Impacts of the COVID-19 crisis on 25+ NEETs

COUNTRY REPORT – HUNGARY

Zsuzsanna Ludmán, Eszter Szőnyi

2023

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

Please cite as: Ludmán, Zs., Szőnyi, E. (2023) Impacts of the COVID-19 crisis on 25+ NEETs. Country Report – Hungary. 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.

Implemented by:

HÉTFA RESEARCH INSTITUTE
ZSI
CSD CENTER FOR THE STUDY OF DEMOCRACY
Institute of Entrepreneurship Development iED
IREAS
SAPIENTIA HUNGARIAN UNIVERSITY OF TRANSYLVANIA
NORD University
BCI binda consulting international
EVIDENCE INSTITUTE
UNIVERSIDAD DE BURGOS Campus de Excelencia INTERNACIONAL
SBA SLOVAK | BUSINESS | AGENCY
DEMOS HELSINKI
HÁSKÓLINN Á BIFRÖST BIFRÖST UNIVERSITY

Table of contents

1. Introduction 2
2. The impact of the pandemic on 25+ NEETs 3
2.1 Main characteristics of 25+ NEETS in Hungary 3
2.2 Labour market 8
2.3 Reskilling and upskilling 13
2.4 Mental health and well-being 14
3. Support measures 15
3.1 Employment and financial support 15
3.2 Reskilling and upskilling support 16
3.3 Mental health support 17
4. Conclusion 18
5. References 20

1. Introduction

At the beginning of the COVID-19 pandemic outbreak in March 2020, several preventive measures were introduced in Hungary to slow down the spread of the virus and centralised crisis management was implemented instead of local crisis management (Baranyai & Ferencz, 2023), with a declaration of a national state of emergency and the introduction of a special legal regime. The pandemic primarily affected the health of individuals and the functioning of the health system, so in the short term, the focus was on mitigating acute health effects, reducing infections, treating patients and reducing mortality, while in the longer term, the priority was to maintain and increase health capacity despite the increasing burden on the care system (Kovács et al., 2021).

National restrictive measures included, as in other countries, the introduction of curfews and travel restrictions, increased border controls (national lockdown), bans on community events, restrictions on sporting activities, the closure of schools and universities and the promotion and recommendation of teleworking and home office options. In addition, new norms of behaviour such as mandatory wearing of face masks and keeping distance have been introduced. Full school and kindergarten closures started in March 2020 and continued until the beginning of March 2021, when face-to-face education was partially reinstated for lower primary school pupils. Upper primary school pupils could return to online education from September 2021, while secondary school pupils could return from the beginning of the 2022 school year.

The combination of these measures created a complex crisis starting in the spring of 2020. The closure of commercial and catering establishments and the halt in tourism led to significant labour market insecurity and loss of income at both individual and social levels. As a result, unemployment rates have also increased (Kovács et al., 2021). The number of unemployed registered during the first wave peaked at 376.000 in June 2020, a figure previously only reached in 2016 (Czirfusz, 2021). According to official government data, the number of cases of morbidity increased until early May 2020 and then started to decline slowly (although this increase was mild compared to many other European countries at the time). Consequently, a gradual “reopening” started in the summer of 2020, with most of the previous restrictions being lifted.

From autumn 2020 onwards, the second wave of the pandemic began, when the number of infected cases started to rise again, but the mortality rate was much lower than during the first wave. Nevertheless, the second wave of the pandemic, with additional restrictions introduced (e.g., curfew after 8 p.m. and temporary restrictions on services), further exacerbated the declining economic performance, preventing vulnerable sectors (tourism, hospitality) from stabilising (Kovács et al., 2021).

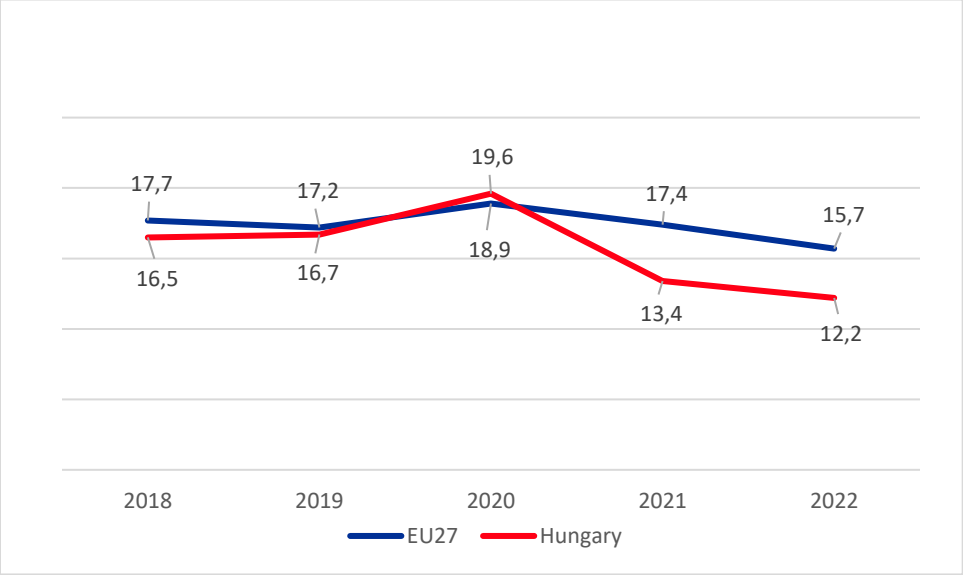
By December 2020, there was again a decrease in the number of cases and the first vaccinations against the COVID-19 pandemic were available across Europe. Once the vaccines were available to the public in December 2020, Hungary joined the vaccination campaign and prioritised the vaccination of health workers and more vulnerable (older) groups at the beginning of 2021. With the third wave of the pandemic from February 2021, economic problems became even more concentrated (Kovács et al., 2021), with the number of hospitalised patients reaching a record high, which the government's operational unit, established in January 2021, sought to address. This continued until May 2021, when most of the restrictions have been discontinued again. In early June it was announced that the third wave had ended. Regular press conferences by the operational team were discontinued, epidemiological data were no longer provided, and these restrictive measures have not been reinstated since.

2. The impact of the pandemic on 25+ NEETs

2.1 Main characteristics of 25+ NEETS in Hungary

In Hungary, the proportion of young people not in employment, education or training (NEETs) – at 14.6% in 2019 – does not differ significantly from the EU-27 average (14%) (Bördős & Petróczi, 2019), and the rate of 25+ NEETs was lower than the EU-27 average, both before and after the COVID-19 crisis (Eurostat, 2022m). At the same time, it can be observed that the rate of 25+ NEETs in Hungary – and the Hungarian NEET rate in general – was affected by the pandemic. As shown in Figure 1, the Hungarian NEET rate has been steadily decreasing since 2012, but this trend was interrupted by the pandemic, with a sharp increase in all age groups in 2020, for both men and women. Before the COVID-19 pandemic in 2018, the proportion of 25+ NEETs in the population was 16.5%, during the pandemic it increased to 19.6% in 2020. As the pandemic subsided and settled down, the rate also decreased compared to the years before 2020, falling to 13.4% in 2021 and 12.2% in 2022 (Eurostat, 2022m). There are no national data on the 25+ NEET rate, the Hungarian Central Statistical Office (KSH) only examines the NEET rate for 15-24-year-olds, and no data on NEET rates or young people in general are available on the website of the National Employment Service (NFSZ).

