

# “Roma access to adequate minimum income and social protection in Hungary”

## Introduction

► *dr. Katalin Nagy*, Hungarian sociologist, EU policy expert (Socfactor Consulting, Budapest, +36302217468, [nagykata921@gmail.com](mailto:nagykata921@gmail.com)). After a decade of labor research and two decades of state administration work partly in Brussels, on the social dimension of the EU, I put to use my experience of EU matters, labor issues and social policy in the world of think tanks and NGOs, such as e.g. the ex-ERGO member of Hungarian Butterfly Development ([www.bffd.hu](http://www.bffd.hu)), and the Brussels based ERGO Network (<https://ergonetWORK.org/>).

► *Brief overview of the situation of Roma in Hungary*: According to the last national census in 2011, 315,583 citizens identified themselves as Roma/Gypsy<sup>1</sup>. However they are estimated to be around 7- 800,000, is about 7-8% of the population. They are significantly younger, have higher birth rates and a life expectancy of 10 years lower than of the majority non-Roma. Roma are mostly concentrated in the North East and in the South West. About half of them are residents in small villages and the other half live in urban slums in Budapest and in the other industrialised cities.

The employment level of Roma people is significantly lower at 45%, while that of non-Roma is close to 70%. The unemployment rate for the Roma is 18.5%, more than four times the rate for the non-Roma 3.8%.<sup>2</sup> Roma are three time more ex-posed to poverty; in 2017 three quarters of Roma were living in poverty or social exclusion (75.6 %) versus one quarter of non-Roma. The high poverty and exclusion rate of the Roma is largely due to the cumulative disadvantages of certain social characteristics.<sup>3</sup> The causes of their social and economic marginalisation are low educational attainment, low and typically low-paid employment, poor housing conditions, and poor health-together forming a complex set of problems. All of these are reinforced through the higher than the European average – but similar to other Eastern European countries - discrimination<sup>4</sup> of the Roma people by non-Roma in society, and through the frequent institutional segregation.<sup>5</sup>

► *MIS is* in principle very relevant in a country such as Hungary, where, despite a modest reduction in poverty, roughly 20% of the population lives below the poverty line at the beginning of 2021<sup>6</sup>. And MIS is undoubtedly relevant for the Roma minority in Hungary, significantly more ex-posed to poverty than the majority non-Roma. However the Hungarian MIS is among the poorest performing ones in the EU in terms of adequacy, coverage, take up, impact on poverty reduction, link to quality services and it is spending the lowest amount per inhabitant in the EU.<sup>7</sup> It goes without saying that any small improvement in this situation can be extremely important and useful, especially to Roma people.

► *Method*: A combination of desk and empirical research is planned, dominantly based on the former. While there is some literature and data on the Hungarian minimum income, there is practically nothing about involvement of the Roma people. I intend to obtain relevant information on these aspects in consultation with researchers, practitioners and, where possible, the Roma concerned.

## Overview of the minimum income scheme in Hungary

► MIS does exist although this term is not common in either professional or public discourse in Hungary. And indeed, instead of purposefully created general MIS, only social provisions that may fulfill MIS objectives in the sense of relevant EU documents, such as the 2006 Communication of the Commission<sup>8</sup> can we discuss. All of these provisions are decided at the national level while delivery is the responsibility of the district-level government authorities.

MISSOC/Hungary database calls it *guaranteed minimum resources*<sup>9</sup> and reports the Hungarian provisions from 2010 onwards. ESPN thematic reports calls it *MIS*<sup>10</sup>, EMIN Hungarian reports name it *quasi-MIS* due to its inadequate and incomplete feature<sup>11</sup>. As for me, I call it *MIS* for the purpose of this case study while I also have to underline its highly quasi-nature. This overview is mainly based on the MISSOC, as its text and amounts is the most recent, updated in January, 2021.

► MI related benefits as above supporting people with low income includes the following:

- *benefit for persons in active age,*
- *benefit for people suffering from health problems or taking care of a child*
- *employment substituting benefit*
- *old age allowance.*

They are regulated by Act III of 1993 on Social Administration and Social Benefits, and Regulation 63/2006 on the detailed rules of claiming, establishing and the payment of social benefits in cash and in kind.

*Benefit for persons in active age*: It is declared to ensure a minimum standard of living for people of active age who are not employed and whose family has no property and has a monthly income that does not exceed 90% of the minimum old-age pension (HUF25.650) (€72). There are two types of cash benefits: a *benefit for people suffering from health problems or taking care of a child* and are therefore unable to work and *employment substituting benefit* (ESB) for people who are able to work. The amount of the former depends on the size, composition and income of the family and its possible maximum amount corresponds to 90% of the net minimum wage of the public work, i.e. HUF48.795 (€137) while its minimum is HUF25,995 (€73) per month in 2020. The ESB is fixed, equal to 80% of the minimum old-age pension i.e. HUF22.800 (€64) per month) since 2012. The benefit is means-tested, the entitlement is determined on family basis. The *benefit for persons in active age* is paid once a month and can be claimed by any family member but only one person in a family can be eligible to it. It has to be noted, that the amount of the minimum old-age pension has been the same since 2008 and the amount of ESB is unchanged from 2012.

*Old-age allowance*: declared to ensure a minimum standard of living for persons in old-age. Its amount depends on age and on size of household (i.e. single or couple) and it is to ensure that the current monthly income is supplemented to the maximum is HUF41.840 (€117) (in case of a single person above 75).

