 3.2 billion HUF per year - has been incorporated into the budget appropriation containing the costs of the Klebelsberg Institution Maintenance Centre (XX/18/2 Institutes of public education functions and management).
	<p>Arany János Programmes: Support is provided to talented, disadvantaged pupils by the Arany János Talent Fostering Programme, the purpose of which is to create opportunities and provide talent management for those</p>			Ongoing			The support for the Arany János Talent Fostering Programme, the Arany János Dormitory

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
	<p>social groups whose members could not proceed to institutes of higher education without the support of the programme.</p> <ul style="list-style-type: none"> The purpose of the Arany János Dormitory Programme is to apply the system of means available for secondary school dormitories to ensure successful studies in full-time secondary school classes providing high school exit exams, and as a result, to enable the highest possible proportion of disadvantaged students and multiple disadvantaged to carry on their school careers in higher education. The purpose of the Arany János Dormitory Vocational School Programme is to create opportunities for the acquisition of marketable trades, also for multiple disadvantaged youth who probably could not acquire vocational skills without participating in the Programme. 						<p>Programme and the Arany János Dormitory Vocational School Programme will be determined pursuant to Article 35 of the state budget Act for 2013, based on the draft ministerial decree currently under public administration negotiation on the support for institutes involved in the programmes and not maintained by the Government, its resources are the appropriation for educational human services and supplementary services administered under chapter 20/2/3. The budget for the annual support of institutes</p>

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
							maintained by the Government - 2.7 billion HUF - has been incorporated into the appropriation containing the costs of Klebelsberg Institution Maintenance Centre - XX/18/2 institutes of public education functions and management - and is available from that item line.
	<p>Integrated Pedagogical System (IPS): Early kindergarten care is promoted by a financial support to ensure equal opportunities which is focused on the child's transition to school, where successful studies is viable, given that the school established the environment and the pedagogical approach, that enables children with social disadvantages to find their footing</p>			Support for measures promoting equal opportunities in education (IPS), financial support to educators working in the pedagogical system of integration: Academic year of 2012/2013. End of the programme: 30 June 2013. After this: ongoing, depending on the availability of budgetary resources.			
	In the year 2013 the children's prospect programmes will be supplemented by measures, financed from EU funds, that will support the voluntary work of disadvantaged children and youths in the			"Youth.hu" for a successful generation - For comprehensive juvenile service development, in order to enhance equal opportunities for students studying in public			SoROP 3.3.12. "Youth.hu" for a successful generation - For comprehensive

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
	<p>field of sports, their inclusion using the means of music, development of sister school relationships, etc.:</p> <p>“Youth.hu” for a successful generation - For comprehensive juvenile service development, in order to enhance equal opportunities for students studying in public education (SoROP 3.3.12.): The purpose of this highlighted scheme is to support, in accordance with the youth policy strategic objectives of the government, the school performance, career development process, social integration and entry into the world of work for students and youths primarily aged between 12 – 20 participating in school type education, by the development of a uniform and comprehensive service system meeting the needs of the young generation. Applications may be submitted between 5 February and 7 March 2013.</p> <p>Children Centres, operating as a part of complex micro-regional child programmes, experts offer help children at the earliest possible age to overcome difficulties. They help the children integrating into kindergarten and school communities and improving their school performance, as well as offering practical guidance or assistance in job seeking for the parents. Local municipalities are entitled to apply for support for the Sure</p>			<p>education (SoROP 3.3.12.): 2nd half of 2013-2015</p> <p>Development of a new strategy for physical education and a new system of measuring physical condition, as well as encouragement of voluntary participation in the organization of complex school exercise programmes (SoROP 3.1.13): 2nd half of 2013-2015</p> <p>Ongoing</p>			<p>juvenile service development, in order to enhance equal opportunities for students studying in public education, resources: 3 billion HUF</p> <p>SoROP 3.1.13 Development of a new strategy for physical education and a new system of measuring physical condition, as well as encouragement of voluntary participation in the organization of complex school exercise programmes, resources: 2.2 billion HUF</p> <p>SoROP 5.2.3 A/12: complex micro-regional programmes for</p>