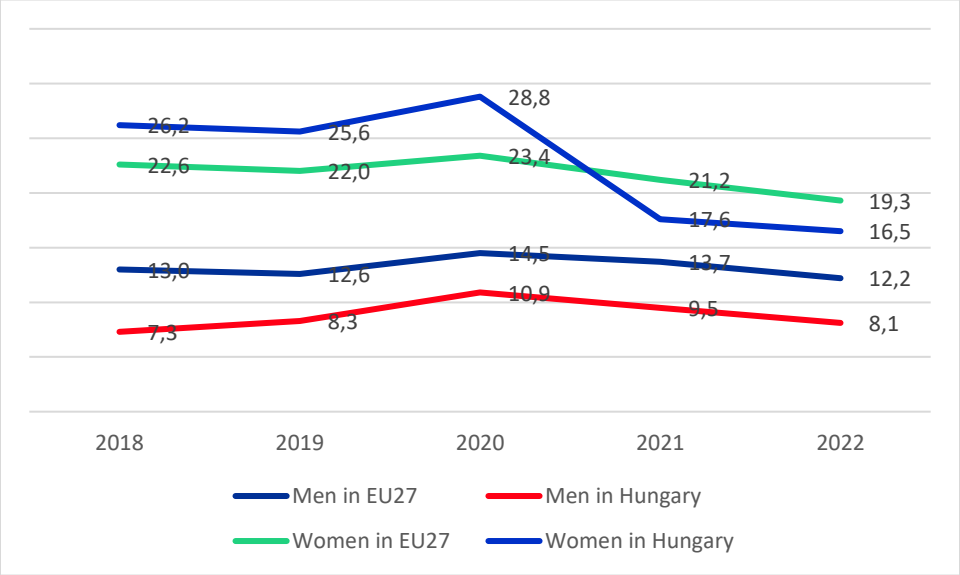
Figure 1. 25+ NEET rate in Hungary and the EU, over time (%)



Source: Eurostat (2022m). Young people neither in employment nor in education and training by sex, age and degree of urbanisation (NEET rate) [edat_lfse_29].

According to Eurostat (2022m), national NEET rates are significantly higher for women than for men in the 25-29 age group, and this is also true before, during and after the COVID-19 crisis. In 2018, the men's NEET rate was 7.3%, below the EU average (EU27: 13.0%), while the women's NEET rate was 26.2%, slightly higher than the EU average (EU27: 22.6%). In 2020, during the COVID-19 pandemic, the rates for both sexes increased uniformly, with the men's NEET rate rising to 10.9% and the women's NEET rate to 28.8%, maintaining their previous relation with the EU averages for the same year. After the pandemic, the most recent data for 2022 show that the proportion of NEET men fell to 8.1% and that of women to 16.5%, the lowest for the latter group since 2018 and already lower than the EU average for that year (19.3%). Overall, the NEET rate is higher among women in the 25+ age group, and the pandemic has not caused a significant change in the size of the gender gap. The reasons for this are discussed in more detail in the chapters below. There is no national data on the living situation of 25+ NEETs to allow a proper assessment of the impact of the COVID-19 crisis. The most relevant data is found in the analysis by Eurostat (2022k), which shows that in 2020, 5.8% of unemployed young people aged 18-34 lived with their parents, while a slightly higher share of young people in the inactive group lived with their parents (7.2%).

Figure 2. 25+ NEET rate by sex, over time (%)

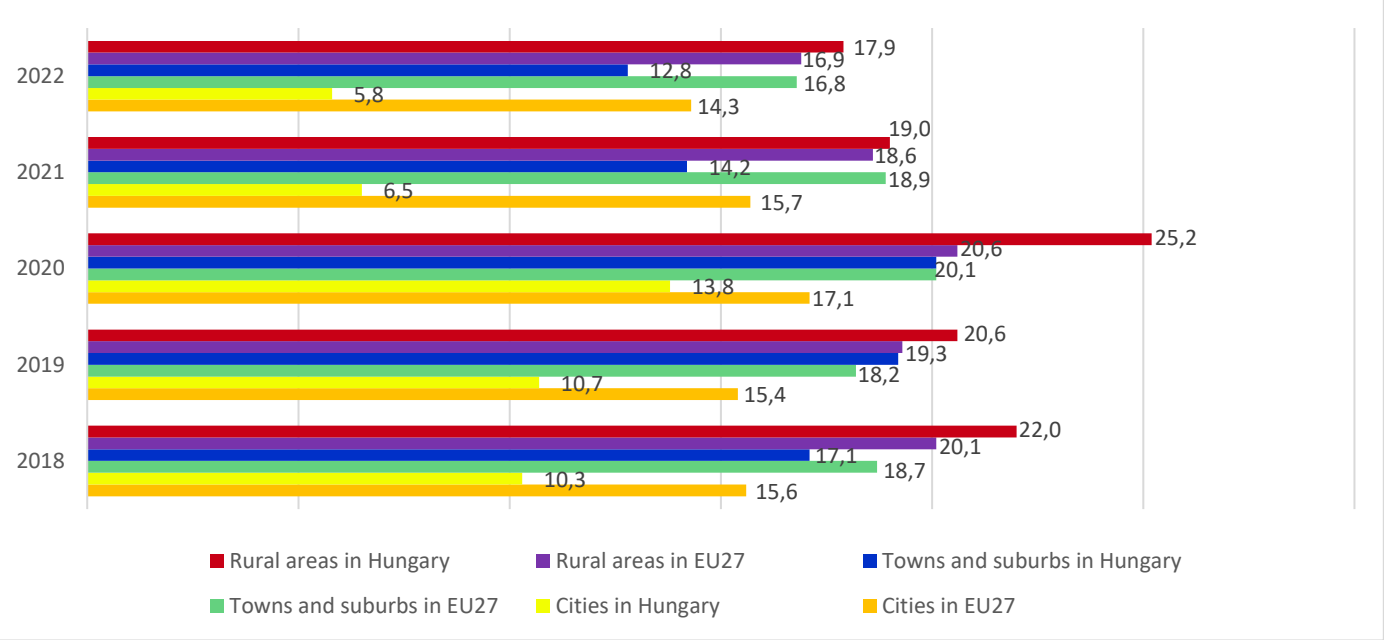


Source: Eurostat (2022m). Young people neither in employment nor in education and training by sex, age and degree of urbanisation (NEET rate) [edat_lfse_29].

In terms of the spatial characteristics of NEETs in Hungary, 4 of the 7 NUTS2 regions were especially affected: Northern Hungary, Northern Great Plain, Southern Transdanubia and Southern Great Plain (Equinox, 2018). These regions are the most disadvantaged in terms of most of the economic and social indicators (OECD, 2020): these regions have for example the highest share of people at risk of poverty and social exclusion (KSH, 2020b), as well as the highest youth unemployment rate compared to other regions of the country (Eurostat, 2022l). The spatial distribution of 25+ NEETs shows that before the COVID-19 pandemic in 2018, most young people lived in rural areas (22%), followed by towns and suburbs (17.1%) and the lowest proportion in cities (10.3%). After the outbreak of the pandemic in 2020, the proportion of NEETs in all these three categories increased (25.2%, 20.1%, 13.8%), while in 2021 they all started to decrease uniformly. In 2022, the decline continued, with 25+ NEETs living in rural areas at 17.9%, in towns and suburbs at 12.8%, and in cities at 5.8% (Eurostat, 2022m). The data show that the share of 25+ NEETs was highest in rural areas both during and after the COVID-19 pandemic, but the crisis has relatively increased the gap between cities and rural areas: while the gap was 9.7 percentage points (p.p.) in 2018, it was 11.4 p.p. in 2020 and 12.1 p.p. in 2022 (Eurostat, 2022m). In Hungary, young people living in remote rural areas are therefore more at risk of becoming NEET, and the COVID-19 pandemic has not changed this situation. According to a World Bank (2019) report, the group of mostly rural, mainly unemployed youth with low work experience was identified as one of the most vulnerable segments of the labour market, and 29% of this group were aged between 25 and 29. The majority of

them were unmarried and lived with their parents, which reduced their financial incentives to find employment.

