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From: General Secretariat of the Council  
To: Delegations  
Subject: Investing in Youth Employment: Implementation of the Youth Guarantee

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Delegations will find attached the HU country fiche.

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## HUNGARY

### 1. Conclusions - 2017 multilateral surveillance review of the implementation of the YG

Hungary is implementing the Youth Guarantee in a progressive but effective manner. It is doing so in a context of an improved economic environment and better labour market outcomes.

PES is the only entry point to the YG system. The cooperation with the new generation centre to increase outreach and awareness is appreciated.

Outreach is a challenge and coverage is low. More emphasis should be placed on vulnerable groups (including people with multiple barriers and long term NEETS) to be better targeted by the YG services. Measures initiated by the authorities, including various awareness-raising activities, will help identifying the inactive and improve outreach to NEETs.

Hungary should make further efforts to ensure that offers made are of sufficient quality and more responsive to a changing labour market. Future initiatives such as personalized labour market services and the inclusion of NGOs in the provision of some labour market services seem promising. In addition, the involvement of social partners and youth organizations in design, monitoring and implementation of YG partnerships should be strengthened.

## 2. YG monitoring 2016: key data

### Highlights

- ❖ YG launched 1 January 2015, implementation progressive until 2018.
- ❖ The second year of implementation continues to demonstrate highly effective delivery of offers. As many as 85.4% of those leaving the YG in 2016 took up an offer within the target 4-month period. On average, 38.3% of those registered at any point in time had been waiting for an offer beyond the 4-month target but, in practice, because the throughput is so good the numbers concerned are relatively small.
- ❖ Coverage remains low (6.2% of NEET population), reflecting in part the late start of the scheme and the focus on LTU youth (only 15.5% of all registered unemployed were covered in 2016). The high rate of throughput and, therefore, the relatively low stock of people registered in the preparatory phase at any point in time also contributes to this result, but it remains the case that coverage is limited and the significant numbers of inactive NEETs are not addressed at all..
- ❖ Follow-up data show that under half (45.2%) of those leaving the YG were known to be in a positive situation 6 months after exiting in 2016, though this number is understated due to significant proportions in an unknown situation.
- ❖ Longer-term results data for 2015 show that the proportion of participants in positive situation decreases over time (61.7%, 43.4% and 38.1% after 6, 12 and 18 months respectively), but this decline largely reflects the limited capacity to track people through time and, therefore, increasing numbers of participants for whom the subsequent situation is not known (17.2%, 30.4% and 39.8% after 6, 12 and 18 months).

### Introduction

Hungary presented a Youth Guarantee (YG) Implementation Plan on 6 December 2013, which was updated in April 2014. The Youth Guarantee scheme was formally launched on 1 January 2015 and will be implemented progressively through to 2018. The scheme is open to all young NEETs, but is focused on long-term unemployed (LTU) youth and NEETs at risk of becoming LTU (unemployed for more than 6 or 4 months), who are given special attention. Since February 2017, registration to the YG can be done online (previously, it was done via the PES).

The Ministry for the National Economy has overall responsibility for the Hungarian Youth Guarantee programme, in close cooperation with the Ministry of Human Resources. The National Employment Services (PES) have primary responsibility for the implementation and coordination of the scheme. Other actors involved include other Ministries, youth organisations (e.g. the National Youth Council), employment organisations (e.g. the Hungarian Chamber of Commerce and Industry) and organisations for under-represented groups (e.g. the National Roma Council).

More information is available in the national YG implementation plan.

In the Commission's 3-year assessment of the YG and the YEI, particular challenges identified for Hungary in relation to implementation of the YG related to completing roll-out of the scheme, improving coverage of inactive NEETs (particularly women) and improving the monitoring system.

# 1 Quality of data

## 1.1. Key changes compared to 2015

There have been no changes in the way that the YG data for 2016 have been compiled when compared to 2015 data, with the exception of the reporting stocks figures, which are now calculated based on daily averages instead of monthly averages. This results in data that are more accurate than envisaged by the YG Indicator Framework (which recommends an average of monthly data), and reduces the impact of intra-monthly variations. This should be taken into account when comparing data between years (2015).

### *Other changes:*

- Stock figures for 2016 are calculated based on daily averages instead of monthly averages.