A sort of ‘Hungaricum’, a special provision should also be listed among the elements of MIS, as the Hungarian ESPN and EMIN report do as well<sup>12</sup>, and this is the public work scheme (PWS). Those jobless who receive *employment substituting benefit* may be employed as public workers since they cannot refuse it if they do not want to be excluded from the *ESB*. In that sense, the wage for public workers could also be regarded as a kind of social provision and part of the MI scheme. If they are employed full time in jobs that do not require secondary education and skills, the net wage of public workers – comparable to the untaxed *ESB* - in 2020 was monthly HUF54.217 (€ 152), roughly 50% of the official minimum wage<sup>13</sup> (and about 2,4 times more than the amount of the *ESB*). The total number of public workers in 2020 is above 90.000 persons monthly<sup>14</sup> (see Table 2) which is a sharply declining headcount compared to the higher than 200,000 in previous years.

► Poverty line, purchasing power: Since 2015 there is no official subsistence minimum calculation in Hungary. Most social provisions are tied to the arbitrarily set level of the statutory minimum for old-age pensions which is unchanged since 2008.

Fortunately the researchers still do this calculation. According to their most current results, in 2019 the average value of the subsistence minimum per consumption unit was HUF 101,398 (€300) per month. The value of the food basket calculated as the food norm of an active adult was HUF 28,167 (€81) per month. The subsistence level of an average household consisting of two persons of active age and two children was calculated to monthly HUF 294,055 (€840)<sup>15</sup>.

The associated poverty threshold values were comparable to the amount of the subsistence minimum discussed above. The monthly amount was HUF 105,370 (EUR 324) for a single-person household and HUF 221,275 (EUR 680) for a 2-person household with 2 children in 2019.

It is clear that the magnitude of the Hungarian MIS benefits is significantly lower than the minimum subsistence level and the poverty threshold as well. It has to be added that this was already the case in 2010 when Hungary first published the ‘guaranteed minimum resources’ in the MISSOC system. Since then the strongly inadequate level of MIS even further deteriorated with a nominal decrease of certain provisions, an abolition of others and there has been an automatic loss of purchasing power due to inflation. In the EU Hungary lies at the bottom in terms of expenditure: its rate of GDP was 0,01% while the same rate was 1,25 % in the Netherlands.<sup>16</sup>

► Main conditions, eligibility:

- There are no nationality requirements, whereas the benefits are conditional on legal residence.
- As to age coverage, *benefit for persons in active age* applies for people of 18 up to the retirement age while *old age allowance* applies for people above retirement age.
- Other conditions for claiming the benefit for person in active age:

- The claimant must have used up all his/her entitlement to unemployment benefits.
- The person cannot be eligible while receiving child care allowance, child raising support, or benefits for persons with reduced working capacity. The benefit for persons in active age can be combined with other types of benefits, e.g. family allowance, public health care card system and local benefit.

►-The beneficiary must not be engaged in any gainful activity, except PWS, simplified employment in seasonal work or occasional work and domestic employment which are not regarded as gainful activities.

- Specific conditions for those of working age in case of benefit for persons in active age:

- Persons capable of performing work are entitled to *employment substituting benefit*. They must register as job-seekers with the PES cooperate with it: to notify any change in relevant conditions, to accept a job offered, to enrol in a free training course, etc.

The Hungarian legislation operates with the notion of 'appropriate job offer:

"For this purposes the job offer shall be appropriate if:

- a) according to his/her state of health, the jobseeker is suitable for the job,
- b) the expected earnings reach the amount of the job-search allowance (i.e. unemployment benefit) or, if the amount of the job-search allowance is lower than the mandatory minimum wage,
- c) the daily commuting time between the place of employment and the place of residence, by public transport or by employer, shall not exceed two hours in the case of a jobseeker raising a child under three or ten and a man raising a child under ten alone,
- e) the jobseeker is employed in employment relationship."

- The entitlement to the *ESB* is terminated if the person is deleted from the registry of job-seekers due to his/her own fault, if (s)he refuses an appropriate job offered or in case (s)he works illegally (if noticed for the first time, one month suspension, if noticed for the 2<sup>nd</sup> time, termination of the provision), or in case (s)he cannot prove that in the previous year (s)he pursued a gainful activity, or took part in a training programme or in a labour market programme for at least 30 days.
- As to the duration of these provisions, they are not limited, but they are subject to frequent - at least once a year - revision and the *ESB* linked to collaboration with the PES can be abolished for a number of reasons. These include not keeping in touch with the office, refusing a job, not taking part in the public works scheme. It can happen particularly in cases of working informally in the grey economy. The *ESB* is means-tested so a reason can be 'wealth accumulation', e.g. buying a second hand car, or a family member finding a job paying minimum wage. Any not fulfilled minor formal or behavioural conditions can be a reason.