Figure 3. 25+ NEET rates by degree of urbanisation in Hungary and in the EU (%)

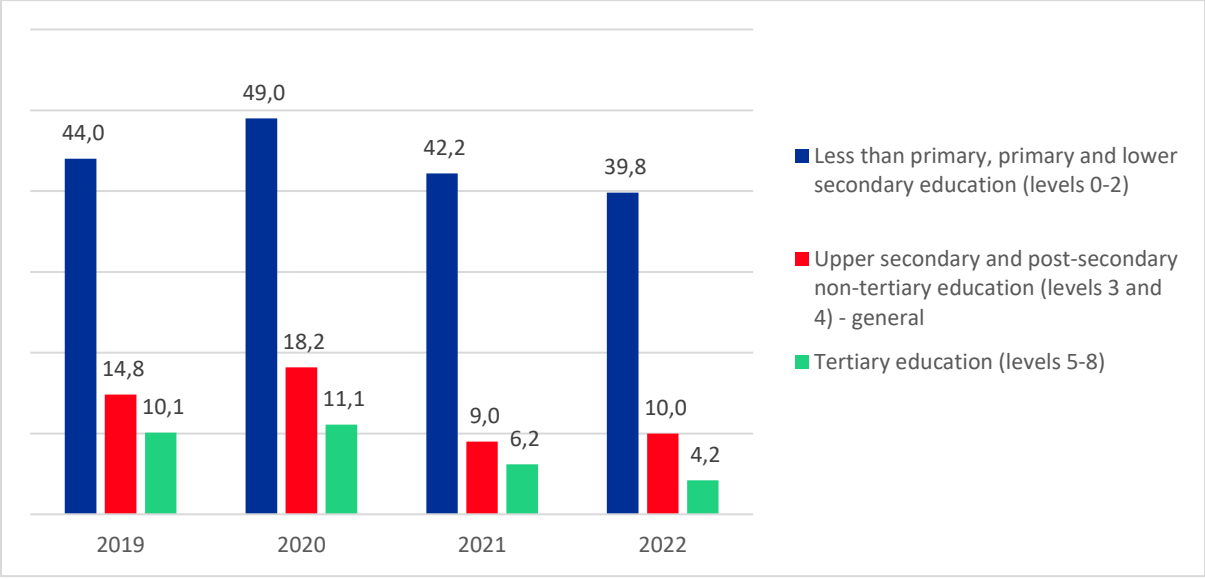


Source: Eurostat (2022m). Young people neither in employment nor in education and training by sex, age and degree of urbanisation (NEET rate) [edat_lfse_29].

Educational attainment is another factor that greatly impacts NEET rates and labour market competitiveness, as NEET rates are significantly higher among those with low educational attainment (Eurostat, 2022n). Before the COVID-19 crisis, the 25+ NEET rate in Hungary decreased in all educational attainment levels, but increased in all three categories in 2020, with slightly higher rates among those with secondary and tertiary education (Eurostat, 2022n). In 2020, the 25+ NEET rate among those with the lowest level of education (ISCED 0-2) was almost 3 times higher (49%) than among those with secondary education (ISCED 3-4) (17%) and almost 4.5 times higher than among those with tertiary education (ISCED 5-8) (11.1%). This distribution of the share of 25+ NEETs by the highest level of education did not change during or after the pandemic (Eurostat, 2022n). Although 25+ NEET rates have decreased in 2021 and 2022 in all three categories, the differences by educational attainment level increased further. In 2021, the 25+ NEET rate among the lowest educated was more than 4 times higher (42.2%) than among those with secondary education (9.9%) and almost 7 times higher than among those with tertiary education (4.2%). The disparities widened further by 2022, where the 25+ NEET rate for the lowest educated (39.8%) was already 9.5 times higher than that for the tertiary educated (4.2%) (Eurostat, 2022n). This suggests that the COVID-19 pandemic has particularly affected those with the

lowest levels of education and that it appears to be more difficult for this group to reintegrate into the labour market or education as the pandemic subsides. Considering the gender differences described earlier, it is not surprising that 25+ NEET rates are higher among women in every category of educational attainment level. The largest relative differences between genders can be observed among those with a higher level (at least upper secondary) of education: the 25+ NEET rates of women are about 3-4 times higher than among men in these two categories, while the gap is relatively smaller for those in the lowest educational attainment category, where the share of women NEETs is only 1.5-2.5 times higher than the share of men NEET). These differences in the gender gap have not been significantly affected by the COVID-19 pandemic (Eurostat, 2022n).

Figure 4. 25+ NEET rate by educational attainment (%)



Source: Eurostat. (2022e). Employment rates by sex, age and degree of urbanisation (%) [lfst_r_ergau].

There is no data on the parental background of Hungarian NEETs in general, but studies on the PISA test results (e.g., (European Commission/EACEA/Eurydice, 2020; World Bank, 2015) show that socio-economic status (SES) has a particularly strong (in fact, the strongest within the EU) correlation with students' performance in Hungary. This implies that parental background has an at least indirect impact on the probability of becoming a (25+) NEET since school performance influences later prospects in the labour market. In addition, a related problem is early school leaving. The early school leaving rate in Hungary was 12.1% in 2020 (Eurostat, 2022c), and early school leaving is particularly frequent among Roma youths and those coming from disadvantaged socio-economic backgrounds. Some research studies (e.g., Bördős & Petróczi, 2019; Molnár G., 2020; Sánta, 2016) show that lowering the mandatory school leaving age from 18 to 16 years in 2012 might have aggravated the problem. Note that those who

dropped out of school soon after the legislative change in 2012 at the age of 16-17 belong to the 25-29 age category in 2022. However, there is no recent data on the ethnic background of 25+ NEETs and NEETs in general. According to the 2011 census, around 4% of the population aged between 20 and 29 belonged to the Roma minority, which is the largest ethnic minority in Hungary. Romani people are at a higher risk of poverty and social exclusion, have lower employment rates, participate more often in public work and are more affected by early school leaving. In addition, they are more seemingly to live in disadvantaged regions (KSH, 2015). Considering this, they are also likely to be at higher risk of becoming NEETs in general.

There are also no national data on the health status of 25+ NEETs and NEETs in general, the only published data being for the non-employed youth aged between 25 and 29 years. In the 2020 (Q2) Labour Force Survey, 2.4% of the 25+ age group were disabled based on their self-assessment. Among them, the unemployment rate was 15.5%, while the inactivity rate was 77.4% (KSH, 2020c). According to the EU-SILC survey, 12.5% of non-working young people aged 25-29 had a long-standing illness or health problem in 2019, compared to 20% in 2020. This figure decreased to 16.4% in 2021 but increased again to 21% in 2022 (Eurostat, 2022h). In 2019, 8.4% of the same population claimed to have some or severe long-standing limitations in their usual activities due to health problems, which rose to 11.6% in 2020 and then fell to 9.2% in 2022 (Eurostat, 2022j). In 2020, 83.7% of 25+ non-working people claimed to be in good or very good health, 10.8% in fair health and 5.5% in poor or very poor health. In 2020, a higher proportion of men claimed (10.7%) to be in poor or very poor health (vs. 3.5% of women), while a higher proportion of women claimed to be in good or very good health (women: 86.6% vs. men: 76.4%). Although with slight changes in the percentages, these statements are still relevant in 2022, after the COVID-19 crisis (Eurostat, 2022i).