## 1.2. Data quality 2016

YG monitoring data for 2016 (and also 2015, the first year of implementation) have been provided in accordance with the definitions of the YG Indicator Framework and including most requested variables.

Data for reference years 2015 and 2016 are comparable, although the change in the approach for reporting stocks should be taken into consideration. Data for 2014 refer to young people registered with the PES before the launch of the YG and are not comparable (data derive from PES register instead of the new YG (sub)register).

Details of the data provided and any divergence from the definitions are presented in [Table 1](#).

**Table 1: Completion and comparability of direct monitoring data, 2016**

Coverage of data	
<b>Providers</b>	Public Employment Services (PES)
<b>Participants</b>	People aged 15-24 registered in the YG after 1 January 2015. Not all those registered unemployed are registered in the YG (currently around a quarter of those registering as unemployed each month are registered in the YG and complete coverage is not expected until 2018). Young people that are not registered as unemployed can still register in the YG via the PES, and since February 2017 with the online registration service.
Completion of data	
<b>Missing data</b>	– [Follow-up T-2 (all observation points) – since the YG was not launched until 2015 follow-up T-2 is not applicable for Hungary]
Data recording	
<b>Exits by destination</b>	<ul style="list-style-type: none"> <li>– Exits to apprenticeship cannot be recorded separately, they are part of regular education system and are thus recorded under education.</li> <li>– Exits to traineeships are recorded under employment.</li> <li>– Exits to unemployment correspond to participants referred to other services (e.g. health/social services) and deregistered from YG, but remaining registered as unemployed.</li> <li>– Proportion of unknown destinations: 3.5%</li> </ul>
<b>Follow-up T</b>	<ul style="list-style-type: none"> <li>– Follow-up data are collected from administrative registers, and if no information is found on participants a questionnaire is sent.</li> <li>– Situation "traineeship" can be monitored in follow-up (from questionnaires).</li> <li>– Apprenticeships are part of regular education system and are recorded under education.</li> <li>– Proportion of unknown situations (6m after exit): 26%</li> </ul>
Comparability of data	
<b>Definitions</b>	<ul style="list-style-type: none"> <li>– No known divergences from the specifications of the Indicator Framework.</li> </ul>
<b>Across time</b>	<ul style="list-style-type: none"> <li>– Change in approach for reporting stocks: daily stock average is reported in 2016 instead of monthly stock average used in 2015.</li> <li>– Data for reference year 2014 are not comparable. Data for 2014 cover all young people aged 15-24 registered as unemployed with the PES and used slightly non-standard time-periods for stocks by duration. 2015 and 2016 data cover young people registered with the YG after 1 January 2015.</li> </ul>

Source: YG monitoring template (quantitative data).

## 2 Monitoring results

This section presents the results of YG monitoring on the basis of the [Indicator Framework for Monitoring the Youth Guarantee](#). Aggregate monitoring indicators are based on data from the EU Labour Force Survey and are considered comparable between countries. Direct and follow-up monitoring indicators are, however, based on national administrative data and, although they are in principle based on a common methodological framework, differences in definitions, institutional practices and the capacity to collect all of the necessary data, particularly in relation to follow-up, may impact on the comparability of data between countries. Readers are recommended to refer to the [Notes about the data](#) in annex to this report.

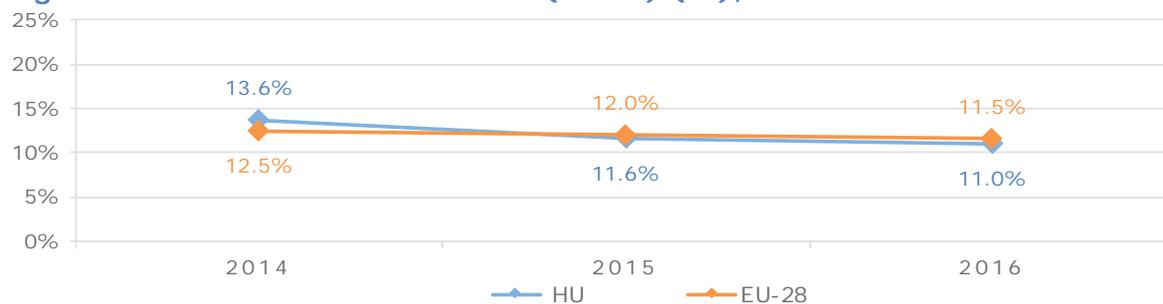
## 2.1 Aggregate monitoring: Macroeconomic indicators

