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SOCIAL EUROPE**

SOCIAL RIGHTS MONITOR 2020



COUNTRY MONITOR: HUNGARY

SOLIDAR's National Strategy Group (NSG) in Hungary has reported deteriorations in both working and living conditions, which are resulting in a rise in poverty and inequalities. Recent amendments to the labour code are weakening collective bargaining and social-dialogue structures. Amidst labour authorities' decreasing administrative capacity, a reduction in employers' contributions to social security from 27% to 17.5% and the outbreak of Covid-19, the NSG indicated that workers have become more vulnerable to labour malpractices and that their access to welfare has been reduced. Access to the labour market

is uneven; social-protection expenditure has been reduced; and essential services face significant labour shortages. As a result, the NSG is concerned that access to welfare will become two-tiered, further limiting the quality of support provided to the most vulnerable. As a result, reductions in poverty and social exclusion have stalled, leaving 25% of households in Hungary below decent living standards. Furthermore, the obstruction of civic space is calling into question the freedoms of association, peaceful assembly and speech, and is favouring organisations with pro-government stances.

	2018	2019	EU-28 2019
Gini index ¹	28.7	25.1	30.1
Unemployment ²	3.7%	5.4%	6.3%
Gender Equality Index ³	51.9 (2019)	52.9 (2020)	67.9 (2020)
In-work poverty ⁴	8.5%	8.5%	9.2%
Housing Overcrowding ⁵	20.1%	20.3%	15.6%
CIVICUS Civic Space Monitor ⁶		OBSTRUCTED	N/A

Selected indicators on the state of social rights

1 Eurostat (2020). Gini coefficient of equivalised disposable income http://appsso.eurostat.ec.europa.eu/nui/show.do?lang=en&dataset=ilc_di12

2 Eurostat (2020). Unemployment by sex and age: annual data: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_rt_a&lang=en

3 European Institute for Gender Equality (2020). Gender Equality Index <https://eige.europa.eu/gender-equality-index/2020/EE>

4 Eurostat (2020). In-work at-risk-of-poverty-rate <https://ec.europa.eu/eurostat/databrowser/view/tespm070/default/table?lang=en>

5 Eurostat (2020). Overcrowding rate by age, sex and poverty status – total population https://ec.europa.eu/eurostat/databrowser/view/ilc_lvho05a/default/table?lang=en

6 CIVICUS (2020). Civic space monitor – Hungary <https://monitor.civicus.org/country/hungary/>

EQUAL OPPORTUNITIES AND FAIR WORKING CONDITIONS

Before the Covid-19 outbreak, Hungary's economy was predicted to continue its annual 4% GDP growth.⁷ Yet, ever since the introduction of the flat labour income tax of 15% in 2016,⁸ the country has seen the European Union's sharpest decrease in tax-to-GDP ratio, which is currently 37.6%.⁹ The National Strategy Group (NSG), led by Progressive Hungary Foundation, has reported that this has had a negative impact on available expenditure, especially for social protection, which is currently 28.8% of the total budget.¹⁰ Within this context, employers' contributions to social security have been further reduced, from 27% to 17.5% in 2019,¹¹ shifting the burden of contribution onto employees. Given that the share of indirect taxes, especially on consumption, is already above the EU average, at 49.4% of total tax revenue,¹² taxation dynamics continue to put pressure on low-income earners. The tax cuts planned for 2020¹³ will further limit the possibility for social mobility, as shown by the NSG.

No particular measures tackling income inequality in Hungary were introduced in the year preceding the pandemic. Even though the income quintile share ratio has plateaued at 4.3,¹⁴ the rate has remained below the EU-27¹⁵ and OECD average¹⁶ since 2016. The Gini index currently stands at 30.6,¹⁷ which the NSG considers an improvement. Nevertheless, the NSG still raises concerns about the fact that the wealthiest 10% still own nearly 50% of the wealth in Hungary,¹⁸ while the poorest 50% collectively own 8.9%.¹⁹

At the start of 2020, the employment rate in Hungary stood above the EU average at 75.3%,²⁰ and unemployment remained at its lowest since 2010, at 3.4%.²¹ Nevertheless, participation in the labour market has not been equal, and social and regional inequalities persist. The Roma community, people with disabilities and women with care responsibilities have higher-than-average unemployment rates,²² and the controversial Public Works Scheme,

