

Where the Paved Road Ends

Regional Disparities and Roma Integration Report on the Interim Results of the Most Disadvantaged Micro-regions Program (Hungary)

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I. Executive Summary

Hungary's Most Disadvantaged Micro-regions Program (LHH—*Leghátrányosabb Helyzetű Kistérségek Felzárkóztatási Programja*: Hungarian acronym used throughout the text) aims to reduce regional disparities. Unemployment is a chronic feature of the most disadvantaged Hungarian micro-regions, education services are poor quality, and the amount of personal debts accumulated by the population has risen exponentially. These problems affect the Roma population in particular, contributing to their segregation and discrimination.

Based on Hungary's National Development Plan I [2004–2006], the most disadvantaged micro-regions received per capita funding exceeding the national average. However, this additional funding was insufficient for counter-balancing negative socio-economic trends. Moreover, certain micro-regions, settlements, or social groups obtained resources below the average.

In the autumn of 2007, the government designated the 33 most disadvantaged micro-regions on the basis of their economic, social, and infrastructure coverage indicators, and decided that these regions need to be developed through a complex program.¹ Four regional operational programs (ROPs), the Social Renewal Operational Program (SROP) and the Social Infrastructure Operational Program (SIOP) of the New Hungary Development Plan (NHDP) were the primary sources of funding for this complex program.

The data informing the current evaluation was collected in March–October 2010. **We selected 15 of the 33 micro-regions** embraced by the LHH Program by taking several considerations into account (to form a heterogeneous sample and to capture different levels disadvantaged status). Our research is primarily based on the accounts **of the micro-regional actors**, who were reached out by a survey and structured interviews. Expert interviews were also conducted with program planners and the central implementing agencies.

This report accounts for the first results of the program as it is premature to examine local impacts at this point. When this research was conducted, approximately half of the projects approved within the framework of the LHH Program received funding notification, whilst half of the projects did not reach this stage, and only a few projects were fully implemented.

The fundamental aim of this evaluation is to record the successes and failures of LHH **in reducing regional disparities and improving the situation of the Roma through targeted planning and programming**. This analysis is seen as timely: the planning of similar programs for the next development period (2011–2013) is currently in progress in which priority issues of the Decade of the Roma (2005–2015) are also considered. In addition, it is also known that the Hungarian Presidency of the EU and the European Commission will present a European Framework Strategy for Roma Inclusion in the first half of 2011.

This evaluation justified the assumption that there is a **huge need for similar complex development programs** aimed at reducing regional disparities, especially if such interventions also aim to reduce deep poverty and to contribute to meet expectations in the field of training, unemployment, housing, or healthcare.

¹ Government Decree 311/2007 (XI.17).

Our analysis reveals that this program **explicitly helped** the targeted micro-regions in two respects, namely: funding amounting to a few HUF billion offered a glimmer of hope for the most vulnerable micro-regions whereas the LHH resources created an opportunity for take off for the better-off (but still undeveloped) micro-regions. State financed external advisors provided expertise for these micro-regions the applications of which were formerly rejected. This expertise helped to elevate local planning from local power struggles and to tie it to medium- and long-term social objectives. Local feedback explicitly justifies that cooperation and trust building among stakeholders is the key result of the program.

These types of programs raise huge expectations, which is why establishing clearly set objectives and prudent mechanisms is particularly important. Reasons underlying the partial failure of LHH can be found in the inflexible administrative structures of the Structural Funds distribution (in the National Developmental Agency, Operative Programs, the tendering system), and likewise, the inertia of the local decision making structures. Responding to local needs, which would have been an expectation towards such a complex program, was only partially achieved. The local planning process, in spite of the expectations, was often unable to address unemployment problems, mobilize the business actors in resolving social problems, or include the needs of the Roma population among the development goals.

It is also important to note that programs focusing on a micro-regional level (on approximately 20,000–100,000 local residents) cannot change the overall development policy logic that is saturated with a sectoral approach and cannot solve interethnic conflicts. Promoting elementary cooperation among local stakeholders is what can be targeted the most.

The following recommendations can be made for planning and implementing similar programs:

Recommendations for the Hungarian government

1. Beneficiaries of the funding schemes shall not be vulnerable to the institutional mechanisms and power asymmetries need to be reduced.
2. Long term political commitment towards strategic goals needs to be formulated and financial commitments should not only rely on EU developmental resources.
3. Setting up an independent unit within the central administration of Structural Fund mechanisms for similar programs would be justified: a distinctive managing authority with separate allocation of funds, intermediate bodies, and a monitoring committee (integrating the European Commission and experts/ consultants).
4. The developmental authorities should work together with experts and civil society activists engaged in Roma inclusion in planning and programming.
5. Timing should be carefully planned: community planning takes at least nine months; at the same time, the assessment and evaluation period needs to be shortened for successful implementation.
6. Regional targeting can be used as an apt tool for eliminating deep poverty in which Roma inclusion goals need to be explicitly defined (targeting the reduction of unemployment, improving education, health and housing conditions).