Indicators for aggregate level monitoring of the YG are based on data from the EU Labour Force Survey (LFS) and are intended to monitor the general situation of young people in the EU. The evolution of these indicators through time represents an indirect means of monitoring the effects of implementing the YG and may also reflect the impact of preventive measures to help young people avoid falling into unemployment or inactivity. The aggregate level indicators are complemented by the direct and follow-up level indicators that monitor the efficiency and effectiveness of YG delivery and help to disentangle the impact of policy measures from general economic developments.

The main indicator for YG monitoring at the aggregate level is the NEET rate for young people aged 15-24 – i.e. the proportion of people aged 15-24 that are not in employment, education or training. In 2016, the NEET rate in Hungary was 11.0%, just slightly below the EU-28 aggregate of 11.5% (see [Figure 2](#)).

It is notable that the NEET rate in Hungary has improved by 2.6 percentage points since 2014, more than double the improvement at EU level. This may not be directly attributed to YG implementation, as the YG scheme in Hungary officially started only in 2015 and most of the improvement in the NEET rate came between 2014 and 2015. However, in practice, measures were already introduced to fulfil the requirements of the YG recommendation prior to the actual implementation of the scheme. Namely, large-scale, comprehensive active labour market programmes implemented by labour centres have been reinforced (and increasingly focused on young people) and might have had an impact on the reduction of the NEET rate. The allocated budget to active labour market measures was increased significantly with the aim to provide comprehensive, tailor-made individual support (training, wage subsidies, services) to at least 37 thousand young people until 2015.

**Figure 2: Main indicator: NEET rate (15-24) (%), 2014-2016**



Source: Eurostat, Labour Force Survey, data extracted 19 October 2017.

## 2.2 Direct-monitoring: effectiveness of YG implementation

The main indicator for direct monitoring shows that, on average in 2016, less than two in five (38.3%) of those registered in the YG preparatory phase had been waiting for an offer for more than 4-months target. This represents a significant increase compared to 2015 (19.1%, Table 3), though to a large extent such a change is expected as durations of more than 4 months were only possible for part of the year in the first year of implementation. Moreover, the level of retention shown in 2016 is still well below the EU average of 49.1%.

**Table 3: Main indicator: Proportion of young people in the YG preparatory phase beyond the 4-month target, 2016**

Still in the YG preparatory phase after 4 months:	2016	2015-2016 change pp	EU average Total (15-24)
Total (15-24)	38.3%	+19.2	49.1%
<b>Breakdown by age</b>			
15-19	38.8%	+18.8	46.2%
20-24	38.1%	+19.3	49.3%
<b>Breakdown by gender</b>			
Men	37.4%	+17.8	48.0%
Women	39.3%	+20.8	49.9%

Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

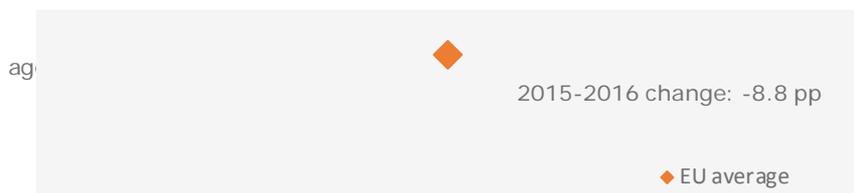
The supplementary indicator on positive and timely exits shows that as many as 85.4% of those leaving the YG in 2016 took up an offer within 4 months (see Figure 3). This result suggests very efficient implementation of the scheme in terms of delivering offers within the target period. This achievement level fell slightly compared to 2015 (-8.8 pp), which may reflect the fact that the numbers enrolled in the YG scheme increase and it is more difficult to place individuals into offers within the target period of time.