► Table 1: Access of MIS (=income substituting social benefits)

Assistance	2015	2016	2017	2018	2019
Monthly average number of the recipients (person)					
Benefit for people suffering from health problems or taking care of a child	14.018	18.126	19.615	19.943	19.707

Employment substituting benefit	158.141	115.568	99.783	86.109	79.344
Old age allowance	6.784	6.958	6.596	6.757	6.825
Monthly average amount per person (HUF/person)					
Benefit for people suffering from health problems or taking care of a child	28.517	26.164	26.893	28.016	28.217
Employment substituting benefit	22.787	22.874	22.868	23.039	23.049
Old age allowance	27.372	26.870	28.664	29.251	30.174

Source: CSO, [https://www.ksh.hu/stadat\\_files/szo/hu/szo0021.html](https://www.ksh.hu/stadat_files/szo/hu/szo0021.html)

Table 2: Access of public work (= as 'special' Hungarian social provision)

	2015	2016	2017	2018	2019	2020
Average monthly number on PWS (persons)	208.127	223.469	179.492	135.620	106.259	92.530
Nett public workers' wage (HUF/person)	51.847	51.847	54.217	54.217	54.217	54.217

Source: <https://kozfoglalkoztatás.kormany.hu>

The recent number of accessed people by MIS is roughly 100.000 (or 200.000 with the public workers) which seems extremely low compared to potential extent of need indicated by e.g. subsistence minimum which was estimated more than 2 million in 2019<sup>17</sup>. Alternatively if we take the poverty threshold calculated by the CSO in 2019 then 17,7%<sup>18</sup>, i.e. 1,7 million was at risk of poverty or social exclusion which is also hugely greater.

The decreasing number of beneficiaries in the tables above is mainly explained by the shrinking labor market - as a result of the booming economy, and that of the notable emigration -, the rising wages, or in another context due to reduction in poverty. With regard to the latter, it can happen that, as a result of the typical increase in the minimum wage in recent years, even a family of four can be excluded from the eligible category due to increased family income, and consequently another adult family member can no longer receive the *ESB*. From another aspect *ESB*, *PWS* beneficiaries of today are likely the ones who are stuck, who do not move despite the high labour market demand, because it is safe, the *PWS* wage is much more than the *ESB* and it is easier to get into the more familiar world of public work than to find a way back to the primary labour market.<sup>19</sup> The non-take-up however is extremely high – around 50%<sup>20</sup> - as the inadequacy of the provisions as well, both are non-issue to the authorities, they are not subject of public discourse or any in-depth research.

#### ► Cumulation with other social security benefits

In case of *old age allowance* cumulating is possible with other social security benefits.

The *benefit for persons in active age* can be also combined with other types of benefits, e.g. family allowance (HUF12.200 (€34) - HUF25.900 (€73) per child<sup>21</sup>), public health care card system (about HUF12.000 (€34) –HUF 18.000 (€50) for prescribed medicines) and local benefit (small amount). At the same time no cumulating is possible with unemployment benefits, as well as with childcare allowance (HUF 28.500 (€80) per child) and child rising support (HUF 28.500 (€80) per child) or benefits for persons with changed working capacity.

## **Obstacles Roma face in accessing minimum income schemes (and other forms of social protection) in Hungary<sup>22</sup>**

► Awareness of Roma the MIS in Hungary: We firmly believe with colleagues dealing with issues of MIS, or poverty or Roma that the Roma people are aware of the MIS related entitlements and in general this information is present in Roma communities.

The backbone of the Hungarian MIS, the *employment substitution benefit (ESB)* and the closely related *public work system (PWS)* has been in force since the beginning of 2012 in an essentially unchanged form. The social allowance of working age long-term unemployed person was renamed from wage supplement benefit to *employment substitution benefit*, its previous amount of HUF 28.500 (equal with minimum old age pension) was dropped by 20% to HUF 22.800 (80% of the minimum old age pension) with the stated purpose being 'motivation' to work and the eligibility criteria became more stringent. Its most radical change was the introduction of a minimum period of employment of 30 day per year for the entitlement which in most disadvantaged areas was practically only possible to accomplish by compulsory public works<sup>23</sup>. Half a year after the introduction of these changes related to the 'work-fare' characteristics favoured by the new government instead of the 'well-fare' nature as we used to name it till then, the Butterfly Development Association initiated an interdisciplinary qualitative research on the impact of the new system which affected then more than 320.000 working age unemployed people. The research tried to strengthen the validity of the sample by selecting half of them from Roma and other half from non-Roma *ESB* beneficiaries, from 3 main regions of the country, in total of 9 settlements. By that time, in 2012 all real and potential stakeholders were already aware of the system, even if it gave *ESB* another name, mostly social assistance or social aid. The necessary information was present in the Roma networks, in this respect then the Roma were perhaps in a better position with their stronger and wider networks than the non-Roma (would-be) clients.

► Complexity, bureaucracy of the procedure: It is difficult for those in different life situations to judge the complexity of a formal, official procedure. With some of our colleagues we tend to believe that this particular segment is not extremely complicated and the big number of those once registered is also tends to prove that. At the same time, we must also agree with the opinions that the Hungarian social protection system in general is rather complicated, confusing, fragmented, bureaucratic, far from customer friendly, but rather the opposite.<sup>24</sup> As to the *ESB* related procedure, here sometimes the location is a big problem, if the district center, where one has to register is far from the living place. In some parts of the country, public transport can be a huge problem, with few options per day. The cost of transportation can also be a limiting factor, although this is in principle reimbursed. To overcome these difficulties, we have also heard of a solution where the relevant PES office remained open until the arrival of the notified registrant. Another way to overcome the obstacle of the public transport is to travel jointly by car. In a favourable case the municipality, the family support service, and other local charities, or the Maltese, the Order of Malta which is the most common can also help to solve any problems that may arise.

► As for the technicalities that can hinder registration with PES, none of the questioned are insurmountable, but some require great perseverance.

- Online administration with PES is not mandatory, not a prerequisite, but an option available since 2013. It is possible to indicate the intention to apply for registration, notify changes in circumstances affecting the conditions of eligibility and also possible to fulfill the obligation to keep contact in this way. In addition to the so called tele-houses in the villages, the use of smart phones by young people as well as tablets spreading faster due to the pandemic may increase the relevance of this channel.