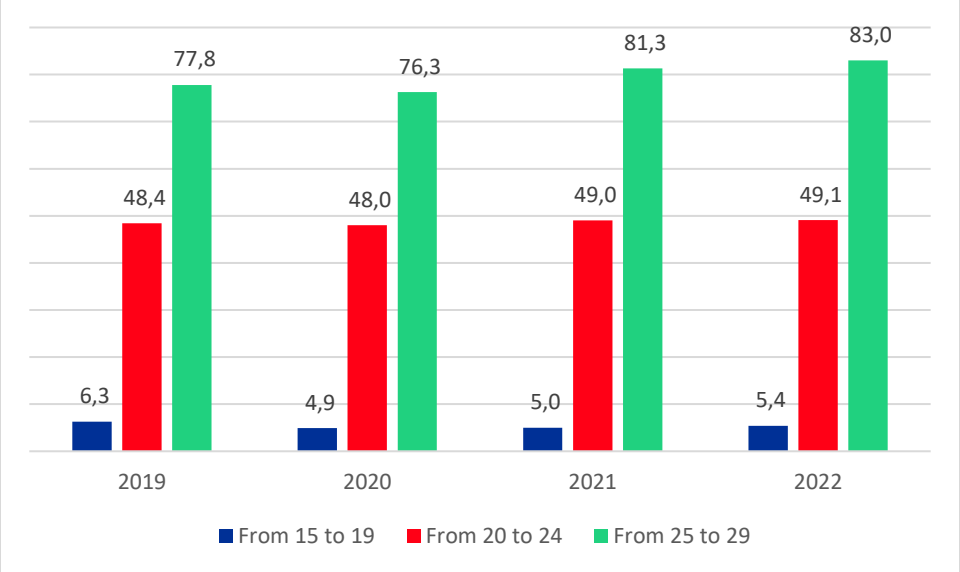
As shown above, the most vulnerable demographic groups of 25+ NEETs in Hungary – and NEETs in general – include women (increasingly so as they get older, mainly related to care responsibilities), those with low educational attainment, those living in rural areas, Roma youths, and those with some kind of disability or health problem. According to a World Bank report (Karácsony & Millán, 2017, Csillag et al., 2020, Molnár, 2020), poor, low-skilled, inactive young mothers with caring responsibilities are one of the most vulnerable groups in Hungary in becoming NEET. They are at very high risk of severe material deprivation; most of them have no recent work experience and many of them live in areas where job opportunities are scarce.

2.2 Labour market

Before the pandemic, the country was characterised by a general economic recovery and increasing employment levels, with employment rates increasing in all areas and age groups from 2007 to 2020 (Eurostat, 2022e). Employment rates remained relatively high in Hungary during the COVID-19

pandemic, being slightly higher than the EU-27 average (67.6%) in 2020 (69.7%) for the working-age population aged between 15 and 64 (Eurostat, 2022e). Within the 25+ age group, there was a slight decrease in the employment rate in 2020 (from 77.8% in 2019 to 76.3% in 2020), followed by an increase in 2021 (to 81.3%) and 2022 (to 83%). As we can see in Figure 5, the employment rate was lower among the younger generation (under 25) in 2020, which is likely to be due to full-time education, especially for the youngest age group (Eurostat, 2022e). Furthermore, employment rates are generally higher among young men compared to young women: the employment gap in 2020 was largest among 30–34-year-olds (29.7 p.p.), but also significant among 25–29-year-olds (17.6 p.p.) and 20-24-year-olds (13.2 p.p.), a gap that has not been significantly altered by COVID-19 pandemic (Eurostat, 2022d).

Figure 5. Employment rates in Hungary by age groups (%)



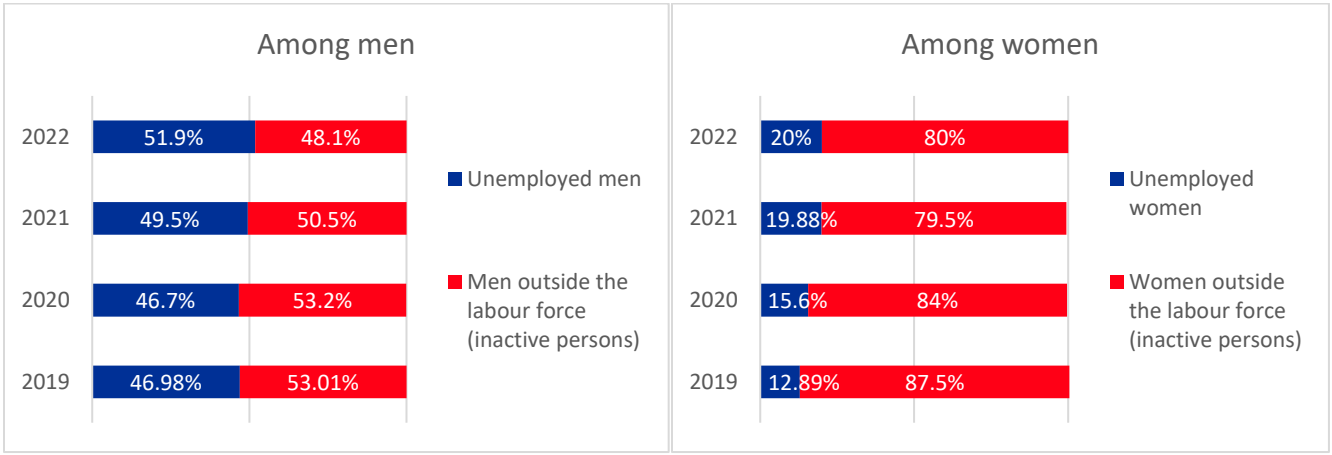
Source: Eurostat. (2022e). Employment rates by sex, age and degree of urbanisation (%) [lfst_r_ergau].

At the start of the COVID-19 pandemic, the number of unemployed jobseekers – both young and older – registered with the National Employment Service (NFSZ) increased significantly between March and May 2020. However, the share of young people among registered jobseekers has not changed, but an analysis of jobseekers shows that young people registering during the first wave of the COVID-19 crisis were in a better labour market position than young people registering in the previous year: on average they had completed more years of school, lived in a less disadvantaged region, had more previous work experience and were more likely to be eligible for jobseeker's allowance. As a result, by the second quarter of 2021, most of them had found a job again relatively quickly (Csillag & Munkácsy, 2021).

Although the Hungarian unemployment rate is one of the lowest in the EU, long-term unemployment is high – as mentioned earlier – in some disadvantaged peripheral regions, especially among people with

low educational attainment, those living in rural areas or those with health problems. On the other hand, the more developed regions and most cities are characterised by an increasingly tight labour market, and the National Employment Service (NFSZ) seems to have limited possibilities to promote mobility and/or employability of those furthest from the labour market (Bördős & Petróczi, 2019). Looking at the data from the KSH (2022b), we can see that unemployment rates are lower among 25+ youth, but at the same time, the chance of long-term unemployment is more prevalent in this group, compared to youth under 25. This is confirmed by the literature (e.g., Bördős & Petróczi, 2019): young people under the age of 25 may have generally higher unemployment rates but are less likely to be long-term unemployed; instead, they tend to work in less secure, short-term jobs and often bounce between employment and unemployment. KSH data (2022b) show that while in 2019, 29.6% of jobseekers were considered long-term unemployed in the 25-29 age group, in 2020 this proportion was 22.7%. In 2021, this ratio increased to 28.4% and in 2022 to 31.6%. Looking at the evolution of 25+ NEET rates by gender and labour market status, in 2020 most women NEETs (84%) were outside the labour force (i.e., inactive), compared to just over half of NEET men (53.2%). However, unemployment was much lower for women (15.6%) than for men (46.7%), so the gender gap in 25+ NEET rates is mainly driven by the higher share of inactivity among women. This type of activity distribution was not significantly affected by the COVID-19 pandemic (Eurostat, 2022o).

