

Supporting 25+ NEETs in Hungary

POLICY BRIEF

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2023

IN THE FRAMEWORK OF THE PROJECT 'LOST
MILLENNIALS – TRANSNATIONAL RESEARCH
NETWORK FOR THE EVALUATION OF INITIATIVES
TARGETING 25+ NEETS'

Please cite as: Szőnyi, E., Koltai, L. (2023) Supporting 25+ NEETs in Hungary. Policy Brief. HÉTFA Research Institute. Lost Millennials – Transnational Research Network for the Evaluation of Initiatives Targeting 25+ NEETs. Available at <https://lostmillennials.eu>

Project summary:

The project ‘Lost Millennials’ focuses on a regularly neglected group of the generation of Millennials: young people aged 25-29 neither in employment or education and training (25+ NEETs). This generation started their working life shortly after the economic crisis of 2008, perceiving uncertainty and lack of security for work and well-being, they are more likely to be inactive or in precarious jobs. The main objective of the project is to contribute to the successful integration of 25+ NEETs to the labour market through increasing knowledge on the effects of employment initiatives on 25+ NEETs, building capacity of stakeholders to perform impact studies and thus improving the quality of labour market interventions. This objective will be achieved through the creation of the transnational research network which will share know-how and good practices, the evaluations of governmental and community-based initiatives targeting 25+ NEETs, as well as the engagement of stakeholders to increase the policy-relevance of project results.

For more information, please visit our [website](#), contact us on lm.leadpartner@hetfa.hu and follow our social media ([Facebook](#), [LinkedIn](#)).

The Lost Millennials project is funded by Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Youth Employment.

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1. Key Points

- Existing programmes addressing 25+ NEETs in Hungary **struggle to reach the most vulnerable**, who are need of support the most. It is crucial therefore to improve targeting and outreach of policy measures and ensure that policies help those who are most in need.
- Though individual support measures show some degree of success in increasing employment chances, prior evaluation results indicate that **a complex support system including a combination of different types of measures are more beneficial for participants**, especially in the case vulnerable young people facing multiple barriers to labour market integration.
- There is a **significant gender gap** in the share of 25+ NEETs in Hungary, which needs to be reduced by targeted interventions for women and specifically for mothers with young children. In addition, policies need to consider intersectionality and focus not only on the aspect of gender, but educational level, socio-economic status and ethnicity as well.
- **Local partnerships should be strengthened** for policy-making, in order to support tailored outreach to vulnerable youth, as well as to address regional disparities in youth employment and supporting policy-design suited to local needs.
- **Regular impact assessments need to be carried out** and integrated into policy-making in order to learn about the impacts of policy measures addressing 25+ NEETs, and to improve those measures. Evaluations need to be built in at the policy design stage to enable the implementation of good-quality impact assessments.

2. Introduction

In Hungary, between **13% and 19% of youth aged 25 to 29 are excluded from the labour force** (Eurostat 2022a). The rate of young people in this age group who are not in employment, education or training (25+ NEETs) in Hungary was higher than the EU-27 average in the early 2010s, at around 24-27%, and then started to decline and by 2016 it was in line with the EU-27 average at 19.5%. In 2019, the 25+ NEETs rate stood at 16.7%, which, presumably due to the coronavirus crisis, temporarily increased to 19.6% in 2020 (along with increase of the EU average rate as well), but by 2021 it had fallen below the pre-pandemic rates (13.4%) and further decreased to 12.2% in 2022 (Eurostat, 2022a).

Young people in the 25-29 age group in Hungary are much more likely than their younger **counterparts to be permanently absent from the labour market**. This cohort is more likely to have long-term unemployment status and they are also more likely to have care responsibilities. In addition, young people with low educational attainment and women are more likely to be excluded from the labour market, while NEET rates are also higher among those with low socio-economic status, and long-term

illness or disability (Koller et al., 2022). The share of 25+ NEETs is much higher among the lowest skilled and the gap is widening. The **impact of education is particularly dramatic** among older youth: the share of NEETs with only primary education as the highest educational attainment among 25–29-year-olds is 40% compared to only 4% of 15–19-year-olds (Eurostat, 2022b). **There is a significant gender gap** in 25+ NEETs rates: the share of 25+ NEETs among women was nearly twice as much as among men (16.7% compared to 8.1%). There may be several reasons behind this, but the childbearing and additional care responsibilities of young women play the biggest role (Csillag et al., 2020; Eurofound, 2016; Karácsony & Millán, 2017; Molnár, 2020).

Furthermore, **spatial inequalities are considerable in Hungary**, with more rural than urban youth excluded from the labour market. Unsurprisingly, sparsely populated rural areas have the highest proportion of NEETs, while densely populated urban areas have the lowest. This is also the case for the 25-29 age group: while in cities the rate of 25+ NEETs is 5.8%, in rural areas it is 17.9%, more than three times higher (Eurostat, 2022a).