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7. For efficient regional targeting, the appropriate unit should be defined (small region, micro-region, settlement) and advantages and drawbacks of different unit-specific funding schemes should be carefully judged.
8. In addition to general quality, the social inclusion criteria should be monitored in the micro-regional development plans.
9. Project packages should not be accepted without projects to be implemented by Roma organizations towards Roma inclusion. To this end, targeted mentoring needs to be offered to drafting micro-regional project packages. If an organization ready to implement such projects does not operate in the given micro-region, organizations and experts operating in the county or the region need to be ensured.

Recommendations for the European Commission

1. The EU should expect national governments and authorities to set and implement social integration objectives in development.
2. The EU needs to institutionally and actively take part in the Monitoring Committees of all relevant programs.
3. Member states' efforts to design and implement integrated programmes targeting the most disadvantaged micro-regions should be helped and also motivated by the EU, e.g. with more flexible cross-financing for current ERDF, ESF and EAFRD-type activities and with above the average EU co-financing rate.
4. The EU needs to facilitate the exchange of good practices and lessons of failure both nationwide and within the EU.
5. Objectives and indicators with respect to equal opportunity, Roma integration as well as elimination of deep poverty should be clearly set.
6. Instead of an invoice-based review of projects/programs, we recommend developing a result/output-oriented monitoring system.

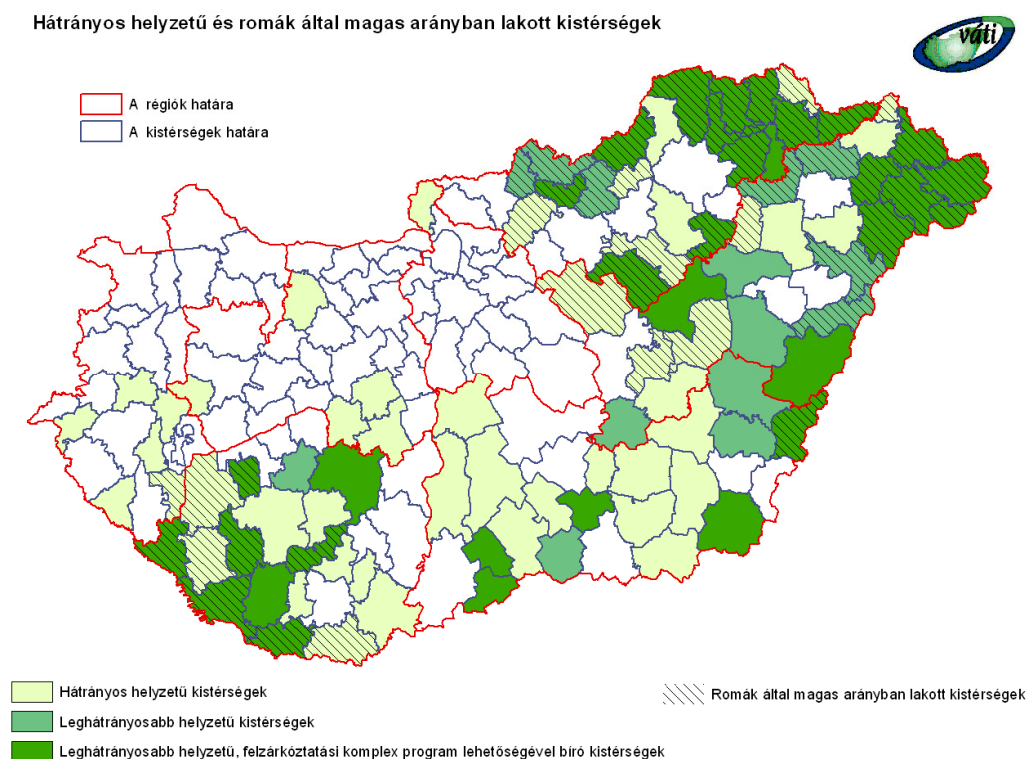
II. Research Results

1. Problem definition

The micro-regional level

174 statistical micro-regions were defined in Hungary in 2007 (NUTS IV/LAU I). Ninety-four of these are disadvantaged micro-regions and 47 qualify as most disadvantaged micro-regions, out of which 33 micro-regions have been designated for development through complex programs. Ten percent of the population lives in these 33 micro-regions. There are no settlements with a population exceeding 10,000 in two-thirds of these micro-regions with the highest unemployment rate (Figure 1). From among these 33 micro-regions, there are even significant disparities within a given micro-region.

Figure 1.
Disadvantaged Micro-regions with a High Roma Population



Note: Light green = disadvantaged micro-regions; medium green = more disadvantaged micro-regions; dark green = most disadvantaged micro-regions involved in the LHH Program; striped = micro-regions with high Roma population

Amount of funding

Funding amounting to HUF 82 billion was allocated to and dispersed among the 33 micro-regions. This funding was distributed among these micro-regions in accordance with the following:

- One-third of resources were **distributed equally**;
- One-third of resources were distributed on a **population proportionate** basis (the population of these 33 micro-regions varies between 11,000 and 72,000);
- One-third of resources were distributed on a **settlement-proportionate** basis (the number of settlements in these 33 micro-regions varies between 4 and 49).