Figure 6. 25+ NEETs by gender and labour status (%)



Source: Eurostat. (2022o). Young people neither in employment nor in education and training by sex, age and labour status (NEET rates) [edat_lfse_20].

The most frequently cited reason for not looking for work was participation in education and training for both genders. In addition, within the 15-29 age group, far more women than men cited family reasons as the reason for inactivity, so it is very likely that the gender gap in 25+ NEET rates is mainly due to women caring for children or disabled adult family members (Eurostat, 2022f). Inadequate daycare

capacity and preferences for a 'male breadwinner - female carer' family model may also be behind the low levels of caring responsibilities and activity among young women (Eurostat, 2022f). The most recent research by Eurofound-ETF (2022) showed that in Hungary, working women also spent on average 0.6 hours less time at work during the pandemic, compared to the other European countries surveyed, due to insufficient work-life balance. Although no representative Hungarian research has been conducted in this regard, the school and kindergarten closures during the COVID-19 crisis may have influenced work-life balance and may have increased NEET rates in general, presumably, more so for women. Research also shows that families with many children in deprived settlements were unable to manage childcare and home education while working, forcing one parent to quit (Bukovics et al., 2021). However, there is no precise data on how this type of impact affected 25+ parents and their employment status.

There is also limited information on how employment opportunities were affected by the COVID-19 crisis in detail, as there are no data on sectors in which each age group worked in certain proportions. It is known that the most affected sectors by the pandemic were tourism and hospitality, retail and trade, entertainment and recreation, and the manufacturing and transport industry. These sectors are most likely to be where the largest number of people (including 25+ youth) became unemployed or NEET during the crisis. As the International Labour Organisation (ILO) (2020) shows, in the most affected sectors young people and those with a career start were over-represented. According to research by Bukovics et al. (2021), in the most disadvantaged municipalities (where the sectors mentioned above are not present), the biggest problem was caused by the decline in casual agricultural, manufacturing and construction jobs, where many people became unemployed at the beginning of the COVID-19 pandemic. Additionally, young people who worked in precarious jobs were presumably more easily dismissed and became NEETs during the pandemic.

According to available data, part-time employment is not very widespread in Hungary. Among 15–29-year-olds, part-time employment accounted for 4.8% of total employment in 2018 and 2019, and slightly over 5% between 2020 and 2022. This share was slightly higher among women (6.7%) than men (4.1%) in 2020; a trend that was also true in 2021 and 2022. In terms of part-time employment itself, there was a steady increase between 2007 and 2012 (presumably in response to the economic crisis that started in 2008/2009), followed by a steady decline, a trend that was interrupted by the COVID-19 pandemic in 2020 with a temporary increase (Eurostat, 2022g). However, data on the reasons behind part-time employment are scarce. LFS data suggests that relatively more 15-29-year-old women (46.5%) were working part-time to attend education or training than men (30.3%). While men were more likely to say that they had not found a full-time job (29.5%) compared to women (21.3%). These proportions changed significantly in 2021, with more men (37.4%) than women (34.5%) in the 15-29 age group working part-time due to participation in education or training. So, the proportion of women has fallen significantly, while the proportion of men has increased in this category. This trend continued into 2022, with the

proportion of both genders increasing, to 50.7% for men and 42.9% for women. In contrast, men continued to claim at a higher rate than their part-time employment was due to not being able to find a full-time job than women (28.8% and 18.1% respectively) (Eurostat, 2022p).

Among 15–24-year-olds, temporary contracts are more common, but still not widespread in Hungary. For 15–24-year-olds, around 12% of all employment contracts were temporary (fixed-term) in 2020, 14.3% in 2021 and 13.5% in 2022. For 25–34-year-olds, the share was only 6.4% in 2020, which slightly decreased to 5.6% by 2022. Similarly, to trends in part-time employment, the share of temporary contracts peaked in the first half of the 2010s and has been on a decline since then – a trend that was broken by a temporary increase in 2021, but then fell again in 2022 (Eurostat, 2022q).

A special case of temporary contracts is the public works programme. During the 2010s, public work programmes gained ground in Hungary, peaking in 2015 with nearly 225 thousand participants – accounting for around 5.4% of total employment. Although in theory young jobseekers under the age of 25 have never been targeted by public works programmes, they have been able to participate. There is evidence (Bördős & Petróczi, 2019; Molnár G., 2020; Sánta, 2016) suggesting that a not insignificant proportion of young people under 20, especially those from disadvantaged backgrounds, dropped out of secondary education to participate in the public works programme. As public works often have a lock-in effect and participants are generally more vulnerable (earning significantly less, on fixed-term contracts and mostly in low-skilled jobs) compared to those in the primary labour market, this could potentially disadvantage young workers in the long term. During the COVID-19 crisis, the public works programme became limited, with many people losing their jobs even as public workers, and there were also significant dismissals in early 2020, before the pandemic (Bukovics et al., 2021). This downsizing mostly affected the 16-25 age group, as under the new regulation, people under 25 are no longer eligible for public work programmes. Although the government temporarily amended the regulation on public employment in spring 2020 (at the beginning of the pandemic), allowing people who were otherwise able to find employment or had qualifications to participate in public employment this legislative intervention was repealed a year later at the end of March 2021. Based on the results, Czirfusz (2021) points out that, despite the plans, public works did not expand substantially throughout the COVID-19 crisis but it did contribute to job preservation in some regions. There are no further data available on other vulnerable working conditions, such as casual employment, temporary agency work or black employment.

Despite the described negative impacts, the pandemic has also brought positive changes for some, such as the possibility of home office and teleworking. The Eurofound survey (2022) shows that despite the trend of decreasing remote work since the lift of COVID-19 crisis restrictions across the EU, respondents preferred teleworking and home office. The findings indicate a need for rethinking previous forms of

work and to open to new hybrid working arrangements. However, it should be noted that there is a large socio-demographic difference in the digital transformation that took place during the COVID-19 crisis. For many people in Hungary, this transition could only be made possible through (re)training and/or the provision of digitalisation tools – which in many locations, especially remote, disadvantaged areas, was not possible. Furthermore, the use of home office has been introduced predominantly in companies requiring tertiary education (Pirohov-Tóth & Kiss, 2021), and according to the KSH's (2018) survey on teleworking and home office, in the first quarter of 2018, around 69% of teleworkers had tertiary education in the 15-74 age group. The unequal access to these opportunities not only increased the digital divide but also implied that those with lower levels of education and living in disadvantaged areas had become more vulnerable considering their health (exposure to the virus) and their labour market situation.

2.3 Reskilling and upskilling

In Hungary, more than one million people participate in adult education every year (Hajdú, 2021), and the COVID-19 pandemic has posed serious challenges for adult educators and the training of adult education professionals (Bognár, 2022), which they have tried to address mainly through digital transformation and online education. The compulsory courses could only be delivered in an online format, like in the cases of public education institutions. Courses requiring personal attendance and professional examinations (such as vocational training) were suspended for the duration of the emergency state, but general courses could still be delivered online (e.g., training courses, and IT courses) (Hajdú, 2021). Considering this regulation, each training organisation could decide for itself whether to launch its courses or not. We have no exact data on how many adult education institutions and training courses were affected by this regulation.