7 European Commission (2020) Taxation Trends in the European Union 2020 Edition https://ec.europa.eu/taxation_customs/sites/taxation/files/taxation_trends_report_2020.pdf

8 National Tax and Customs Administration (2017) Short Summary of the taxation of private persons in 2017 https://en.nav.gov.hu/taxation/taxinfo/summary_individuals.html

9 Eurostat (2020) Main national accounts tax aggregates https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=gov_10a_taxag&lang=en

10 Eurostat (2020) General government expenditure by function (COFOG) <https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

11 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

12 European Commission (2020) Taxation Trends in the European Union 2020 Edition https://ec.europa.eu/taxation_customs/sites/taxation/files/taxation_trends_report_2020.pdf

13 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

14 European Commission (2020) Social Scoreboard <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/explorer>

15 European Commission (2020) Social Scoreboard <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/explorer>

16 Penzugyi Szemle (2019) Income inequalities: Hungary among the better <https://www.penzugyiszemle.hu/tanulmanyok-eloadasok/jovedelmi-egyenlotlensegek-magyarorszag-a-jobbak-kozott>

17 World Bank (2020) GINI Index (World Bank Estimate) – Hungary <https://data.worldbank.org/indicator/SI.POV.GINI?locations=HU>

18 Penzugyi Szemle (2019) Income inequalities: Hungary among the better <https://www.penzugyiszemle.hu/tanulmanyok-eloadasok/jovedelmi-egyenlotlensegek-magyarorszag-a-jobbak-kozott>

19 Hungarian National Bank (2019) What do we live from? Presentation of the first results of the 2017 household assets survey <https://www.mnb.hu/letoltes/vagyonfelmeres-2017-web.pdf>

20 Eurostat (2020) Employment and activity by sex and age – annual data <https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

21 Eurostat (2020) Unemployment by sex and age – annual data <https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

22 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

the main employment programme, has failed to tackle this.²³ Only Western Transdanubia, Central Transdanubia and Central Hungary have unemployment rates under the national average, and Northern Great Plain and Southern Transdanubia have rates above 5%.²⁴ Furthermore, the current employment rates do not consider the shrinking workforce or the rising labour shortages in 2019, especially in the education, health and services sectors.²⁵

Progress towards gender equality remains slow, and persistent gaps are reported by the NSG. Hungary currently ranks second-to-last in the EU in the Gender Equality Index, with a low performance in ensuring equal access to political, economic and social power and in work-life balance.²⁶ After the loss of specific constitutional provisions in the 2011 constitution, the NSG is particularly concerned about the lack of targeted measures to bridge the growing gender pay gap, currently 11.2%,²⁷ and about the lack of political willingness of Prime Minister Orbán himself to address this inequality.²⁸ According to the NSG, political action is directed at encouraging women to have more children and strengthening family units. This has been pursued via tax benefits and housing support such as loans. Nevertheless, positive developments have been seen in labour-market inclusion through improvements in access to early childhood education, by increasing the number of available nursery places from 48,000 to 70,000.²⁹ The extension of

paternity leave to five days, with the option to extend it to two months,³⁰ along with reinforcement of grandparent care benefits,³¹ are seen by the NSG as measures contributing to the abovementioned goal.

As a result of a negative feelings in society and opposition from the Fidesz government, the NSG notes the cessation of all funding opportunities and programme initiatives intended to increase the inclusion of migrants and asylum seekers. The Hungarian government abolished integration contracts in 2016 and since 2018 has introduced constitutional amendments allowing it to refuse to offer international protection to people entering via a transit country considered safe.³² Despite regulatory provisions ensuring equal treatment, the NSG reports that asylum seekers and migrants continue to face significant challenges in accessing essential services such as health and employment.