- The bank account is not mandatory. Cash benefit can be sent by post too, which is generally a more preferred solution among poor and Roma people to avoid transfer fees.

- ID card is indeed needed. An expired or lost ID must be replaced at the government offices of the district centers with personally. According to fieldwork experience, this is one of the first tasks for a project involving possible money transfer, to arrange the identity card and the official address. In the case of the latter, giving a street address without a house number may also be sufficient, with fair administration.

- Lack of writing and reading skills to read and sign a file is increasingly rare, but can occur. In this case, the clerk reads up the completed form and takes up to two Xs as signatures.

► Eligibility criteria<sup>25</sup>:

- Benefit for persons in active age (from the age of 18 until retirement age):
  - who are not employed and
  - not in education and
  - who do not have sufficient living resources.
- Those are entitled who:
  - are unemployed, but no longer entitled to job-seeker benefit,
  - or not entitled to any kind of income supplement at all, in this case a certain period of cooperation with the public employment service is needed;
  - and have no alternative source of living (i.e. if the family's monthly income per consumption unit does not exceed 90% of the minimum old-age pension.)

The employment substituting benefit originally is a passive labour market scheme for long term unemployed. By now it has 'lost' partly or totally its original nature and became rather a social allowance for unemployed people run out of their entitlement of unemployment benefit or people never or long time ago been employed. This is particularly relevant in Hungary, where notoriously unemployment benefits only last for 3 months, which is the shortest duration in the EU, and was recommended to be raised a number of times by the Country-Specific Recommendations. In this technical sense, Roma people can of course meet the conditions for these provisions. What is much more difficult is by no means a Roma attribute, but rather a feature of the extremely poor people living in a way 'from today until tomorrow', who can mostly manage only short-term goals in the captivity of their physiological and security needs of the bottom of the Maslow pyramid<sup>26</sup>.

What we could observe at our Butterfly Research is the loss of vision and aim by our interviewees, expressed in gloomily by one of them by stating: 'I am meant to live today...'<sup>27</sup> Overall, which may be difficult to meet in this case is the active job-seeking attitude and the strategic willingness to cooperate in the long period. It is indeed needed, since e.g. for a registered person who has never worked, PES will start paying the ESB after one year of cooperation. A culture of meritocracy is very much present in this field as well. People in need, living from today to tomorrow, are forced to optimize their revenue in the very short term. As

a result, e.g. labor market training is discontinued public work is terminated etc. because of an immediate, better paid job opportunity, most likely in the black economy and the like. Then the whole registration procedure should be started from its very beginning.

► Conditionality - in case of benefit for persons in active age. The entitlement is determined by district PES offices. The claimant has to complete a form and attach the documents on the family's income and also on family properties. Under certain conditions, other documents are also needed, e.g. a certificate of the public employment service on the exhaustion of job-seeker benefit. The authority has to take a decision on the claim within a period of 60 calendar days.<sup>28</sup> A claimant is left entirely without income during this period. In general, the proportion of people receiving no benefit or social assistance is quite significant in Hungary. As an up-to-date example on the basis of data from August 2021: from the registered 255 701 unemployed, 34.226 receive unemployment benefit, 71.886 receive ESB and 38.124 receive other type of social assistance while 111.465, the 44 % of the registered people receive nothing. One year ago, in August 2020 the situation was even worse: 52% of the registered was left without income.

The basic information given by the European Commission Hungary-Minimum resources titled webpage is not particularly inviting in terms of procedure but the Hungarian relevant Government webpage looks indeed complex and not exactly client-friendly either for a new would-be ESB client.<sup>29</sup> At the same time all necessary data, file, certificate is listed and majority of them will be provided by the municipality which knows best the clients. A complicating factor can be that, as a result of the constant withdrawal of funds affecting local governments, those working there may be severely overburdened and less helpful, as may local social workers. The latter may also be feared by those affected by any previous bad experience of their own or with an acquaintance. All in all it doesn't look simple procedure there is a lot of contingency in it, both in terms of positive and negative outcomes but in a lucky case all these can be overcome. What was important under previous point (of eligibility) also applies here, namely long-term cooperation ability and compliance skills can be put to good use by the clients.

► To the question of treatment of Roma people in public offices we have to refer to the fact that anti-Gypsyism in Hungary is notable. Along with this discrimination against Roma persons is lower than the European average and is similar to that of neighboring countries. According to the latest FRA surveys, the level of discrimination against Roma is decreasing in the EU countries and in Hungary as well<sup>30</sup>. Hungarian research, however do not really support this by stating that "the prevalence of anti-Roma prejudice has been remarkably stable in the past two decades"<sup>31</sup>. Overall, against this background, there is a good reason to assume that anti-Gypsyism is also perceived in the public offices.

According to the second FRA survey, job search and public and private services were the most common in Hungary in terms of discriminated situations in the covered 5 years of 2010s, but these values were well below average in both categories.<sup>32</sup> All in all, this is far from a description, but rather an indication of the likely treatment of Roma in the matter of job search or social welfare. As a matter of fact, based on my personal impressions, anti-Roma sentiment is perceived somewhat less visibly in the behavior of labor and social offices. Aware that discrimination in public services is difficult to document and demonstrate, overall I would

hesitate to classify it as institutional anty-Gypsyism. To nuance the picture, based on shared experience with colleagues, we can add that the behavior and attitude of PES offices apparently strongly depends on its management, i.e. if (s)he is Roma biased then the whole office is. Another common impression is that it seems that where they are less helpful towards the Roma, they behave similarly to other clients, such as poor-looking ones.