### Figure 3: YG implementation, direct monitoring indicators, 2016

Main indicator: Proportion of young people in the YG preparatory phase beyond the 4-month target (durations 4,6 and 12 months) (% YG stock)



Supplementary indicator: Positive and timely exits from the YG preparatory phase (% exits)

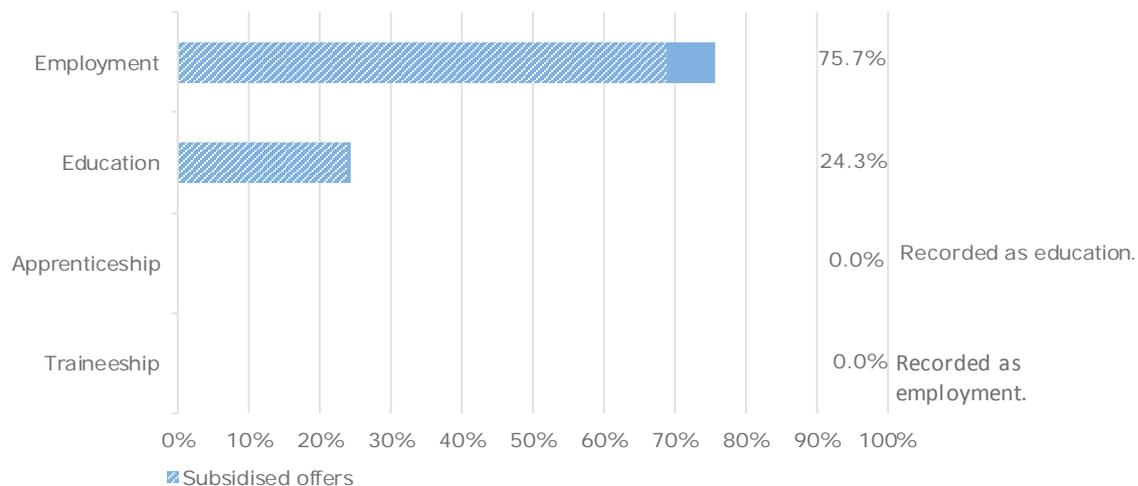


Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

Nearly all of those that left the YG within the 4-month target (96.4%) during 2015 went to positive destinations (i.e. took up an offer of employment, continued education, an apprenticeship or a traineeship). Just over three quarters of these (75.7%) went to employment, though in Hungary this figure includes traineeships, which cannot be separately identified in the exits data (see [Figure 4](#)).

The remaining quarter took up education offers. Note that these include apprenticeships, which are part of the regular education system and cannot be monitored separately. Almost all (97.5%) reported education offers were subsidised. Nine out of ten employment offers were subsidised (90.8%), which means that only 7% of the offers taken within the 4 months target were open labour market jobs.

**Figure 4: Distribution of positive and timely exits by destination (% timely & positive exits), 2016**



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

### 2.3 Direct monitoring: coverage of the YG target population

The Council Recommendation on establishing a Youth Guarantee<sup>1</sup> aims to ensure that all young people under the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education. Reaching the entire population, and in particular those that do not come forwards on their own initiative, is one of the key challenges confronting YG providers in all countries.

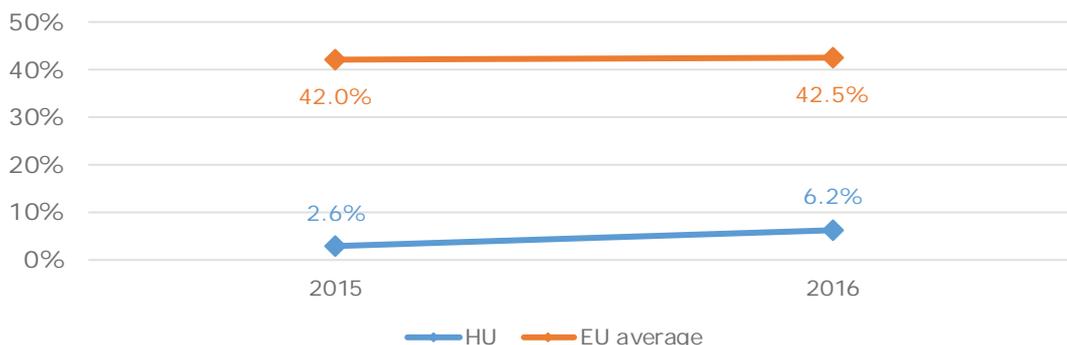
The second supplementary indicator for direct monitoring uses NEET rates and population data published by Eurostat together with the annual average stock of participants in the YG preparatory phase in order to estimate the proportion of the NEET population that is covered by the YG scheme (see Figure 5). Note that the criteria used to delimit the NEET population used in the denominator, which is derived from the EU Labour Force Survey (LFS), may differ from the specific conditions applied in each country to register in the YG, so that the two populations may not fully overlap. In other words, the LFS NEET population is a proxy for, rather than an exact measure of, the YG target population. Consequently, results for this indicator should be considered as the best available estimate of the coverage of YG schemes.