EDUCATION

Educational attainment in Hungary is leading to higher employment rates, as reported by the NSG. The latest OECD report, Education at a Glance,³³ shows that people aged 25 to 64 with at least a secondary education have an employment rate of 84%. Even if there is no real difference in this regard between those without tertiary education and those with a bachelor's degree, a doctoral-level education elevates

23 ETUI (2020) Hungary: shrinking Public Work Scheme after reform <https://www.etui.org/covid-social-impact/hungary/hungary-shrinking-public-work-scheme-after-reform>

24 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

25 Ibid

26 European Institute for Gender Equality (2019) Gender Equality Index score for Hungary for 2019 <https://eige.europa.eu/gender-equality-index/2019/HU>

27 European Commission (2020) Social Scoreboard <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/explorer>

28 Sarolata, Szekely (2019) The pay gap is worsening: the average salary of women is HUN 45,000 less than that of men <https://piacesprofit.hu/gazdasag/hizik-a-berszakadek-45-ezerrel-kevesebb-a-nok-atlagfizetese-a-ferfiakenal/>

29 Eduline (2018) A call for tenders supporting the development of municipal crèches in Pest County has been published, said the State Secretary of the Ministry of Finance (PM) responsible for the use of EU funds. http://eduline.hu/kozoktatasi/bolcsodei_ferohelyek_szamanak_novelese_RGWJ50

30 HR Portal Hungary (2020) This is how maternity leave will change from 2020 onwards <https://www.hrportal.hu/hr/igy-valtozik-a-szulesi-szabadsag-2020-tol-20191128.html>

31 Családvédelmi Akcióterv (2020) Introduction of Grandparent GYED <https://csalad.hu/tamogatasok/7-nagyszuloi-gyed-bevezetese>

32 Human Rights Watch (2019) World Report: European Union Events 2018 <https://www.hrw.org/world-report/2019/country-chapters/european-union#fa79c3>

33 OECD (2019) Education at a Glance 2019 Country Note: Hungary <https://www.oecd-ilibrary.org/docserver/bf9d4a08-en.pdf?expires=1597996756&id=id&accname=guest&checksum=99CA5707810A90838F9EDDC5B7F7C354>

employment prospects: doctorate holders have an employment rate of 96% in Hungary, above the OECD average of 92%.³⁴

Nevertheless, the labour market's demand for high-skilled workers clashes with the low level of enrolment in tertiary education. The share of tertiary education attainment amongst people aged 30 to 34 is 33.4%, lower than the OECD and EU averages.³⁵ Gender disparities can be seen too: 83% of women graduates aged 34 to 44 were employed, 15 percentage points below the rate for their male counterparts.³⁶ This is despite 37% of women aged between 25 and 34 completing university studies, in comparison to only 25% of men.³⁷

The NSG also reports low performance in vocational training, with only 20% of first-time graduates opting for this secondary-level education option, below the EU and OECD averages.³⁸ This might be due to the lower employment rate of young vocational-training graduates – 23 percentage points below that of people who have graduated from general secondary education. The new government's Vocational Education and Training 4.0 strategy is expected to tackle this issue.

Improvement in early-years education participation has seen a significant rise in recent years thanks to the development of infrastructure. The enrolment rate for three-year-olds has reached 99%, but participation of those between the ages of three and five has dropped to 86%.³⁹ Shortages in funding per child in early-years education are another concern raised by the NSG with regards to the quality of this service.

GOOD PRACTICE

In the Brussels-Capital Region, the The EU-funded Biztos Kezdet Gyerekház (Safe Start Childhouse) programme provides support for vulnerable children in struggling regions to assure individual children's development and make it easier for parents to work. The programme adapts its holistic service to local needs in order to provide adequate child welfare. It allows schools to develop bottom-up initiatives to contribute to the programme.

Severe shortcomings that might affect the impact education has on social mobility are also reported. The latest PISA report demonstrated that underachievement in basic skills in Hungary is amongst the highest in the EU. Participation in secondary education is 85%, and the early leaving rate, currently 11.8%,⁴⁰ does not seem to be improving. It disproportionately affects Roma communities and disadvantaged learners. In light of this situation, the NSG is concerned by the shortage of teachers and their low salaries, which have not been corrected since 2013 and further dropped in 2019 relative to average pay in the country.⁴¹ Compounding this shortage has been a lack of digital infrastructure to provide e-learning during the confinement. The NSG reported that as many as 750,000 students in the past three months could not take part in online education via digital equipment at home.⁴²

34 OECD (2019) Education at a Glance 2019 Country Note: Hungary <https://www.oecd-ilibrary.org/docserver/bf9d4a08-en.pdf?expires=1597996756&id=id&accname=guest&checksum=99CA5707810A90838F9EDDC5B7F7C354>