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
	Start Children Centres in 2013.						enhancing the prospects of social inclusion of children and their family
	Eötvös József Programme - Development of a pedagogical/professional service institution and Project Network (SoROP 3.3.13.): the purpose is the establishment of a pedagogical/professional service institution, the development of services (e.g. consulting to support students), development and performance of measurement/assessment activities (e.g. extension to the field of social competency), as well as provision of services to the relevant institutions			Eötvös József Programme - Development of a pedagogical/professional service institution and Project Network (SoROP 3.3.13.): 2nd half of 2013-2015			SoROP 3.3.13. Eötvös József Programme - Development of a pedagogical/professional service institution and Project Network, resources: 3.05 billion HUF
	Establishment of domestic and international sister school relationships (SoROP 3.3.14.): the purpose is to contribute to the development of the competency of children (in social relations, lifestyle and communication) and the expansion of their knowledge through the establishment of international sister school relationships within and beyond the country's borders and the implementation of joint programmes. In addition, it will enable the establishment of connections between institutions through which the involved institutions will be able to share their experiences and good practices in various fields of education, for example, regarding their activities in the framework of full-			Establishment of domestic and international sister school relationships (SoROP 3.3.14.): 2nd half of 2013-2015			SoROP 3.3.14 Establishment of domestic and international sister school relationships, resources: 4.85 billion HUF

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
	day school and the education of disadvantaged children.						
	<p>Encouragement of voluntary participation of disadvantaged children in the organization of complex school exercise programmes (SoROP 3.3.15): In the framework of this scheme, the mindset of disadvantaged children will be steered by educators towards voluntary participation in sports in the scope of complex school exercise programmes, as well as towards the cultural fields of exercise and sports under the guidance of educators and sports professionals working in student sporting associations (sporting clubs and schools) and other regional sporting associations. Planned date of announcement: 1st quarter of 2013</p>			<p>Encouragement of voluntary participation of disadvantaged children in the organization of complex school exercise programmes (SoROP 3.3.15): 3rd quarter of 2013-2014 Projected appearance: first quarter of 2013</p>			<p>SoROP 3.3.15 Encouragement of voluntary participation of disadvantaged children in the organization of complex school exercise programmes, resources: 3 billion HUF</p>
	<p>Symphony music integration programme (SoROP 3.3.16.): the purpose is to promote the social integration of disadvantaged pupils studying in institutions providing primary level education, with special regard to Roma pupils, to reduce the failures and early school leaving of disadvantaged pupils; to increase access for disadvantaged pupils to high-quality education with equal opportunities, to increase the participation in higher education and entry into the labour market of disadvantaged students in the future, to promote a change of attitudes among the staff of institutions involved in the</p>			<p>Symphony music integration programme (SoROP 3.3.16.): 2nd half of 2013-2015</p>			<p>SoROP 3.3.16. Symphony music integration programme: 870 million HUF</p>

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
	program, and furthermore, as an indirect impact, to affect the mindset and approach of professionals and parents involved in the program.						
	<p>The implementation of the EU educational programmes aimed at increasing opportunities is taking place in the year <u>2013</u>:</p> <p>Support for equal opportunity based development of institutes of public education (SoROP 3.3.8): the purpose of the programme is to increase school integration and opportunities for inclusion, facilitating the early kindergarten enrolment of multiple disadvantaged children, as well as the provision of support for the dissemination and enhancement of programmes with value as models, facilitating the ability of disadvantaged pupils in school to catch up.</p>			Support for equal opportunity based development of institutes of public education (SoROP 3.3.8): Submission: 08 October 2012 to 08 November 2012, decision: March 2013, project close: 2nd half of 2015			SoROP 3.3.8 – Support for equal opportunity based development of institutes of public education, funding: 4.0 billion HUF
	<p>Support for measures aimed at the reduction of early school dropout rates of multiple disadvantaged students - Tanoda and Second Chance type programmes (SoROP 3.3.9.) In the framework of schoolroom programmes the activities are aimed at supporting the inclusion of pupils living in material deprivation or in adverse social conditions, while in the “second chance” type programmes youths with multiple disadvantages beyond school age who</p>			Support for measures aimed at the reduction of early school leaving rates of multiple disadvantaged students (SoROP 3.3.9: Tanoda and Second Chance type programmes): Submission: 08 October 2012 – 30 November 2012, decision: March 2013 Project close: 2nd half of 2015			SoROP 3.3.9 – Support for measures aimed at the reduction of early school leaving rates of multiple disadvantaged students, funding: 7.5 billion HUF.

