

## **INTRODUCTION TO: „ELEGIBILITY OF CIVIL ORGANIZATIONS IN STRUCTURAL FUNDS”**

The financial instruments of the regional policy of the European Union are the Structural Funds and the Cohesion Fund.

The goal of the Structural Funds: to promote the economic, social and territorial cohesion.

Budget for the period 2007-2013 amounts to around € 348 billion (€ 278 billion for the Structural Funds and € 70 billion for the Cohesion Fund)

There are two Structural Funds:

1. the European Regional Development Fund (ERDF) is currently the largest. Since 1975 it has provided support for the creation of infrastructure and productive job-creating investment, mainly for businesses
2. the European Social Fund (ESF) set up in 1958, contributes to the integration into working life of the unemployed and disadvantaged sections of the population, mainly by funding training measures.

ERDF and ESF will be used to finance regional policy between 2007 and 2013 in the framework of the three new objectives, namely:

1. the „convergence” objective to accelerate the convergence of the least developed EU Member States and regions by improving growth and employment conditions. This objective is financed by the ERDF, the ESF and the Cohesion Fund. It represents 81,5% of the total resources allocated. The co-financing ceilings for the public expenditure amount to 75% for the ERDF and the ESF and 85% for the Cohesion Fund.
2. the „**regional competitiveness and employment**” objective to anticipate economic and social change, promote innovation, entrepreneurship, environmental protection and the development of labour markets which include regions not covered by the convergence objective. It is financed by the ERDF and the ESF and accounts for 16% of the total allocated resources. Measures under this objective can receive co-financing of up to 50% of public expenditure.
3. the „**European territorial cooperation**” objective to strengthen cooperation at cross-border, transnational and interregional levels in the fields of urban, rural and coastal development, and foster the development of economic relations and networking between small and medium-sized enterprises (SMEs). This objective is financed by the ERDF and represents 2,5% of the total allocated resources. Measures under the territorial cooperation objective can receive co-financing of up to 75% of public expenditure.

**The Hungarian strategy for ESF funding** aims to raise participation in the labour force to support continued economic growth while reducing regional disparities in employment and improving opportunities for disadvantaged groups. Further, it is modernising the education and training system to provide the skilled workers businesses need, today and for the future, as well as improving the performance of public administration.

Particular social challenges include low employment among disadvantaged groups such as Roma, people with disabilities and the low skilled. In addition, there are strong regional disparities in wealth and employment, especially at local and micro-regional levels. At the same time, regional mobility of the workforce is low. As the economy continues to move away from agriculture and manufacturing, and towards services, it is important to change the skills of the workforce.

**The ESF priorities in Hungary are as follows:**

The Hungarian strategy to ESF funding is to raise the employment rate and labour force participation to support continued economic growth. The strategy forms part of a coherent approach for jobs and growth contained in the National Reform programme and is complemented by other Structural Fund spending.

**Hungary's ESF priorities will be implemented through two Operational Programmes** covering the whole country:

**1. The Operational Programme: social renewal**

The social renewal programme will consume by far the largest part of ESF funding and aims at supporting both growth and employment through measures primarily focused on improving the quality of human resources.

The main priorities are as follows:

Improving employability and promoting entry into the labour market through training, help for job-seekers, development of the employment services and support for social economy. Particular support will be given to increasing labour market participation among women, young people, older age groups, the Roma population and people living with disabilities.

Improving the adaptability of individuals and organisations by facilitating access to training, developing the institutional system, and providing targeted support to social partners and non-governmental organisations.

Providing quality education and access to it for all through the implementation of the national lifelong learning strategy. Supporting the dissemination of competence-based education and decreasing the segregation of disadvantaged pupils will be given a particular emphasis.

Developing the content and structure of higher education to support the needs of businesses and the knowledge economy. This includes the enhancement of research and development capacities.

Strengthening social inclusion by improving access to social services for disadvantaged groups to join the labour market. Particular support will be given to the most disadvantaged regions with significant Roma populations, to youth programmes, and to the development of local communities and the civil society.

As part of a major reform and upgrade in the provision of health services in Hungary, support will be given to improving human resources development in the health sector, including their organisation. This will improve the quality and efficiency of health service provision and contribute to addressing the relatively poor health and low life expectancy in Hungary compared to other EU countries.

## **2. The Operational Programme: state reform**

Support under this programme aims to increase the quality of administrative and judicial services' operations and improve the functioning of government as well as those non-governmental organisations with administrative functions.

Supported activities will include:

- Implementing better processes and organisational development in the public administration
- Improving the quality of human resources in the public administration.