35 European Commission (2020) Social Scoreboard <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/explorer>

36 OECD (2019) Education at a Glance 2019 Country Note: Hungary <https://www.oecd-ilibrary.org/docserver/bf9d4a08-en.pdf?expires=1597996756&id=id&accname=guest&checksum=99CA5707810A90838F9EDDC5B7F7C354>

37 Ibid.

38 Ibid.

39 Ibid.

40 OECD (2019) Education at a Glance 2019 Country Note: Hungary <https://www.oecd-ilibrary.org/docserver/bf9d4a08-en.pdf?expires=1597996756&id=id&accname=guest&checksum=99CA5707810A90838F9EDDC5B7F7C354>

41 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

42 Quibit.hu (2020) Masses of school-age children were left out of education during quarantine <https://quibit.hu/2020/06/16/iskolas-koru-gyerekek-tomegei-maradtak-ki-az-oktatásbol-a-karantén-idején>

WORKING CONDITIONS

Despite a rise in the minimum wage to HUF 149,000,⁴³ roughly EUR 487,⁴⁴ working conditions in Hungary have taken a turn for the worse following the changes to the Labour Code and the impact of the so-called “slave law”, according to the NSG. The new act allows employers to delay payment for overtime work for up to three years. They can do this unilaterally, without the need to consult or receive the approval of trade unions,⁴⁵ which have already been hit hard by the loss of the right to collective bargaining.⁴⁶ Unions have carried out a wave of protests and are continuing to call for revision of the new labour code. Amongst other topics, they want to extend social dialogue forums to cover a wider set of topics of interest to employees. They are demanding adequate wages. And they want a reintroduction of support for disadvantaged and disabled workers.⁴⁷

The NSG specifically highlights working conditions in the education and health sector and points to the frustration expressed in a wave of mobilisations throughout 2019. Vocational training teachers are, as of the end of 2019, excluded from the public employee system. This development creates uncertainties over rights and benefits,⁴⁸ which the NSG doubts will be addressed through the wage compensation measures the government has promised. Similar concerns were raised for the healthcare and social-service sectors, yet their strike action was limited by obligations to cover minimum services.⁴⁹

Amongst the most pressing issues, the NSG included the vulnerability of employers even before the outbreak of Covid-19. Precariousness in Hungary is greatly influenced by the reduction of employers’ contributions to social security, the decreasing capacity for inspection by the Hungarian administration, and the reliance on short-term contracts.⁵⁰ In the context of a reported one in two workers affected by labour rights violations, undeclared work affects almost 15% of the adult population. It is concentrated among young people and social minorities, as well as in certain sectors: the construction sector accounts for 8% of total cases, trade for 10% and hospitality for 13%.⁵¹

IMPACT OF COVID-19

With the outbreak of Covid-19 and the activation of the preventive measures in March 2020, Hungary is expected to experience a 7% reduction in GDP in 2020. Reacting to this significant socio-economic impact, the government mobilised HUF 208.6 billion through cancellations of tax and social security contributions from certain sectors and businesses.⁵² To protect the loss of wages, the government introduced a scheme through which it would fund up to 70% of a worker’s lost wages over three months. Yet the NSG reports that this measure contrasts with the loss of protection of labour standards, as it reports that the Labour Code has been partially derogated and a planned cut to employer social security contributions has been brought forward.

43 Ministry of Finance (2018) Minimum wage to increase to HUF 149,000 next year <https://www.kormany.hu/en/ministry-for-national-economy/news/minimum-wage-to-increase-to-huf-149-000-next-year>

44 European Commission (2020) Disparities in minimum wages across the EU <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20200203-2>

45 Attila, Marias (2019) Changes to the Labor Code from 1 January 2019 <http://munkaugyiportal.hu/1336-2/>

46 Eurofound (2020) Living and working in Hungary <https://www.eurofound.europa.eu/country/hungary#collective-bargaining>

47 Zlotan, Kovacs (2019) Demonstrations and roadblocks all over Hungary https://index.hu/english/2019/01/19/hungary_braces_for_road_blocks_strikes_and_even_more_protests/

48 Eurofound (2020) Living and working in Hungary <https://www.eurofound.europa.eu/country/hungary#collective-bargaining>