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
	missed secondary school studies, dropped out or left school, including Roma youths, are led back to secondary school or receive support for completing the final examination and acquiring a marketable profession.						
	Infrastructure development for the support of quality education based on equal opportunities and lifelong learning in the most disadvantaged micro-regions. (SIOP-1.2.5-11/1)						
Improving the rate of academic success of special education pupils							
Reduction of the ratio of early school dropouts	Development of the specialized services SoROP-3.4.2-11-B scheme. The objective is to ensure that the specialized educational services operating in the supply system of public education should be prepared for the fulfilment of the tasks in the revitalized system of institutions defined in Act CXC of 2011 on National Public Education, and specified in this law. The call for applications was announced in 2012, and the winner was Educatio Kft. The project is taking place continuously until 2014. The regulations applying to the operation of specialized services have been prepared as EMMI decree 15/2013 (II.26.), which brings all institutions with specialized services operating in the given county under one umbrella, and furthermore places the professionals performing the activities of specialized services under uniform methodological			Ongoing	These measures have a favourable impact on the school progress of special education and improve the pedagogical conditions of an inclusive educational system adapted to their needs.		Budget specified in Act CCIV on the central budget of Hungary for 2013, for Chapter XX, "Public education tasks and institutes" <u>EU funds:</u> SoROP-3.4.2-11-B: 2,300,000,000 HUF.

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
	direction. In addition, the activities of the specialized services have been supplemented by two new elements, fostering of children and students with special talents and kindergarten psychological - school psychological services.						
Public education Bridge programmes ("Híd-Program")							
Improving the employability of disadvantaged groups	<p>The public education legislation passed in December 2011 introduced the concept of the bridge programmes. The public education bridge programmes represent a form of training in the school system which provides assistance for pupils performing poorly in primary education and a chance for those who are unable to complete their primary studies to continue their studies in secondary education. We distinguish different types of bridge programmes:</p> <ul style="list-style-type: none"> • students required to attend education by law who completed their primary studies but failed to gain admission to a secondary school may continue their studies in the Bridge I programme. The training provided in the Bridge I programme offers fundamental skills and competence training as necessary for the continuation of studies. • if a student, having completed his/her primary studies, does not wish to continue his/her studies in a secondary school, the primary school 		The framework curricula of the Bridge I and Bridge II programmes were issued in a ministerial decree in March 2013. Teachers are currently being prepared. Those schools will be involved in the implementation of the programmes which have the practical experiences suited to the nature of the programmes.		The positive impact of the measure the reduction of pupils leaving the primary and vocational education without any qualification, increase of labour market chances of successful pupils.		The measure doesn't require any additional resources.

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	<p>initiates his/her admission to the Bridge II programme. The Bridge II programme prepares students who are unable to complete their primary studies by the compulsory maximum school attendance age for the commencement of vocational training. The training provided in the Bridge II programme motivates students to learn and develops the skills necessary for the acquisition of an occupation.</p> <p>The Bridge Programme has a positive impact on the students concerned and their families and more young people leave the education system with occupational qualifications.</p>						
CSR 6 / Sub-category 2 Ensure that the implementation of the higher education reform improves access to education for disadvantaged groups.							
Government decree on the reform of Hungarian higher education							
Improving access to education for disadvantaged groups	The Government decided to maintain 55,000 state-financed places.	Government decree of 1668/2012	Issuance of Government decree of 1668/2012 on 22 December 2012.	The higher education reform is currently negotiated by the Government and the competent interest representation organisations (including student organisations, rectors, labour union of higher education employees, and the Hungarian Chamber of Commerce and Industry) in the framework of the Higher Education Round Table.	Hungary's EU 2020 higher education target is 30.3% (this target was 26% in 2010).		
Call for applications for the disadvantaged: "A Way to Higher Education"							
Improving access to education	Call for applications for disadvantaged and multiple disadvantaged students, including Romas ("A Way to Higher		Publication of call for applications: September 2012 Decision on winning applications:		Hungary's EU 2020 higher education target		Scholarship grants are paid from the central budget.