► Stigma and discrimination are clearly perceptible in Hungary from the wider society but not so much in the public media against benefit claimants Roma. As a recent international research article discuss it Roma people in Eastern Europe are often seen as taking advantage of the welfare system by receiving too many and undeserved benefits, creating the perception of a realistic group conflict between the majority and the Roma minority. The idea that limited resources are distributed unfairly, favouring the minority group, may be reinforced by that this large minority group is growing more rapidly than that of the majority population. Therefore, attitudes toward Roma people, in countries with a large Roma population, can be shaped by the belief that Roma people are a financial burden to society. This may be particularly pivotal if citizens consider their economic resources limited such can be mostly the case in East-Central Europe.<sup>33</sup> As to Hungary, in connection with the issue of over-benefiting the welfare system, as research results show it is rather present in the beliefs or stereotypes: a related statement, namely that ‘the problems of the Roma would be solved if they finally started working’ received a relatively stable, high score in the public opinion, around 80% while the proportion of those who felt that ‘more support should be given to Roma than to non-Roma’ fell from 15% to 11% in the years of 2010s.<sup>34</sup>

As to the benefit claimants or the people in need in general there is no specific research on how society judges the poor in Hungary, but a negative public perception is clean-cut. Already in the early 2010s when Hungary started to move in a direction of gradually giving up social fairness and equality and introduced the principle of ‘work for benefit’ by making public work one of the cornerstone of the society we demanded in our Butterfly Research to stop blaming the poor in the first place in our recommendations. We suggested a change in the general attitude of society prone to criminalise poverty and the poor, as well the public rhetoric, the communication of politicians, and that of the media concerning the general picture of the poor - and the Roma.<sup>35</sup> This situation has not improved as researchers point out that the distinction between “worthy” and “unworthy” poor has apparently reappeared in politics and also in public discourse (e.g., “gypsies can do about their own poverty”).<sup>36</sup>

► As to the possible take-up by Roma of social entitlements we did not find any hard or even soft data. We consider the lack of data as a kind of illustration of the biased nature of the opinion expressed about the parasitism of the Roma on social welfare. In consultation with colleagues, we tried to make a well-informed estimate for the most relevant *ESB* and *PWS* on the involvement in Roma access to MIS and found that about 30-40 % of workers on public work scheme may be Roma as long as 40-50 % of those receiving employment substituting benefit may be of Roma origin<sup>37</sup>. This means that neither the ESB nor the PWS is a ‘Roma story’ which is quite part of the stereotypes especially in case of the public work.

► Positive solutions, good practices - there are very few of them it would be easier to find a negative example.<sup>38</sup> As to a good example according to the so-called Zugló Social Model<sup>39</sup>, a minimum income scheme was introduced in one of the districts of the city of Budapest on the

basis of social welfare system within the competence of the local government with the professional participation of the Budapest Institute think tank. The Model takes into account household needs and provides support also for housing, debt management and job search through cooperation with the Family Assistance Centre of Zugló, and relatively few conditions must be met in order to receive benefits. The obligation is mean testing, i.e. to prove financial need and cooperate with the family helper. It is clear that the principle and purpose of the model is to create and maintain social security and employability. The main cornerstone of the Model was the introduction of a minimum income and an increase in housing maintenance support reflecting the housing situation in the capital. The minimum income has been more generous than its national counterpart (first HUF26.000 then HUF28.500 instead of the nationwide HUF22.800), also more targeted and a real incentive to look for work. Besides the financial incentives, the most important aspect was that minimum income recipients were obliged to cooperate with the Family Assistance Center of Zugló, where they received personalized help in overcoming barriers to find employment. Housing maintenance support has increased housing security, and some of its elements have also motivated conscious and frugal energy consumption. The Zugló Social Model even aroused the interest of the European Anti-Poverty Network, whose delegation studied the results of the experiment during a site visit.<sup>40</sup>

## Conclusion

The positive experience of the Zugló Social Model unfortunately did not beat as many waves as the negative case of Monok (see in the footnote 37). We could say that there is apparently no political will – that we know - or a mass demand for a MIS, but we are also aware that potentially initiating opposition local governments are underfunded due to central withdrawals. Anyhow, looking ahead, it is useful to know the Zugló Model, since it presents in many elements the qualities on which a MIS can build. The means-tested Model assumes a higher amount of cash benefit than the nationally applied ESB, combines it with a number of relevant social services while strongly motivates the job-finding, and supports it by all possible means (if needed, even by a beauty salon to prepare the clients for the job interview with their appearance). This example demonstrate well, that a more equitable MIS than we presently have in Hungary requires not only more financial resources, but also many more professionals in connected services, as well as a significant effort for raising awareness about the needed changes. And no matter, changes are necessary in this regard.

The main reason for this is that the current Hungarian MIS doesn't meet its defined purpose of providing a means-tested safety net for those not eligible for other social payments, it is not to prevent destitution and it doesn't ensure a decent minimum standard of living for individuals and their dependants when they have no other or insufficient means of financial support.

The adequacy of the Hungarian MIS very low, hardly existent, the coverage is extremely poor, the non-take-up of around 50% is exceedingly high – all are non-issue to the authorities. They are not subject of public discourse nor any in-depth research. Compared to the visible need, the Hungarian MIS are among the poorest performing ones in the EU in terms of adequacy, coverage, take up, impact on poverty reduction, link to quality services, and all in all it spending the lowest amount per inhabitant among the member states.