In a survey (Bognár, 2022), adult education institutions in Somogy County – which is one of the most underdeveloped counties in Hungary – were asked whether they had switched to online education at the time of the COVID-19 crisis. Out of the 126 adult education institutions surveyed, 50% had not switched to online education and therefore discontinued its activities, 33.3% held the courses online but without a final exam and only 16.7% held both the training and the final exam in an online format. In the optimal case, where the participants had sufficient access to both equipment (smartphone or computer) and internet, they continued the training using different applications (e.g., ZOOM, Skype) without physical contact. According to the survey results, in those cases where no appropriate ICT support was available, the course material and the exercises and instructions were often delivered to the students on a "paper basis". The course supervisor took care of the delivery and collection. In other cases, where circumstances allowed for social distancing, contact hours of training were given in groups of less than 10 students. Finally, if neither solution was possible, the course was suspended (Bognár, 2022). Another

study (Hajdú, 2021) on adult education in Borsod-Abaúj-Zemplén county shows that in early 2020 a total of 105 courses for jobseekers were suspended, 67% of which were vocational courses, meaning that they could not be delivered and continued online. The suspension of courses prevented around 700 people in the county from gaining new vocational qualifications and caused an additional expenditure of around half a billion HUF (approximately 1.292.000 EUR) for the state in the form of income replacement benefits. According to the author of the article, it would have been possible to use digital education in these forms of training, as the knowledge of all theoretical parts, except for the apprenticeships, could have been provided to the students in digital form, and the adult education institutions have had the infrastructure to do that.

Presumably, the suspension of adult education courses in the 17 other countries had similar patterns and many applicants were forced to temporarily drop out of the training given the COVID-19 pandemic, especially from peripheral regions. This, in turn, is likely to have had an increasing impact on 25+ NEET rates. Those who are likely to have been left out of the digital transformation are precisely those with the worst socio-demographic characteristics – those who lacked the skills, tools and space to make the digital transition – but again, there is no data in sufficient quality and quantity to examine this. Bukovics et al. (2021) identified education as the biggest problem during the COVID-19 crisis, pointing out that disadvantaged families lacked the tools for digital education, the knowledge, and the skills to support the use of these tools.

2.4 Mental health and well-being

Overall, the curfews, lockdowns and ban on community events imposed due to the COVID-19 pandemic have harmed the mental health and well-being of the whole Hungarian society. Social isolation (i.e., restricted and altered social relationships) and living together permanently (closed in) within one household proved to have significant difficulties for interpersonal relationships. Regarding young people's mental health, the WHO-5 well-being index showed a decline in well-being in all age groups between April/May 2020 and February/March 2021 in Hungary, including young people aged 18-34. The average score of respondents decreased from 48.5 to 46.9 over this period – meaning that this cohort had decreased mental well-being and was at risk of mental health problems in Hungary (Eurofound, 2020). There is no available information specifically on the mental health of 25+ NEETs, the most relevant data looks at the relative well-being of the population aged between 25 and 34, regardless of labour market status. According to SILC data, in 2020 11.1% of 25–34-year-old respondents felt very anxious; 6.8% felt lonely; 4.5% felt so depressed that nothing could cheer them up; and 3.5% felt depressed most, or all the time (KSH, 2020a).

Isolation and being closed in during the restrictions of the pandemic also led to an increase in domestic and intimate partner violence across Europe. Even though an in-depth analysis of Hungary was not

possible in EIGE's report (2021a) on the extent of intimate partner violence, Hungarian social and civil service providers reported an increase in cases and the demand for their services (EIGE, 2021b). A study of the most deprived municipalities (Bukovics et al., 2021) revealed that confusion was a common phenomenon at the beginning of the crisis, but the mental picture was very mixed in the examined municipalities. There were some areas where professionals reported a significant increase in domestic violence, an increase in unplanned pregnancies and a significant decrease in the sense of security.

The risk of depression remained worryingly high for many in spring 2022, despite the easing restrictions a re-opening of society according to Eurofound's (2022) transnational survey, which may at least be partly due to the ongoing multi-crises and its consequences (e.g., high levels of inflation and a sharp rise in the costs of living). The survey also found that most respondents continue to feel insecure about their living and working conditions and pointed to widespread insecurity among financially vulnerable households, for whom energy poverty is already a reality: 28% of the respondents reported living in a household where it is difficult to make ends meet and fall behind with utility bills, while 45% of this group are worried that they will not be able to pay their utility bills in the next 3 months. Overall, despite the lifting of most of the COVID-19 pandemic's restrictions in EU member states in spring 2022, mental well-being levels remain lower than they were at the start of the pandemic, largely due to high inflation and the war in Ukraine, which 76% of respondents are very worried about (Eurofound, 2022).

3. Support measures

3.1 Employment and financial support

Throughout the pandemic, the government provided economic support in the form of wage subsidies, mainly to the business sector, such as the sectoral wage subsidy scheme. The latter took place between November 2020 and May 2021 – through the European Union's REACT-EU recovery support for the management of the COVID pandemic and the GINOP (EDIOP)[1] 10.1.1-21 sectoral wage support to address the labour market impacts of the COVID-19 crisis. These economic protection actions were mainly aimed at reducing dismissals. According to Eurofound (2020), 5% of Hungarians received wage subsidies, which was slightly below the EU27 average (7.2%). In addition, interventions included tax and contribution relief for both workers and employers (Túróczi et al., 2020), a moratorium on repayments – i.e., all companies and individuals were suspended from paying the principal and interest on loans until the end of 2020 – and employers were exempted from paying contributions until June 2020 in the tourism, hospitality, entertainment, sports, culture and transport sectors. For employees, pension contributions were waived and health insurance premiums were reduced to the legal minimum.

[1] Economic Development and Innovation Operational Programme (Gazdaságfejlesztési és Innovációs Operatív Program)

According to Eurofound data (2020), 7.3% of Hungarians benefited from a deferral, reduction or cancellation of tax, bill, mortgage, loan or debt repayments until February/March 2021, which was somewhat higher than the EU27 average (4.1%).

At the same time, few measures have been taken to protect vulnerable and marginalised groups of citizens or to compensate for their increasing disadvantages. Public policy responses have typically been responsive to majority expectations, with the business sector being the main target of economic and social mitigation, rather than workers and the wider population (Bartha et al., 2021). Only 2.3% of Hungarians had received other public service benefits to cover living costs or household needs by February and March 2021, which was significantly below the EU27 average (7.4%) (Eurofound, 2020). State support for the unemployed – i.e., unemployment assistance – was available for 3 months at the time of the COVID-19 pandemic (the rate did not change, even temporarily), which was the shortest among EU countries and only supported job seekers. Registered jobseekers could apply for job placements through the National Employment Service (NFSZ), where they could also receive travel allowances, free training, housing support – if the current constraints of the pandemic allowed – and public assistance to become self-employed. According to Eurofound data (2020), the overall unemployment benefit rate in Hungary was 7% until February/March 2021, below the EU27 average, which was 9.1%. Most of the interventions targeting NEETs were implemented through public or EU-funded programmes, the largest of which is funded by the EDIOP, but new support specifically targeting NEETs was not introduced in the context of the COVID-19 pandemic, apart from the above-mentioned sectoral wage subsidy for job creation purposes. Therefore, the listed employment and financial support were not specifically targeted at 25+ NEETs or NEETs in general.

3.2 Reskilling and upskilling support

During the COVID-19 pandemic, adult educators were able to train online but face-to-face training and professional exams were suspended for the duration of the emergency state. There were no national-level initiatives of the government to support reskilling and upskilling, trainings or adult educators in general – based on publicly available information.

3.3 Mental health support

There were no comprehensive public measures to support people's mental health during the COVID-19 pandemic in Hungary. Civil society initiatives have mainly tried to support young people, especially those aged between 15 and 24 (e.g., Traumaközpont[2] (*Trauma centre*)). Psychological support was provided, mostly for the isolation, insecurity and fear associated with lockdowns, but also trauma-informed training for peer-helpers (e.g., academic counsellors, social workers). In addition, several mental health support initiatives were set up in civil society, including online therapy services, chatbots and other digital tools that could help those who were finding it harder to access traditional mental health services because of the pandemic. There were also various telephone helplines[3], which were available free of charge and gave people the opportunity to talk about their concerns and feelings regarding the COVID-19 crisis. Országos Kríziskezelő és Információs Telefonszolgálat (OKIT) *(National Crisis Management and Information Telephone Service)*[4] is part of the Ministry of Human Resources' victim support system, which provides assistance specifically to victims of relationship violence and human trafficking. It receives funding from the Hungarian state and the European Union but is also supported by NGOs. The 24-hour, free number tells callers where to go for help, or helps the abused person get out of their situation.