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
for disadvantaged groups	Education").		November 2012 By April 2013 all contracts were signed and all supports were disbursed. The 2013 call for applications is currently in the preparatory phase.		is 30.3% (this target was 26% in 2010).		
Improving access to education for disadvantaged groups	Support for initiatives promoting studies in higher education (SoROP 3.3.10): the aim intended to be accomplished by the programme is to increase the ratio of Roma students in higher education. One objective is the reinforcement and support of the participants in the program, which will result in an increase in the number of Roma students studying in higher education.			Support for the entrance of disadvantaged secondary school students into higher education (SoROP 3.3.10): Submission: 22 February 2013 to 22 March 2013, decision: June 2013, project close: 2nd half of 2015	Hungary's EU 2020 higher education target is 30.3% (this target was 26% in 2010).		SoROP 3.3.10 - Support for the entrance of disadvantaged secondary school students into higher education, resources: 1.94 billion HUF
Improving access to education for disadvantaged groups	College for Advanced Studies for the Roma (SoROP 4.1.1.D): the aim is to increase the chances of Roma youths in higher education, to train a Gypsy intelligentsia that will build the future			College for Advanced Studies for the Roma (SoROP 4.1.1.D): Submission: 02 July 2012 to 31 July 2012, decision: August 2012, project close: 2nd half of 2015	Hungary's EU 2020 higher education target is 30.3% (this target was 26% in 2010).		SoROP 4.1.1.D College for Advanced Studies for the Roma: 1.15 billion HUF
Government decree on the application process to higher education							
Improving access to education for disadvantaged groups	Disadvantaged students receive an extra 40 points (compared to the former 20 points).	Government decree of 423/2012	Government decree of 423/2012		Hungary's EU 2020 higher education target is 30.3% (this target was 26% in 2010).		

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
CSR 7: Reform the public transport system to make it more cost efficient. Increase the cross-border capacities of the electricity network, ensure the independence of the energy regulator and gradually abolish regulated energy prices.							
CSR 7 / Sub-category 1: Reform the public transport system to make it more cost efficient							
<i>New strategy for public transport with preference for rail over road and public over private transport</i>							
Rationalisation of the public transport system	Four main actions planned: (i) Revision of the tariff structure, (ii) reorganisation of the Hungarian State Railways company (MÁV) and reduction of overhead costs, (iii) rationalisation of timetables, and (iv) reorganisation of the Volán group		(i) The tariff structure has been revised; (ii) The reorganisation of MÁV is in progress, overhead costs have been reduced; (iii) The rationalisation of timetables is in progress, two major rationalisation packages were implemented in 2012; (iv) The reorganisation of the Volán group is in progress.	Measures aimed at the reorganisation of MÁV and the Volán group are expected to be implemented gradually between 2012 and 2014.			The estimated rate of cost saving is near 0,15% of the GDP in 2013, and a supplementary saving of 0.05% is planned for 2014.
CSR 7 / Sub-category 2: Increase the cross-border capacities of the electricity network, ensure the independence of the energy regulator and gradually abolish regulated energy prices.							
<i>Cross-border interconnectivity</i>							
Increase the cross-border capacities of the electricity network				Cross-border connecting capacities have been developed, e.g. a HU-SK connecting gas interconnector will be built until 2015.		This is expected to contribute to a well-functioning electricity and gas market in Hungary and to the establishment of the EU's internal energy market, by	

Main policy objectives and relevance for CSR	Description of the measure	Legal/administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 targets	Specific risks in implementing the measures	Yearly change in government revenue and expenditure, contribution of EU funds
						increasing the security of energy supply and economic competitiveness	
<i>Establishing an independent regulatory body which regulates the energy sector</i>							
Guaranteeing the independence of the energy sector regulatory body	As a result of the reform of the Hungarian Energy Office, the Hungarian Office of Energy Management and Public Utility Regulation (hereinafter: Office) is set up as an independent regulatory body which is subordinated only to legal regulations. According to the relevant Act, the president of the Office issues the organisational and procedural rules of the Office. The Office's duties may only be determined by legal regulation, its budget forms a separate title within the Parliament Chapter. The Office continues to fulfil the official supervision and in part the operating regulation of fixed line energy supplying activities (gas, electricity and district heating) as well as water public utility. As a new duty it is responsible for the preparation of the tariff regulation of waste management as a public service.	(T/10331) Act on the establishment of the Hungarian Office of Energy Management and Public Utility Regulation	The Act establishing the Office was adopted by Parliament on 14 March 2013 (T/10331).				