3. A summary of the major policy challenges related to 25+ NEETs in Hungary

3.1 Target groups and outreach of policies

In Hungarian public policies, **young people aged 25-29 (or 25+ NEETs) are rarely explicitly targeted**. However, a number of policies and programmes have the potential to affect this group – employment policies (including active labour market policies (ALMPs), tax and social security contribution regulations and other recruitment incentives for employers), vocational training and higher education policies, and family policies are the most important areas of intervention. Of these policy fields, the most essential policy challenges of 25+ NEETs are related to labour market measures.

There are a **number of active labour market policies (ALMPs)** that can successfully increase the chances of young people from disadvantaged backgrounds to find and keep a job or earn a decent wage. Several ALMPs are available for young people under 30: the **Youth Guarantee has been extended** and is available for 25–30-year-olds since 2022, and the labour market services of EDIOP/GINOP+¹ – planned to be launched in 2021-2027 programme period –, will also be available for this wider age group of young people. Although these often require registration as a jobseeker. Several previous evaluations of the Youth Guarantee Programme have found that one of the main positive impacts of the programme is that

¹ The Economic Development and Innovation Operational Programme (EDIOP; in Hungarian: Gazdaságfejlesztési Operatív Program, GINOP) includes programmes funded by the ESF and ERDF.

it focuses attention on NEETs aged 15-24 and, by its guarantee nature, it has ensured that the young people involved receive rapid and tangible help (Equinox, 2018; Hétfa, 2015) – which is also an expected impact for the 25+ NEETs with the age extension.

Evaluations of national and international programmes highlight the importance of **targeting**: both training and wage subsidies often suffer from high levels of skimming and deadweight loss, i.e., jobseekers who are better placed (more skilled, experienced, resilient, motivated) and who would have a better chance of finding work on their own without the programme are often the ones who participate in the projects – even if this is not the initial intention (see e.g., Adamecz-Völgyi et al., 2018; Strategopolis, 2018). Conversely, the **most disadvantaged, who would need the most help, are often excluded from the programmes.**

In our evaluation of the Incorpora project in Hungary, conducted in the Lost Millennials project (Bördős et al., 2023) and in previous evaluations (Youth employment partnerSHIP, 2022a; Kopint-Tárki, 2021; Krekó et al., 2019; Krekó et al., 2021; Csillag et al., 2020), it is a recurrent experience that the **outreach and recruitment of inactive young people is a difficult task** in order to meet the indicators – especially when considering vulnerable groups who would be the most in need of support measures. Large programs such as the Youth Guarantee often have difficulties in reaching the most vulnerable young people. In addition, a further challenge to precise targeting is that young people often don't register as jobseekers (Bördős & Petróczi, 2019) which is a prerequisite for most ALPMs and entrepreneurship support measures in Hungary.

While trainings suffer from cream-skimming, public work schemes – which is the most common measure offered to the long-term unemployed – have a strong lock-in effect, which in the long term can have a scarring effect on the future career prospects of young people (see e.g., Krekó et al., 2021). In addition, public workers tend to be more vulnerable compared to the general work force of the primary labour market (Koltai et al., 2018; Bördős et al., 2022).

3.2 Regional disparities

Labour market policies in Hungary are centrally governed, which means that regional or local decision-making is very limited. This provides general challenges for the successful integration of 25+ NEETs into the labour market, as **policies do not consider regional disparities sufficiently** and therefore, do not respond adequately to the regional or local needs of specific target groups. This deficiency limits the tailoring of labour market trainings and other services to local needs as well as the matching of local labour market demand and supply. In addition, research shows that there is need for various labour market services on local level, however, capacities are not sufficient to implement such services (Bördős et al., 2018), which further reinforces the regional disparities. The lack of such localised perspective

together with **insufficient local capacities** as well as the challenges in targeting and outreach enable significant barriers to the implementation of effective and impactful policy measures for supporting 25+ NEETs.

3.3 Women and gender in policies

Public policies in Hungary which affect 25+ NEETs do not address gender issues and **do not consider the different needs and challenges of women and men sufficiently**, and they also do not reflect on the fact that different measures could affect men and women differently. Under a variety of Operative Programmes women or young mothers are a direct target group in only two specific projects, while mothers with young children are a potential target group in all which target the category of 'disadvantaged jobseekers' (Bördös, 2022). Intersectionality is even less considered, in the 2013-2020 period only one project addressed disadvantaged Roma women – though NEETs or youth were not a priority target group.

As highlighted above, young mothers are one of the main subgroups of 25+ NEETs in Hungary, their reintegration to the labour market is one of the key challenges of this group. Of existing family policies, an essential barrier to the reintegration of young mothers to the labour market is the insufficient distribution of nursery capacities across the country: despite significant expansion over the last decade, there are significant disparities across the availability of nurseries the country which do not align with the demand. In addition, an evaluation of the existing child-care benefit² shows conflicting results on its impact on women's employment (Szabó-Morvai, 2013): even though there is no negative impact on employment in the first two years, after the second year from the child's birth, there was a negative impact on employment for women with low educational levels – highlighting the importance of intersectionality in the effects of policies and measures.