In Hungary, awareness-raising campaigns have been used to raise public awareness of intimate partner violence[5]. Given the pandemic, social service providers have been forced to change the way of providing services to women victims of intimate partner violence and have shifted to a so-called remote service delivery model, with the creation of digital platforms. A form of instant messaging was also introduced, where victims could immediately notify the service provider. In addition, the existing emergency services have increased their opening hours to include 24-hour services and staffing of services has been enhanced. The changes have been communicated to the public, mainly through social media, but also through printed media and television to provide information on the services available. Counselling services were accessible for women victims of domestic violence and attempts were also made to promote these facilities. At the same time, inadequate or lack of public subsidies exacerbated the challenges faced by service providers, while limiting their capacity to respond (EIGE, 2021).

[2] For further information on the Traumaközpont *(Trauma Centre)*, see https://traumakozpont.hu/aktualis-projektek/a-fiatalok-mentalis-egeszsegenek-tamogatasa-a-covid-19-utan/

[3] For example – Magyar Lelki Elsősegély Telefonszolgálatok Szövetsége (LESZ) *(Association of Hungarian Mental First Aid Telephone Services)*: https://sos116-123.hu/; Kék Vonal Gyermekkrízis Alapítvány *(Blue Line Children's Crisis Foundation)*: https://kek-vonal.hu/

[4] For further information on OKIT, see https://okit.hu/

[5] For example – Patent Egyesület *(Patent Association)*: https://patent.org.hu/en/; Nők a Nőkért Együtt Az Erőszak Elleni Egyesület (NANE) *(Women for Women Together Against Violence Association)*: https://nane.hu/erintetteknek/chat-segely/

4. Conclusion

This report has summarized the impact of COVID-19 on 25+ NEETs in Hungary, primarily dependent on the data provided by Eurostat and other international research – due to the limited availability of national-level information. It can be observed that the rate of 25+ NEETs was lower than the EU-27 average both before and after the COVID-19 crisis (Eurostat, 2022m). However, the pandemic has had an impact on the rate of 25+ NEETs in Hungary, there was a sharp increase in all age groups in 2020, for both men and women. In 2018, before the pandemic, the proportion of 25+ NEETs in the population was 16.5%, while during the pandemic, it increased to 19.6% in 2020. As the pandemic subsided and settled down, the rate also decreased compared to the years before 2020, falling to 13.4% in 2021 and 12.2% in 2022 (Eurostat, 2022m).

Based on data published (Eurostat, 2022m), it is evident that national NEET rates are considerably higher for women than for men of 25+ NEETs. This gender disparity is persistent even before, during, and after the COVID-19 pandemic. The analysis of the spatial distribution of 25+ NEETs revealed that, in 2018, a majority of young individuals resided in rural areas, followed by towns, suburbs and cities. After the outbreak of the COVID-19 pandemic, the proportion of NEETs increased across all three categories, with the highest increase observed in rural areas. The distribution of the share of 25+ NEETs by their highest level of education remained unchanged during and after the pandemic. Although the rates of 25+ NEETs have decreased in all categories in 2021 and 2022, the differences between the educational attainment levels have increased. This indicates that individuals with lower levels of education have been disproportionately affected by the COVID-19 pandemic and are finding it more challenging to reintegrate into the labor market or education as the pandemic subsides.

The COVID-19 pandemic has had a profound impact on several sectors in Hungary, with tourism and hospitality, retail and trade, entertainment and recreation, and the manufacturing and transport industry being the most severely affected. As a result, a significant number of individuals, including 25+ youth became unemployed during the crisis. However, there is insufficient data on how COVID-19 affected employment opportunities of young people in different sectors. According to the data provided by KSH (2022b), the unemployment rates were lower among 25+ youth, but the probability of them experiencing long-term unemployment was higher compared to youth under 25.

According to support measures, in Hungary different actions were implemented to preserve employment and strengthen enterprises during the pandemic. The government’s efforts were aimed at limiting the economic fallout of the crisis and maintaining the stability of the labour market. These initiatives were designed to provide essential support to businesses and prevent job losses, thereby mitigating the negative impact of the pandemic on the national economy. At the same time, few measures have been taken to protect vulnerable and marginalised groups of citizens or to compensate

for their increasing disadvantages. Despite the government's plans, public works did not expand substantially throughout the COVID-19 crisis, but it did contribute to job preservation in some regions. There are no further data available on the trends of other vulnerable working conditions, such as casual employment, temporary agency work or informal employment.

In general, overall mental health has deteriorated in the country during the pandemic, although no data are available specifically on the 25+ NEETs. In Hungary, there were no comprehensive public measures in place to support people's mental health. However, civil society initiatives stepped up to provide support for young people. Psychological support was provided for issues related to isolation, insecurity, and fear brought on by lockdowns. Trauma-informed training was also provided for peer-helpers such as academic counsellors and social workers. Additionally, various mental health support initiatives were launched by civil society, including online therapy services, chatbots, and other digital tools to help those who found it difficult to access traditional mental health services due to the pandemic. According to international data, people's well-being has not improved significantly in the EU since the pandemic.

Regarding upskilling and reskilling trainings during COVID-19, some trainings were moved to online platforms, but face-to-face training and professional exams were suspended for the duration of the emergency state. There were no national-level initiatives of the government to support reskilling and upskilling – based on publicly available information. Presumably, with the suspension of adult education courses, many applicants were forced to temporarily drop out of the training given the pandemic, especially from peripheral regions. This, in turn, is likely to have had an increasing impact on 25+ NEET rates. However, for many people in Hungary, the digital transition during COVID-19 could only be made possible through (re)training and/or the provision of digitalisation tools – which again, in many locations, especially remote, disadvantaged areas, was not possible. Overall, the online transition has been positive for a lot of people and despite the challenges that come with this transition, the benefits have been significant and are likely to continue to grow in the future. Nevertheless, it is important to highlight the opportunities provided by digitalisation and the transition to online courses and remote work were not equally accessible to all, and the pandemic contributed to widening the digital divide and inequality.

In conclusion, individuals commencing from an initial disadvantage have encountered greater obstructions during the COVID-19 pandemic. According to most data found and presented, the most vulnerable groups of 25+ NEETs include women, especially as they take on more childcare responsibilities, young people with low educational attainment, those living in rural areas, Roma youth, and individuals with disabilities or health issues. Although the pandemic only had a short-term negative impact in terms of the 25+ NEETs rate, it had significant long-term impact in further increasing inequalities, considering the employment opportunities of the low-skilled and those living in marginalised regions, decreasing mental health and well-being, and further widening the digital divide.

5. References

Baranyai, N., Ferencz, Z. (2023). A COVID-19 járvány és a helyi válságkezelés jellemzői Magyarországon [Characteristics of the COVID-19 pandemic and local crisis management in Hungary]. *Tér és Társadalom, 37*(2), 111–133.

Bartha, A., Kopasz, M., Takács, J. (2020). A populisták jobban csinálják? A koronavírus-járvány közpolitikai tanulságai: Járványkezelés az európai liberális és populista demokráciákban [Populists do it better? The public policy lessons of the COVID-19 pandemic: epidemic management in European liberal and populist democracies]. In Körösényi, A., Szabó, A., Böcskei, B. (Eds.), *Vírusba oltott politika: Világjárvány és politikatudomány*. 89–108. Budapest, Napvilág Kiadó.