49 Ibid.

50 Dora, Varga (2019) Despite labor shortages, more and more people are working undeclared https://nepszava.hu/3054046_hiba-a-munkaerohiany-egyre-tobb-ember-dolgozik-feketen

51 Ibid.

52 European Commission (2020) Economic forecast for Hungary https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/hungary/economic-forecast-hungary_en

As a result of the economic crisis, unemployment has risen from 3.6 % at the start of 2020 to 4.8%.⁵³ The NSG indicates that 68,000 unemployed people have been surviving on

minimum social benefits and around 152,300 have not been receiving any kind of financial support.^{54 55}

SOCIAL PROTECTION AND INCLUSION

The National Strategy Group (NSG) considers the ongoing poverty in Hungary as a pressing issue for 2020, as it is expected to worsen with the loss of income due to the socio-economic crisis caused by the Covid-19 pandemic. Even though living conditions have been slowly improving since 2013, the decrease in the rate of people at risk of poverty or social exclusion (AROPE) has slowed since 2018 to the current 18.9%⁵⁶. Based on Policy Agenda's estimations that a monthly, or EUR 284, is required for an individual to have a modest standard of living, 25% of households in Hungary are situated below this threshold.⁵⁷ The NSG further indicates that the rate of severe material deprivation at 8.7%,⁵⁸ above the EU average, is still worrying and disproportionally affects households with more children, single parents and the Roma community. Furthermore, poverty continues to be territorially concentrated in South Transdanubia, North Great Plain and North Hungary, with AROPE rates at around

25%.⁵⁹ This situation was expected to be tackled by a 2019 programme focusing on the 300 least-developed municipalities.⁶⁰ Improvements in living conditions have been compromised by the continuous reduction of social expenditure since 2013, to 46.7% of Hungary's GDP.⁶¹ In addition, the impact of social transfers before the pandemic outbreak had drastically decreased since 2018.⁶² These transfers, a majority of which are linked to family benefits, currently reduce poverty by 38.5%, compared with 48.8% in 2018.⁶³ In this context, a lack of targeted measures for in-work poverty⁶⁴ leaves the 8.4%⁶⁵ affected by in-work poverty more vulnerable. Furthermore, calculating the minimum adequate level of social protection remains challenging in the eyes of the NSG due to a lack of statistical provisions from the National Statistical Office. As reported by the NSG, independent organisations must then rely on estimates for their calculations, complicating the issuing of policy recommendations.

53 Eurostat (2020) Unemployment by sex and age – monthly data https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_rt_m&lang=en

54 Budapest Business Journal (2020) Hungary 3-month average jobless rate edges up to 3.8% in April https://bbj.hu/economy/hungary-3-month-avg-jobless-rate-edges-up-to-38-in-april_183543

55 Budapest Business Journal (2020) 69,000 more Hungarians register as jobseekers in April https://bbj.hu/economy/69000-more-hungarians-register-as-jobseekers-in-april_183151

56 European Commission (2020) Social Scoreboard <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/explorer>

57 Policy Agenda (2018) The Subsistence Minimum and Social Minimum in 2017 https://www.fes-budapest.org/fileadmin/user_upload/dokumente/pdf-dateien/EnglishSummary20180531.pdf

58 European Commission (2020) Social Scoreboard <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/explorer>

59 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

60 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

61 Eurostat (2020) General Government expenditure by function (COFOG) <https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

62 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

63 European Commission (2020) Social Scoreboard <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/explorer>

64 Albert, Fruzsina (2019) In-work poverty in Hungary <https://ec.europa.eu/social/BlobServlet?docId=21109&langId=en>

65 Eurostat (2020) In work at-risk-of-poverty rate by age and sex – EU-SILC survey <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

The NSG expects the impact on living conditions of Hungary's National Energy and Climate Plan (NECP) to be limited, as energy poverty is not part of its agenda. Low-income households continue to dedicate a minimum of 16% of their disposable income to energy costs,⁶⁶ and 6.1% of the population are unable to keep their homes adequately warm.⁶⁷ The NECP superficially references the need to assist these vulnerable households,⁶⁸ yet provides no indications on how this will be done. Furthermore, the NSG denounces the lack of support for the modernisation of the energy infrastructure of residential buildings, as funding for renewable energy infrastructure such as solar energy panels is only provided to corporations.⁶⁹ As a result, the NSG reports that low-income households will continue to burn waste and wood grave consequences for both their health and the environment. Yet, some quality-of-life improvements are expected from this transition plan, especially thanks to investment in sustainable transport options, targets for air pollution reduction and the improvement of waste-management systems.⁷⁰