Hungarian MIS is contrary to its principles inadequate, rather inaccessible and do not ensure people's fundamental social rights, nor help them to stay active in society. On the contrary, ESB and PWS can highly contribute to the avoidance of societal changes.<sup>41</sup>

The minimum income of Hungary can still be well characterized by what one of our interviewees, a 55-year-old Roma woman, said when ESB was introduced in 2012: 'This money is very little for living. And a little too much to die for.'<sup>42</sup>

The main elements of the Hungarian MIS are equally related to Roma and non Roma people. Contrary to possible public belief neither the *employment substituting benefit* nor the *public work scheme* is made for or used by only Roma people, none of them is a 'Roma story'. Roma persons are even not in majority on these schemes although their proportion among the beneficiaries is higher than that in the population.

What affects Roma most specifically is the undeniable anti-Gypsyism in official proceedings of job search, registration, etc. It is no consolation that the same agencies tend to discriminate against poor non-Roma as well. Anyhow in order to implement and enjoy fair and equitable social policy, MIS included, Hungarian society must be strongly sensitized, and the attitude of blaming the poor and the Roma has to be changed. It is needless to argue that any advance in this situation can be extremely important to Roma people (and non Roma too).

## Recommendations

The new version of the Hungarian new National Roma Strategic Framework, officially approved by 3 September, I quote: "reaffirms the Hungarian government's commitment to eradicating poverty and raising the profile of Roma". "The main objective is to reduce poverty and reduce the gap between the Roma and non-Roma population in terms of key indicators of poverty and social mobility. A key indicator of the strategy is the proportion of people living in social and material deprivation. The goal is to reduce this indicator among households with children by 10 percentage points compared to 2019 by 2030" i.e. from 22,9% (in 2019) to 13% by 2030. The poverty gap is intended to reduce to 20% from the 38,7% in 2020." Most of the additional goals are related to education, qualification – to raise the Roma participation from kindergarten till university – and raise their employment level as well (from 45,5% to 60%) by 2030.

It seems that poverty and the gap between Roma and non-Roma are expected to be reduced along the above listed dimensions with the help of countless unrealistic wish-list (called 'intervention' but without their technical-material preconditions). Any change, any reform of the social welfare system - clearly and openly favoring the middle class - is missing from intentions. Just like the introduction of a minimum income, or simply an increase in the employment substitution benefit treated as a minimum income, being the same amount (€75-65) from 2012.

Since the current Hungarian government doesn't consider the country any more a welfare state but instead works from a decade to convert it to a workfare state and a merit-based society from the beginning of the last decade any **recommendation addressing the**

**government** on MIS at present has to wait till basic political changes. For the latter, we make proposals for immediate, short-term and longer-term consideration.

These proposals are general in a sense that they affect both Roma and non-Roma.

Immediate measures:

- After a decade, it is necessary to increase the unchanged amount of *employment substitution benefit* to a level that exceeds its 2012 yearly amount (it was HUF 28.500).
- *Public work scheme* participants should be given a real perspective to receive the minimum wage within the foreseeable future.

Shorter term proposals:

- Adequacy of the *MIS benefits* should be reassessed according to European standards and raised accordingly.
- Together with adequacy the take-up of MIS benefits should be analysed in merit with the aim to approve it substantially, and as a significant step forward evidence-based policies to be used successfully in the fight against poverty.
- *Public work scheme* participants should receive the minimum wage.

Longer term proposals

- A truly fair, adequate, coherent and complex MIS needs to be developed and implemented on the basis of wide-ranging social, professional and stakeholder consultations, taking into account the relevant EU legislations as well.
- Along with the participative development of an adequate MIS policy, Hungarian society must also be strongly sensitized to the support of those in need and to everyday solidarity. Changing the general attitude of society inclined to criminalise poverty and the poor will take time but unless that happens there can be no fair and equitable social policy on the agenda. That includes changing public rhetoric, and all communication heard from politicians, and in the media concerning the general picture of the poor and the Roma.

### **Proposals to the European Union**

- After more than 10 years it is time again to organise a European Year for Combating Poverty and Social Exclusion with special focus on Roma, Digitalization and Green Future.
- Hard community legislation for Adequate Minimum Income for All is needed - a framework directive suggested.

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### **Abbreviations**

CSO: Hungarian Central Statistical Office (in Hungarian: KSH)

ESB: employment substituting benefit

ESPN: European Social Policy Network

EMIN: European Minimum Income Network

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FRA: European Agency for Fundamental Rights  
MIS: Minimum Income Schemes  
MISSOC: Mutual Information System on Social Protection  
PES: Public Employment Service  
PWS: Public Work Scheme