Bognár, M. (2022). Hogyan próbálnak a Somogy megyei felnőttképző intézmények életben maradni napjainkban [How are adult education institutions in Somogy County trying to survive today]? In Fodorné Tóth, K. (Eds.), *LLL 4.0 – Hogyan alakítja át a digitalizáció az LLL stratégiákat?* 21–33. Pécs: „MELLearN - Felsőoktatási Hálózat az Életen át tartó tanulásért" Egyesület Budapesti Metropolitan Egyetem.

Bördős, K., Petróczi, A. (2019). *A tartós munkanélküliek, valamint az 50 év feletti és a fiatal álláskeresők munkaerőpiaci integrációjának lehetőségei* [Improving the employability of the long-term unemployed, jobseekers above 50 and youth in Hungary]. Budapest, Hétfa Research Institute.

Csillag, M., Munkácsy B. (2021). Fiatalok a munkaerőpiacon és a munkaügyi rendszerben a járvány idején [Young people in the labour market and the labour system during the pandemic]. In Fazekas K., Kónya I., & Krekó J. (Eds.), *Munkaerőpiaci tükör 2020* (pp. 142–147). Budapest, Közgazdaság- és Regionális Tudományi Kutatóközpont.

Czirfusz, M. (2021). A COVID-19 válság és a térbeli munkamegosztás változásai Magyarországon [The COVID-19 crisis and changes in the spatial division of labour in Hungary]. *Területi Statisztika, 61*(3), 320–336.

Eurofound-ETF (2022). *Living, Working and COVID-19 in the European Union and 10 EU Neighbouring Countries.* Luxembourg: Publications Office of the European Union.

Eurofound (2022). *Fifth round of the Living, Working and COVID-19 e-survey: Living in a new era of uncertainty.* Luxembourg: Publications Office of the European Union.

European Education and Culture Executive Agency, Eurydice, Horváth, A., Krémó, A., Sigalas, E. (2020). *Equity in School Education in Europe: Structures, Policies and Student Performance.* Publications Office of the European Union.

Equinox Consulting. (2018). *Az Ifjúsági Foglalkoztatási Kezdeményezés Eredményeinek Értékelése* [Evaluation of the Results of the Youth Employment Initiative]. Budapest.

Karácsony, S., & Millán, N. (2017). *Portraits of Labour Market Exclusion 2.0 – Country Policy Paper (CPP) for Hungary.* The World Bank Group, Social Protection and Labor Global Practice, Europe & Central Asia Region.

Kovács, S. Zs., Páger, B., Szabó, T., Uzzoli, A. (2021). A hazai COVID-19 járványhullámok területi különbségei [Spatial variation of COVID-19 outbreaks in Hungary]. *Területi Statisztika, 61*(3), 291–319.

Molnár, G. (2020). *Youth in Public Employment, with Particular Emphasis on Early Secondary School Leavers.* In Fazekas, K., Csillag, M., Hermann, Z., Scharle, Á. (Eds.), The Hungarian Labour Market. Institute of Economics, Centre for Economic and Regional Studies. Budapest, 115-120.

OECD. (2020). *OECD Regions and Cities at a Glance 2020 – Country Note: Hungary* (OECD Regional Development Working Papers, Vol. 2019/06). Paris: OECD Publishing.

Sánta, T. (2016). Fiatal közmunkások egyik lehetséges jövőképe(?) avagy: A magyar JWT [A possible future for young public workers(?) or: the Hungarian JWT]. *Metszetek, 5*(3), 121–130.

World Bank. (2019). *People, Portraits, Perspectives: Improving Employability for Inclusive Growth in Hungary* (137827). Washington, D.C.: World Bank Group.

Hajdú, D. (2021). A koronavírus hatása a munkanélküliségre és az álláskeresőknek szóló képzésekre Borsod-Abaúj-Zemplén megyében [The impact of the COVID-19 on unemployment and training for jobseekers in Borsod-Abaúj-Zemplén county]. *Észak-Magyarországi Stratégiai Füzetek, 18*(1). 27–37.

Pirohov-Tóth, B., Kiss, Zs. (2021). A munkaerő-piaci szereplők által tapasztalt foglalkoztatási kihívások a koronavírus-járvány idején [The employment challenges faced by labour market actors during the COVID-19 pandemic]. *Opus et educatio, 7*(4). 402–409.

ILO Monitor, (2020). *COVID-19 and the world of work. Second Edition*. *Updated estimates and analysis.* Geneva: International Labour Organization.

Databases:

Eurofound (2020), Living, working and COVID-19 dataset, Dublin. Retrieved from: http://eurofound.link/covid19data

Eurostat. (2022a). Annual population by age and degree of urbanisation and labour status (1 000) [lfsa_pgauws].

Eurostat. (2022b). At-risk-of-poverty rate by poverty threshold, age and sex - EU-SILC and ECHP surveys [ilc_li02]. Date of download: 2023. 08. 09.

Eurostat. (2022c). Early leavers from education and training by sex and labour status [edat_lfse_14].

Eurostat. (2022d). Employment rates by sex, age and citizenship (%) [lfsa_ergan].

Eurostat. (2022e). Employment rates by sex, age and degree of urbanisation (%) [lfst_r_ergau].

Eurostat. (2022f). Inactive population not seeking employment by sex, age and main reason [lfsa_igar].

Eurostat. (2022g). Part-time employment as a percentage of the total employment, by sex and age (%) [lfsa_eppga].

Eurostat. (2022h). People having a long-standing illness or health problem, by sex, age and labour status [hlth_silc_04].

Eurostat. (2022i). Self-perceived health by sex, age and labour status [hlth_silc_01].

Eurostat. (2022j). Self-perceived long-standing limitations in usual activities due to health problems by sex, age and labour status [hlth_silc_06].

Eurostat. (2022k). Share of young adults aged 18-34 living with their parents by self-defined current economic status - EU-SILC survey [ilc_lvps09].

Eurostat. (2022l). Unemployment rates by sex, age, educational attainment level and NUTS 2 regions (%) EU-LFS [lfst_r_lfu3rt].

Eurostat. (2022m). Young people neither in employment nor in education and training by sex, age and degree of urbanisation (NEET rates) [edat_lfse_29].

Eurostat. (2022n). Young people neither in employment nor in education and training by sex, age and educational attainment level (NEET rates) [edat_lfse_21].

Eurostat. (2022o). Young people neither in employment nor in education and training by sex, age and labour status (NEET rates) [edat_lfse_20].

Eurostat. (2022p). Main reason for part-time employment - Distributions by sex and age (%) [lfsa_epgar].

Eurostat. (2022q). Temporary employees as a percentage of the total number of employees, by sex, age and citizenship (%) [lfsa_etpgan].

KSH (2023). Távmunka és "home office". https://www.ksh.hu/docs/hun/xftp/idoszaki/munkerohelyz/tavmunka/index.html

KSH (2020a). 5.1.1.13. Emotions by sex, age groups, educational attainment, income quintile, economic activity, household type and dwelling tenure status [%]. (SILC) https://www.ksh.hu/stadat_files/ele/en/ele0013.html

KSH (2020b). 5.8.2.1. People at risk of poverty or social exclusion by region and degree of urbanisation (EU2020 strategy) [%].

KSH (2020c). 9.16.1. Number of (self-assessed) disabled and their employment status among the population – 19-64-year-olds, 2020Q2. https://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_megvamk9_16_01j.html

KSH (2022a). 20.1.1.33. Activity rates by sex and age [%]*.

KSH (2022b). 20.1.1.34. Proportion of long-term unemployed among unemployed aged 15–64 [%]*.