HEALTHCARE

Despite Hungary ranking as an upper-middle performer in terms of self-reported unmet medical needs,⁷¹ the NSG reports significant barriers for low-income households, asylum seekers and Roma to access affordable,

quality healthcare. With health expenditure amounting to 4.7% of GDP,⁷² the state healthcare system is increasingly dependent on out-of-pocket expenditure, which currently makes up 26.9% of the total.⁷³ As the public system is the only healthcare option for the above-mentioned vulnerable groups, the NSG considers that co-payment effectively excludes them from coverage and increases the risk of a two-tier system where health performance is determined by individual financial capacity, gender and educational level. This situation is further worsened by the growing number of nurses and doctors who emigrate to seek employment with better working conditions.⁷⁴ The resulting labour shortage in healthcare leaves the provision of primary care in a critical condition. There are strong regional disparities, given the fact that poor counties such as Tolna, Békés and Nógrád report higher rates for a given population of unfilled positions for general practitioners than the rest of the country.⁷⁵

The Covid-19 pandemic has placed an additional pressure on the healthcare system. The NSG reported that primary care unrelated to Covid-19 was effectively halted and critically-ill patients who were not at risk of Covid were sent home to free up a minimum of 68,000 hospital beds for Covid-patients. Human Rights Watch denounced the government's decision, as it impeded the constant care that some of the patients needed and it did not take into account the concerns of healthcare professionals.⁷⁶

66 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

67 EU Energy Poverty Observatory (2020) Indicators and Data: Inability to keep home adequately warm <https://www.energy-poverty.eu/indicator?primaryId=1460&type=line&from=2004&to=2019&countries=HU&disaggregation=none&comparisonId=1461>

68 Ministry for Innovation and Technology (2020) National Energy and Climate Plan https://ec.europa.eu/energy/sites/ener/files/documents/hu_final_necp_main_en.pdf

69 Ministry for Innovation and Technology (2020) Climate and Nature Protection Action Plan consists of eight points <https://www.kormany.hu/en/ministry-for-innovation-and-technology/news/climate-and-nature-protection-action-plan-consists-of-eight-points>

70 Ibid.

71 European Commission (2020) Social Scoreboard <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/explorer>

72 Eurostat (2020) General Government expenditure by function (COFOG) <https://appsso.eurostat.ec.europa.eu/nui/submitView-TableAction.do>

73 European Commission (2020) Social Scoreboard <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/explorer>

74 GKI (2019) The situation of health care in Hungary in international comparison <https://www.gki.hu/wp-content/uploads/2019/05/GKI-Az-eg%C3%A9szs%C3%A9g%C3%BCgy-helyzete-20190409.pdf>

75 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

76 Montalto Monella, Lillo (2020) Coronavirus: Nine die in Hungary after being ejected from hospital to free space for COVID-19 <https://www.euronews.com/2020/05/07/coronavirus-nine-die-in-hungary-after-being-ejected-from-hospital-to-free-space-for-covid>

ACCESS TO AFFORDABLE AND ADEQUATE HOUSING

Hungary's recent economic growth has not led to an improvement in access to affordable quality housing, as signalled by the NSG. Prompted by a rise in wages, government subsidies, foreign investment and speculation, housing prices are increasing by 7.7% per year, especially in Budapest, where the house-price-to-income ratio is much higher than elsewhere.⁷⁷ Without an accessible public housing system, affordable quality housing is out of the question for the many people overburdened by such increases in prices. One in three households in Hungary spend more than 40% of their monthly income on housing costs and between 2 million and 3 million people are experiencing housing poverty to varying degrees.⁷⁸ Vulnerability to this rise in housing costs is higher in the private rental sector, where a lack of adequate regulation further exposes such households to housing precariousness. Furthermore, 7.5% of Hungarians are living in inadequate housing,⁷⁹ and 79% of

existing real estate does not fully follow technical and energy standards.⁸⁰ The severity of the problem of inadequate housing is higher in rural areas far from essential services and employment opportunities.⁸¹ Given this situation, the NSG denounces a lack of adequate housing support, as the existing scheme not only favours the middle class, but also encourages only ownership of newly built units.⁸² This leaves little support for housing renovation and excludes any support for renting.⁸³