Results show that on average in 2016, the number of participants registered within the YG scheme at any point represented just 6.2% of the NEET population in Hungary, far below the EU average of 42.5%. This is a nearly three-fold increase compared to 2015 figures (just 2.6%) but still the second worst result seen across Member States. Despite the change in the approach for reporting stocks, which may indeed reduce any monthly variations on the numbers of registered participants and provide a more accurate figure, this increase would be explained rather by the rolling out of the implementation of the YG scheme and the increase of the time participants remain the YG preparatory phase.

<sup>1</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:120:0001:0006:EN:PDF>

The low coverage is explained partly by the late start - the scheme started only in January 2015 and covers only new registrations since that time - and partly that, to date, the scheme has focused on long-term unemployed youth and therefore misses a large part of the total population of young people registered as unemployed. Indeed, data published by the Hungarian PES<sup>2</sup> show an average of 48,785 people aged under 25 were registered as unemployed during 2016, while the average number registered in the YG preparatory phase over the same period was just 7,324 or 15% of this number, though this represents a 3-fold improvement on 2015 (5.5%). From January 2018 the special focus on LTU youth will be lifted and the scheme will address all young NEETs.

**Figure 5: YG participants as a proportion of the NEET population (%), 2016**



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

## 2.4 Follow-up: sustainability of YG outcomes

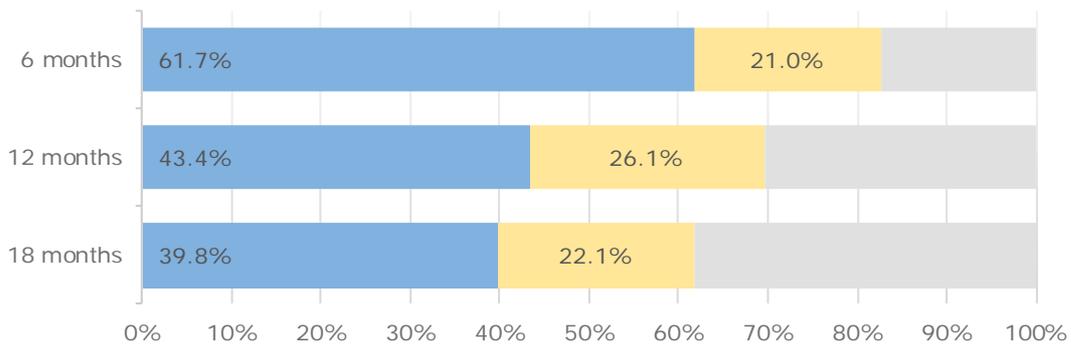
The main follow-up indicator on the situation of young people after exiting the YG preparatory phase shows that, in Hungary, less than half (45.2%) of those leaving during 2016 were known to be in a positive situation (i.e. in employment, education, an apprenticeship, or a traineeship) 6 months after exit. This figure is slightly below the EU average of 48.5%, and represents a decrease compared to 2015 data (Figure 6), though it should be noted that a lack of capacity to track those no longer in direct contact with the PES means that the number in an unknown situation is high (35.1%) and increased compared to 2015 (17.2%).

Longer-term follow-up data for 2015 show that the proportion of participants that remain in a positive situation decreases over time (43.4% 12 months after exit, 39.8% 18 months after exit), however, this largely reflects the lack of capacity to track people through time as the number in an unknown situation increases by similar amounts.