Annex 4: Social partnership of the National Reform Programme

During the preparation of the National Reform Programme (NRP), the involvement of the professional and non-governmental organizations was crucial, in line with the previous years' practice and the recommendations of the European Commission.

The government, decided by the Government Resolution No. 1061/2013 (II.14.) on the tasks relating to the preparation of National Reform Programme 2013 of Hungary, called (in part 12. a.) the ministers to involve the appropriate social partners in the preparation of the measures of in their respected fields.

The partnership consultation process was carried out in two major steps: first, the line ministries carried out the essential partnership consultations with the legally designated and other relevant stakeholders; then the Ministry for National Economy organized a partnership conference on the 26th of March 2013, to present the planned measures.

The consultations, undertaken by the ministries, were focused around the questions of: How do the planned measures support the realization of the national goals? What are the risks, or barriers, which could undermine the successful implementation of the measures? How can the results be achieved in the most efficient manner?

The main conclusions of the partnership process regarding to the thematic objectives are the following:

With regards to the **competiveness objective**, the e-government measures were discussed with the National Council for Telecommunications and Informatics. A survey about the electronically available administrative processes needed to establish e-enterprises, an entrepreneurs' web portal and an administrative interface is currently carried out, engaging the major administrative authorities. The identification of those information obligations, which sum up to 90% of the administrative burden is also in progress. The regulatory framework, which needed to establish the interoperability of the governmental databases, is also being prepared.

With regards to the **modernization of the public administration**, the template for action has been sent out to the partners for consultation about the development of new career models for Civil Servants. The consultation of the Corruption Prevention Programme of the Public Administration was carried out via the internet, the received proposals will be considered during the legislative process.

In connection with **employment** policies, there have been public consultations about the development of the new vocational training system, the improvement of women's labour market activity and the promotion of the reconciliation of work and family among others. There have been open public consultations about the measures of the Social Renewal Operational Programme (e.g. about the programmes supporting young people to enter the labour market, as the traineeship programmes, NGO-based programmes and transit employment).

On the field of **research and development and innovation**, there is a constant development of an incentive scheme for the measures based on comprehensive and combined both direct and indirect

tools. Additionally, the development of the Hungarian smart specialization strategy is in progress. The measures' public consultation will be done during the administrative consultation of the related proposals.

With regards to **climate policy**, the National Climate Change Strategy will be reviewed in 2013, for which the line ministry will try to reach as many potential data and information administrators as possible.

In **education**, the public consultation on the streamlining of the education structure of state-owned higher education institutions was within the framework of the Higher Education Roundtable, during which participants have agreed to review the national course structure and to develop proposals in a few months' time on their restructuring. The concerned NGOs were involved in the administrative consultation of the Public Education Bridge programmes which provides assistance for pupils who are performing poorly. The NGOs in their remarks about the Bridge programmes agreed with their concept, regulation content and implementation.

With regards to **decreasing poverty** and **social inclusion**, an extensive consultation process was carried out during the development of programmes financed from EU funds. Consultations with partners were included in the administrative consultation of programmes financed from national funds.

On 26 March 2013, the Ministry for National Economy organised a **partnership conference** to introduce the measures. Around 100 social and expert groups had been invited for the conference. During the conference, the Minister of State for National Economy and the Deputy State Secretary for Competitiveness, who are responsible for the national coordination of the Europe 2020 strategy, have introduced the process of the European Semester and the structure of the NRP, its development process and its connection to the EU2020 strategy and to the country specific recommendations. The line ministries responsible for the five main goals of the NRP have elaborated in three blocks on the implementation of the measures presented in last year's NRP and on the proposed measures in the NRP of 2013. The measures on education were elaborated in the first block, on employment and poverty in the second block and on competitiveness, economic growth, increasing research and development financing and on increasing energy efficiency in the third block.

The participants had the possibility during the conference and after it electronically to raise questions and to formulate proposals. Remarks were received primarily on measures on employment and poverty, among others, from Roma organization included in the public work scheme, church organisation and chamber of commerce.