In addition, 2019 estimations show that around 2,300 people are living rough in public spaces, and 6,268 are living in homeless hostels, with the most common reason the lack of affordable social housing.⁸⁴ Despite the recent criminalisation of homelessness, Hungary lacks specific measures to tackle this issue, as can be seen from the drafting of the wider inclusion strategy.⁸⁵ The NSG points out the absence of sufficient means and the overreliance on policing to combat homelessness, as well as the inadequacy of existing welfare benefits to provide access to affordable housing.

77 Montalto Monella, Lillo (2020) Coronavirus: Nine die in Hungary after being ejected from hospital to free space for COVID-19 <https://www.euronews.com/2020/05/07/coronavirus-nine-die-in-hungary-after-being-ejected-from-hospital-to-free-space-for-covid>

78 Housing for Humanity (2019) Annual Report on Housing Poverty 2019 https://habitat.hu/sites/lakhatasi-jelentes/wp-content/uploads/sites/5/2019/11/hfh_lakhatasi_jelentes_2019.pdf

79 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

80 Housing for Humanity (2019) Annual Report on Housing Poverty 2019 https://habitat.hu/sites/lakhatasi-jelentes/wp-content/uploads/sites/5/2019/11/hfh_lakhatasi_jelentes_2019.pdf

81 Ibid.

82 Ibid.

83 European Commission (2020) Country Report Hungary 2020 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0516&from=EN>

84 Baptista, Isabel and Marlier, Eric (2019) Fighting homelessness and housing exclusion in Europe: A study of national policies <https://op.europa.eu/en/publication-detail/-/publication/2dd1bd61-d834-11e9-9c4e-01aa75ed71a1/language-en>

85 Ibid.

CIVIC SPACE

Civic space in Hungary, considered as obstructed by CIVICUS,⁸⁶ continues to shrink. The country was categorised by Freedom House as partly free for the second year in a row.⁸⁷ The National Strategy Group signals that official and informal developments concerning civic space are calling into question the freedoms of association, peaceful assembly and speech.

The government is continuing its hostile rhetoric towards civil-rights and refugee-support organisations, which the NSG believes is creating an environment of fear towards any civic space activity outside the traditionally accepted areas.⁸⁸ Veronika Móra, director of Ökotár and a prominent figure in the Hungarian civic organisation sector, denounced the psychological threats to the freedom of association and how they are limiting the organic development of civic space.⁸⁹ Furthermore, the 2017 law requiring NGOs to publish information on foreign donors was recently found to breach EU law, as the European Court of Justice ruled that it established differential treatment for national and foreign NGOs.⁹⁰

The recent restriction on freedom of peaceful assembly follows state-of-emergency measures banning physical demonstrations to contain the spread of Covid-19. During confinement, protestors could only make use of online spaces.⁹¹ Nevertheless, additional legislation prior to the pandemic had already provided the police force with new powers to disperse

protests, limiting freedom of assembly.⁹²

The NSG reports a significant deterioration in freedom of speech as a result of the government's continuing side-lining of critical voices and its favourable treatment of pro-government media. In a recent fact-finding mission, the Council of Europe found that media were being concentrated around the Central-European Press and Media Foundation (KEMSA) and that media were increasingly cooperating with the government. This was seen as a long-term threat to freedom of speech, discouraging open criticism of the government. With parliamentary approval of rule by decree during the state of emergency, the Fidesz government criminalised the spread of fake news about the pandemic, an act that is now punishable by up to five years in prison. Yet critics believe this is an additional attempt to censor independent media analysis of the government's management of the crisis.⁹³ The most recent case of erosion of media freedom was the dismissal of the Szabolcs Dull, who has been critical of the government, after a change in the management of the media outlet.⁹⁴

As for social dialogue in Hungary, the NSG considers that the participation of civil society organisations (CSOs) remains limited since the 2010 reorganisation of the social dialogue structures. Péterné Boros, President of the Trade Union of Hungarian Civil Servants, Civil Servants and Public Service Workers, points out that CSOs are forced to either participate in