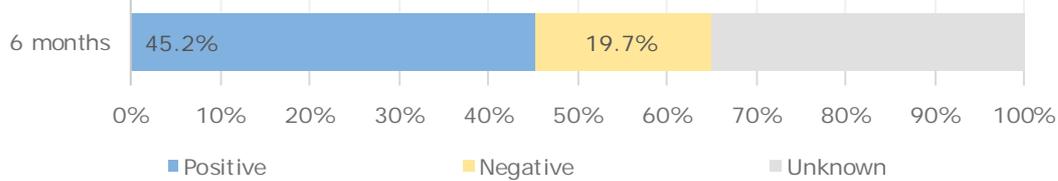
<sup>2</sup> [http://nfsz.munka.hu/engine.aspx?page=stat\\_afsz\\_nyilvtartasok](http://nfsz.munka.hu/engine.aspx?page=stat_afsz_nyilvtartasok)

**Figure 6: Follow-up main indicator: Situation of young people 6, 12 and 18 months after exiting the YG preparatory phase, 2014-2016**

2015 (% exits)



2016 (% exits)



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

## 2.5 Additional results for the 25-29 age-group

The Hungarian YG covers only young people aged under 25. Accordingly, Hungary did not provide optional data for the 25-29 age-group.

# Annex

## Notes about the data

**Comparability.** Data are compiled on the basis of a common methodology - the [Indicator Framework for Monitoring the Youth Guarantee](#), endorsed by the Employment Committee (EMCO) in May 2015, and the accompanying methodological manual – and are therefore considered broadly comparable between countries. Nevertheless, it is important to bear in mind that the data for direct and follow-up monitoring are derived from national administrative registers that are designed to support and monitor specific national systems, which vary in terms of the processes followed and definitions applied and may, therefore, result in some inherent differences between countries. These differences are, however, expected to be relatively minor and more important differences are those that derive from the way in which YG schemes have been implemented and the capacity of countries to provide complete data.

In relation to implementation, the size and composition of the population registered in the YG will initially be different for countries that implemented the YG as a completely new approach and monitored inflows starting from zero, compared to countries that implemented the YG as a reinforcement of existing processes and monitored inflows accumulating with the existing stock. Countries in the former group will tend to have a smaller stock with lower average duration. Differences that result from this artefact of the data are guaranteed to reduce through time, evidence of convergence was apparent already in the 2015 data, and continued in the 2016 data.

The capacity of countries to monitor what happens to young people on leaving the YG impacts on the quality of data on both exits and follow-up but particularly for the latter. Almost half of Member States (15) either provide no follow-up data (8) or do not know the subsequent situation of the majority (at least 2/3) of young people passing through the YG (7 countries).<sup>3</sup> The problem derives from a lack of capacity to routinely link administrative registers or legal restrictions to do so. The investment needed to link PES registers and other administrative registers (e.g. social security) would have benefits not only for YG monitoring but also for other EU level data collections (e.g. LTU and LMP) as well as providing a base for policy evaluation at national level.

**Coverage indicator.** The second supplementary indicator for direct monitoring measures the proportion of the NEET population (average across the year) that is registered in the YG preparatory phase (annual average stock). Whilst data for the numerator are derived from administrative data in each country, the only available comparable data on the size of the NEET population that can be used as a denominator derive from the EU Labour Force Survey. This uses a definition of NEETs that is common across countries<sup>4</sup> but which may vary from the definitions applied in the context of national YG schemes and in the administrative data used to monitor these. Results should thus be interpreted as an estimation, rather than a definitive measurement, of the extent to which YG schemes achieve the objective of reaching all young people that become, or are already, NEET.

**EU level data.** Figures labelled “EU-28” used in aggregate level monitoring are based on aggregates of all NEETs in all Member States and therefore represent weighted averages, which can be significantly influenced by the situation in a small number of large countries. Figures labelled “EU average” are unweighted averages of all available country figures. In relation to the destination of exits and follow-up data, the EU averages are liable to be understated due to significant numbers of unknown destinations or subsequent situations in some countries.

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<sup>3</sup> Based on 2016 data for Follow-up T-1 (i.e. data on the situation of participants who left the YG preparatory phase in 2015).

<sup>4</sup> See [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Young\\_people\\_neither\\_in\\_employment\\_nor\\_in\\_education\\_and\\_training\\_\(NEET\)](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Young_people_neither_in_employment_nor_in_education_and_training_(NEET))