3.4 Challenges in evaluation of policies and measures

A number of evaluations have been conducted to assess the policy measures or programmes which affect 25+ NEETs, at the same time **the implementation of (counterfactual) impact assessments is scarce**. In addition, evaluations are rarely used for the improvement or development of a specific programme or public policy measures in general, therefore, the integration of evaluation results into policy-making is minimal. This stems from both the **lack of awareness** on the benefits of the using evaluations, as well as the **lack of capacity** to carry out high-quality impact assessment and to integrate impact assessment results into policies and measures.

² Financial support during maternity leave consists of a combination of measures: infant-care allowance, child-care benefit and child-care allowance up until the third birthday of the child - with paid work allowed only from the completion of the infant-care allowance.

Furthermore, a key challenge to the realisation of evaluations is the **lack of adequate data**. This gap in the availability of relevant data is due in most cases to the fact that evaluations are not integrated in the programme design, and the necessary indicators for the assessment of impacts are not measured in time (or no data is collected at all) to establish a baseline which is essential for assessing the impacts of policy measures addressing 25+ NEETs.

4. Policy solutions and recommendations

Provide specialized measures for 25+ NEETs: The extension of the Youth Guarantee to the 25-30 age group is a significant achievement in increasing focus on targeting 25+ NEETs, however, young people aged 25-30 are in a very different stage of the life compared to those just finishing their studies, and they therefore have different needs and face different challenges and barriers to labour market integration (e.g., long-term unemployment experience, caring responsibilities). Therefore, it is important that services respond to this cohort's different needs and disadvantages, and if they are included in the same programme as younger NEETs, 25+ NEETs should be handled and engaged separately from younger groups and specific measures and services should target them tailored to their life-stage specific needs and challenges. and should engage 25+ NEETs

Develop targeted outreach to vulnerable youth: Outreach and recruitment methods for large-scale programmes supporting young people need to be improved to ensure that these programmes reach inactive NEETs, those who are most vulnerable and most in need of support measures. Cooperation with locally based organisations and supporting their smaller pilot schemes should be encouraged as these organisations can in many cases reach young people who are not reached by projects based on registration as jobseekers. As large-scale programmes have difficulty reaching older NEETs, an indirect approach should be applied reaching 25+ NEETs through services which are local and available close to their home, which are provided for their young children, or general social services. Moreover, initiatives realised through the activation of local communities can play a crucial role in engaging this specific group.

Provide a complex support system for youth: Several evaluations (e.g., Kopint-Tárki, 2021; Bördős & Koltai, 2020; Krekó et al., 2019) highlight that a combination of different types of support measures is beneficial for programme participants. This is particularly important for young people in vulnerable situations, such as long-term unemployment, who are more likely to be in the 25-29 age group. In their case, complex support systems are needed, providing social, mental health and training services in addition to labour market services (such as counselling and job placement).

Address geographical disparities: Support measures for (25+) NEETs must be tailored to local context and needs, which is especially essential in the case of remote, rural and peripheral areas. These regions

must have the possibility of adapting the national programme to local conditions. Adaptation requires local needs assessment, strong cooperation with local authorities and organisations, as well as capacity-building of local staff for the provision of services in accordance with identified needs. In the most disadvantaged settlements, access to locally provided services should be increased, including increasing capacity to carry out those services.

Direct support measures towards young women: Several impact evaluations (Koltai & Bördős, 2019; Youth employment partnerSHIP, 2022b) have concluded that women are less helped by labour market programmes than men. Labour market programmes need to consider including gender quotas, developing specific interventions for young women, and ensuring gender-sensitive policy and programme designs in order to encourage the participation women and reduce the gender gap in NEET rates.

Introduce tailored approaches for young mothers: Caring responsibilities keep many women in the 25-29 age group out of the labour market. To ensure that young mothers (and fathers) can engage in job search, training and return to work, policies should include support for access to childcare. The Public Employment Service (PES) can offer services (e.g., training, counselling, mentoring) to young parents to improve their chances on the labour market in the future.

Integrate intersectionality in policy design: Multiple barriers need to be considered in early stages of policy-making. The combination of the aspects of gender, locality, ethnicity and educational level need to be considered as a minimum when designing a policy measure, not only for targeting, but also for the potential impacts measures might have on different groups of people.

Implement regular impact assessments: Evaluations of programmes for young people are needed to increase the effectiveness of programmes and inform decision-making. A high-quality (counterfactual) impact assessment can provide knowledge on what has worked and on potential unintended impacts, and it can also enable learning to support improving and fine-tuning programmes. Impact assessments must start at the stage of policy design, as for the implementation of good-quality evaluations, it is necessary to build measurement aspects into the design of programmes or services and establish a data collection system early on.

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