86 CIVICUS (2020) CIVICUS Monitor: Hungary <https://monitor.civicus.org/country/hungary/>

87 Freedom House (2020) Freedom in the world 2020: Hungary <https://freedomhouse.org/country/hungary/freedom-world/2020>

88 Zsuzsa, N. Vadasz (2019) Freedom of Association: Intimidation hovers over the civil sector <https://hirkliikk.hu/kozelet/az-egyese-sules-szabadsaga-a-megfelemlites-ott-lebeg-a-civil-szektor-felett/354806>

89 New Europeans (2019) Interview with Veronika Móra, Director of Ökotárs, Civilisation network, Hungary <https://neweuropeans.net/article/2888/interview-veronika-m-ra-director-kot-rs-civilization-network-hungary>

90 CIVICUS (2020) CIVICUS Monitor Watch List <https://monitor.civicus.org/watch-list/>

91 Vass, Abraham (2020) Hefty Policy Fines Force Demonstrators to Cease Car-Honking Protests <https://hungarytoday.hu/hefty-police-fines-force-demonstration-cease-car-honking-protests/>

92 Freedom House (2020) Freedom in the world 2020: Hungary <https://freedomhouse.org/country/hungary/freedom-world/2020>

93 CIVICUS (2020) CIVICUS Monitor Watch List <https://monitor.civicus.org/watch-list/>

94 CIVICUS (2020) Hungary: CIVICUS calls on the Orbán government to stop interference within independent media <https://www.civicus.org/index.php/media-resources/media-releases/4531-hungary-civicus-calls-on-the-orban-government-to-stop-interference-within-independent-media>

the weakened system or abandon all negotiation structures.⁹⁵ The NSG considers the 2018 minimum wage negotiations as an example of such a deterioration, as consultations were halted after a first round, and the contribution of

CSOs was limited to the final decision taken in 2019.⁹⁶ To address this concern, the NSG calls for an end to the domination of pro-government organisations in these structures and for the restoration of trust in each of the social partners.

COMPARISON WITH THE COUNTRY SPECIFIC RECOMMENDATIONS

The 2020 European Semester Country-specific Recommendations for Hungary focus on addressing the social and economic impact of the Covid-19 pandemic. In doing this, the European Commission showed the need to address systemic shortcomings in healthcare, education and access to social services. The picture painted by the Commission closely resembles that drawn up by the National Strategy Group, and it responds to the NSG's concerns regarding two-tier social protection systems and the increase in regional disparities.

Amongst other points made under the recommendations, directing additional investment towards preventive and primary care, digital

infrastructure, and the adequacy of social aid will help build up the resilience of Hungary's social protection system, which the NSG has indicated is necessary. To address concerns over civil society, the Commission points out the need to reinstate effective social dialogue and limit extraordinary measures to those that are strictly necessary. Even so, these should not address constraints on freedom of association, peaceful assembly and speech. Despite the understandable focus on the Covid-19 impact, the recommendations fall short in not sufficiently addressing persisting income inequalities, deteriorating working and living conditions and the need to further develop just transition and energy-poverty alleviation plans.

95 Dora, Varga (2020) Trade unions want a European minimum wage https://nepszava.hu/3068053_europai-minimalbert-szeretnek-a-szakszervezetek

96 Ibid.

SOLIDAR's Social Rights Monitor 2020 has been developed in the framework of the Together for Social Europe programme co-funded by the EU Programme for Employment and Social Innovation (EaSI). It provides an insight into the state of social rights in 17 European countries. The Monitor assesses the state of social Europe in terms of equality of opportunities, fair working conditions, social protection, inclusion and civic space based on the observations of Civil Society Organisations working on the ground in combination with statistical data and scientific findings. It does so on the basis of observations of National Strategy Groups set up in each of these countries by a SOLIDAR member or partner. The 2020 Monitor also analyses to what extent these aspects are reflected in the Country Specific Recommendations of the European Semester process towards a socially sustainable recovery after the Covid-19 crisis.

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This publication has been produced with the financial support of the European Union. The information contained in this publication does not necessarily reflect the position or opinion of the European Commission.