## Notes

- <sup>1</sup> Central Statistical Office (2011). Annual Census 3. National data, available at: [http://www.ksh.hu/docs/hun/xftp/idoszaki/nepsz2011/nepsz\\_03\\_00\\_2011.pdf](http://www.ksh.hu/docs/hun/xftp/idoszaki/nepsz2011/nepsz_03_00_2011.pdf)
- <sup>2</sup> KSH, Munkaerőpiaci helyzetkép 2014-2018, pp 8. <http://www.ksh.hu/docs/hun/xftp/idoszaki/munkerohelyz/munkerohelyz17.pdf>
- <sup>3</sup>Anikó Bernáth: Integration of Roma in Hungary in the 2010s, 2019, Budapest [https://www.tarki.hu/sites/default/files/2019-02/196\\_214\\_Bernat.pdf](https://www.tarki.hu/sites/default/files/2019-02/196_214_Bernat.pdf)
- <sup>4</sup> Romaellenesség és antiszemitizmus Magyarországon. 2018-03-01 [https://politicalcapital.hu/hireink.php?article\\_read=1&article\\_id=2233](https://politicalcapital.hu/hireink.php?article_read=1&article_id=2233)
- <sup>5</sup> György Lukács: Addressing Extreme Poverty in Hungary, Badur Foundation, 2017, Budapest [https://www.badurfoundation.org/images/badur/reports/Third\\_sector\\_mapping\\_EN\\_WEB\\_FINAL.pdf](https://www.badurfoundation.org/images/badur/reports/Third_sector_mapping_EN_WEB_FINAL.pdf)
- <sup>6</sup> <https://mfor.hu/cikkek/makro/tobb-mint-2-millio-magyar-a-letminimum-alatt--pedig-meg-duborgott-a-gazdasag.html>
- <sup>7</sup> Minimum Income Schemes in Europe, 2015, European Social Policy Network, pp 36-39. <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7882&furtherPubs=yes>
- <sup>8</sup> COM(2006)44
- <sup>9</sup> <https://www.missoc.org/missoc-database/comparative-tables/results/>
- <sup>10</sup> ESPN Thematic Report on minimum income schemes, Hungary, 2015, [https://www.researchgate.net/publication/303893929\\_ESPN\\_Thematic\\_Report\\_on\\_minimum\\_income\\_schemes\\_Hungary\\_European\\_Social\\_Policy\\_Network/link/575acfae08ae414b8e466f41](https://www.researchgate.net/publication/303893929_ESPN_Thematic_Report_on_minimum_income_schemes_Hungary_European_Social_Policy_Network/link/575acfae08ae414b8e466f41)
- <sup>11</sup> See in EMIN Hungary Report (Year 1 – 2013) Analysis of Minimum Income Schemes, December 2013 <https://eminnetwork.files.wordpress.com/2013/04/emin-hungary-2013-en.pdf>
- <sup>12</sup> Ibid, pp. 11
- ESPN Thematic Report on minimum income schemes, Hungary, 2015, [https://www.researchgate.net/publication/303893929\\_ESPN\\_Thematic\\_Report\\_on\\_minimum\\_income\\_schemes\\_Hungary\\_European\\_Social\\_Policy\\_Network/link/575acfae08ae414b8e466f41](https://www.researchgate.net/publication/303893929_ESPN_Thematic_Report_on_minimum_income_schemes_Hungary_European_Social_Policy_Network/link/575acfae08ae414b8e466f41), pp 7.
- <sup>13</sup> From 2012, starting with the launch of large-scale public works programs, public workers with different qualifications and job positions are entitled to corresponding public work wages, which amount about to 50-70% of the current minimum wage. <https://kozfoglalkoztatás.kormany.hu/download/b/b9/82000/KF%20B%C3%A9rek%20%C3%A9s%20jutat%C3%A1sok%20v%C3%A1ltoz%C3%A1sa%202011-2020.pdf>
- <sup>14</sup> [https://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_qli061a.html](https://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qli061a.html)
- <sup>15</sup> <https://www.penzcentrum.hu/vasarlas/20200917/kizamoltak-ennyi-most-a-letminimum-osszege-magyarorszagon-110270>,
- For 2017 in English: [https://policyagenda.hu/en/analyses/2018/subsistence-minimum-and-social-minimum-in-2017/#.YNMDO5\\_SM9](https://policyagenda.hu/en/analyses/2018/subsistence-minimum-and-social-minimum-in-2017/#.YNMDO5_SM9)
- <sup>16</sup> Minimum Income Schemes in Europe, 2015, European Social Policy Network, pp 15. <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7882&furtherPubs=yes>
- <sup>17</sup> <https://mfor.hu/cikkek/makro/tobb-mint-2-millio-magyar-a-letminimum-alatt--pedig-meg-duborgott-a-gazdasag.html>
- <sup>18</sup> [https://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_zaa007.html](https://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_zaa007.html)
- <sup>19</sup> <https://444.hu/2014/11/04/a-kozmunka-csapdaba-zar-es-visszahozza-a-feudalizmust>
- <sup>20</sup> Minimum Income Schemes in Europe, 2015, European Social Policy Network, pp 13. <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7882&furtherPubs=yes>

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<sup>21</sup> The sum of the family allowance depends on the number of children and on the number of parents raising them (1 or 2) and the state of health (=illness) of the children and/or parents.

<sup>22</sup> In addition to the literature cited, this section builds on our own research (Butterfly Development Association, <http://www.pillangokutatas.bffd.hu/>) on the topic as well as about a dozen expert consultations. I refer to the latter as colleagues.

<sup>23</sup> Over the past decade, public work has become a distinct complex 'genre', employing hundreds of thousands people in a wide variety of organizations, sectors, over a varying period of time. It has also got integrated into the functional life of local governments, compensating for some of the cutbacks that affect them. The general features, however, are that people on PWS are doing low prestige job for a certain period of time, for a wage lower than minimum wage, in unfavourable working conditions and according to unpredictable schedule with no real chance to get into the primary labour market.

<sup>24</sup> Thanks to Krisztina Jász, co-worker of the Esély Labor (<https://eselylabor.hu/english/>), who contributed with her sensitive aspects to a more nuanced picture of this subtopic.

<sup>25</sup> At this and at the next point I focus on the ESB only, likely most relevant to Roma beneficiaries.

<sup>26</sup> The two bottom level of the pyramid is the physiological (hunger, thirst) and the need of security (physical protection, predictability). Sára Bigazzi - Ildikó Bokrétás: 'As I see the world it seems pitch dark...' A study in social-psychology, in Katalin Nagy ed: The effects of reducing the social allowance in rural Hungary, Butterfly Research, Budapest, 2013, pp 45.

<sup>27</sup> Ibid.

<sup>28</sup> <https://ec.europa.eu/social/main.jsp?catId=1113&langId=en&intPageId=4583>

<sup>29</sup> <https://kormanyablak.hu/hu/feladatkorok/100/JEGYZO1103>

<sup>30</sup> Second European Union Minorities and Discrimination Survey – Roma, Selected findings, FRA, 2018 pp 36 [https://fra.europa.eu/sites/default/files/fra\\_uploads/fra-2016-eu-minorities-survey-roma-selected-findings\\_en.pdf#page=15](https://fra.europa.eu/sites/default/files/fra_uploads/fra-2016-eu-minorities-survey-roma-selected-findings_en.pdf#page=15)

<sup>31</sup> Report on Xenophobia, Radicalism and Hate Crime in Hungary in 2016, Summary, Political Capital [https://politicalcapital.hu/news.php?article\\_read=1&article\\_id=2237](https://politicalcapital.hu/news.php?article_read=1&article_id=2237)

<sup>32</sup> Second European Union Minorities and Discrimination Survey – Roma, Selected findings, FRA, 2018 pp 38 [https://fra.europa.eu/sites/default/files/fra\\_uploads/fra-2016-eu-minorities-survey-roma-selected-findings\\_en.pdf#page=15](https://fra.europa.eu/sites/default/files/fra_uploads/fra-2016-eu-minorities-survey-roma-selected-findings_en.pdf#page=15)

<sup>33</sup> Kende at al: The last acceptable prejudice in Europe? Anti-Gypsyism as the obstacle to Roma inclusion, pp 6, Group Processes & Intergroup Relations May 2020, <https://journals.sagepub.com/doi/10.1177/1368430220907701>

<sup>34</sup> Cigányellenesség és Antiszemitizmus Magyarországon. Political Capital, 2018, pp 16 [https://politicalcapital.hu/pc-admin/source/documents/EVZ\\_Romaellenesseg%20Antiszemitizmus\\_Tanulmany\\_HU\\_180228.pdf](https://politicalcapital.hu/pc-admin/source/documents/EVZ_Romaellenesseg%20Antiszemitizmus_Tanulmany_HU_180228.pdf)

<sup>35</sup> Katalin Nagy ed: The effects of reducing the social allowance in rural Hungary, Butterfly Research, Budapest, 2013, pp 82.

<sup>36</sup> Gera Márton: Úgy maradsz – szegénység Magyarországon, Magyar Narancs, 2017. 09.18 <https://magyarnarancs.hu/belpol/ugy-maradsz-106017>

<sup>37</sup> Special thanks to György Molnár, Senior Research Fellow of the KRTK KTI, with whom we could discuss all the possible Roma aspects and consequences of the sampling. (<https://kti.krtk.hu/en/kutatok/gyorgy-molnar/8392>)

<sup>38</sup> One of the most famous example was the so called 'model of Monok'. In the town Monok the mayor introduced a 'social card' instead of the cash benefit for which the beneficiaries in certain shops could buy food and basic goods (but not cigarette or alcohol, etc.). This 'model of Monok' which focused on the principle of 'worthy and unworthy poor': the poor have to work for the money keep their environment clean etc. The 'model' created huge debates and influenced the public discourse by reflecting on growing poverty and racism, and instead of empowering the poor, stigmatizing and blaming them for their situation. See in EMIN Hungary Report (Year 1 – 2013) Analysis of Minimum Income Schemes, December 2013 <https://eminnetwork.files.wordpress.com/2013/04/emin-hungary-2013-en.pdf>, pp 16.

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<sup>39</sup> [http://www.budapestinstitute.eu/Zuglo\\_2nd\\_monitoring\\_report\\_EXSUM\\_EN.pdf](http://www.budapestinstitute.eu/Zuglo_2nd_monitoring_report_EXSUM_EN.pdf)  
[http://budapestinstitute.eu/index.php/projects/datasheet/Zuglo\\_minimum\\_income/en](http://budapestinstitute.eu/index.php/projects/datasheet/Zuglo_minimum_income/en)  
[https://index.hu/gazdasag/2019/10/18/zuglo\\_szocialis\\_modell\\_karacsony\\_gergely\\_minimumjovedelem\\_lakhatas/](https://index.hu/gazdasag/2019/10/18/zuglo_szocialis_modell_karacsony_gergely_minimumjovedelem_lakhatas/)

<sup>40</sup> <https://www.zuglo.hu/jo-pelda-a-zugloi-szocialis-rendszer/>

<sup>41</sup> <https://444.hu/2014/11/04/a-kozmunka-csapdaba-zar-es-visszahozza-a-feudalizmust>

<sup>42</sup> Sára Bigazzi \_ Ildikó Bokrétás: 'As I see the world it seems pitch dark...' A study in social-psychology, in Katalin Nagy ed: The effects of reducing the social allowance in rural Hungary, Butterfly Research, Budapest, 2013, pp 41