Previous social integration efforts

Social scientists in Hungary have, for a long time, been debating how to induce positive changes in the quality of life of people living in deep poverty (more specifically, the Roma population).

Regional targeting was implemented at a regional level within the framework of National Development Plan I (2004–2006). Regional operational programs (covering the entire country back then) set the target of using at least 75 percent of this funding framework in the four least developed regions (North Hungary, the North Great Plain, the South Great Plain, and Southern Transdanubia, where most disadvantaged regions are also situated).

Regional targeting equally appeared at a micro-regional level within the framework of the New Hungary Development Plan.

1. Defining the target area:

- Calls for applications announced within the framework of several OPs helped the most disadvantaged micro-regions (see: SROP schemes 1.4.3, 5.2.2–5.2.3, 5.3.5; SIOP scheme 2.1.2; EDOP scheme 2.1.2 and EEOP scheme 4.2);
- Calls for applications announced within the framework of ROPs also helped the most disadvantaged micro-regions (see: North Hungary OP schemes 1.1, 4.3);
- The call for applications aimed at eliminating slums targeted specific settlements (SROP scheme 5.3.6);
- The most sophisticated regional targeting was realized under schemes aimed at community development (SROP 5.1.3), under which action areas comprised of settlements in the 33 micro-regions and neighboring micro-regions were eligible to apply.

2. Other means for helping the target area:

- Extra scores: e.g., 2–4 extra scores for applications from the LHH micro-regions, out of a total score of 100 (see: NHOP scheme 1.1, 4.3; SROP scheme 5.2.2).
- Higher grant rate: e.g., 5–10 percent higher grant rate for applications from the LHH micro-regions (see: SIOP scheme 2.1.2; EEOP scheme 4.2).
- Special calls for applications for:
 - individual projects, alongside which other similar calls for applications were announced for other regions (SROP scheme 1.4.3; EDOP scheme 2.1.2);
 - individual projects, alongside which similar calls for applications are not announced for other regions (see: debt trap prevention and slum rehabilitation – SROP schemes 5.3.5, 5.3.6);
 - micro-regional programs, alongside which similar calls for applications are not announced for other regions (see: reducing child poverty – SROP scheme 5.2.3).

2. The LHH Program as a regionally targeted development program

The basic concept as well as the complexity and pioneering nature of the LHH program are unquestionable. As regards knowledge of the micro-regions, it is necessary to highlight that the National Developmental Agency collected ample background data for defining priorities and empirical evidence to define segregated communities in certain micro-regions, or even within settlements.

“This is a pioneering program, which attempted to adapt the program-based development approach in Hungary. These are protected resources for which it is not necessary to compete; its complexity helped implement developments reinforcing one another.”

“Similar programs aimed at engendering regional cohesion are needed, which, alongside professional and political backing, are capable of launching long-term development processes in the concerned regions.”

“This is an excellent initiative particularly prioritizing the development of disadvantaged regions; the regional focus, micro-regional scale of the program is good. This program helps place the region on the development path; many such programs are needed to effectively achieve development.”

(Excerpts of typical responses provided in the questionnaire)

The inflexibility inherent in existing institutional systems as well as the structural problems of tenders for EU funds, which persisted even before the introduction of the program, were the most pertinent difficulties experienced in connection with the implementation of the LHH program. Program funding was ensured from a total of 21 various priority axes of six different operational programs. Even though a separate office was set up to coordinate the program, decision-making power remained in the hands of the two managing authorities concerned and seven intermediary bodies of EU funds management.

In Hungary, the strong local government system dooms centrally launched programs that do not fit with the interests of local voices of authority to failure; whilst the contradictions of the minority self-government system puts Roma communities and their leaders already in a subordinate position and in the grips of interests of power.²

The vulnerable position of disadvantaged micro-regions also stems from the lack of civil society participation. Where civil society development is tangible, which is rare in these micro-regions, little attention is given to its voices in a rigid structure of local power and priority settings by electoral politics. Further, the lack of expertise of intellectuals with higher education degrees and expertise makes it hardly possible to compete for EU funds by local resources.

² The elaboration of Act LCCVII of 1993 (Act on National Minorities) on the rights of national and ethnic minorities was one of the main components of codification after the political changes at the beginning of the 1990s. Facilitating the establishment of a collective cultural autonomy, based on the personal principle through the system of minority self-government, is the key aim of the Act on National Minorities. This legislation established the local and national institutional system of minority self-governments, which is unique in Europe.

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Due to these socio-economic factors, the novel approach of the LHH Program created a major challenge for planners, as well as local end-users, also predicting the successes and failures of the implementation.

By taking the social and economic environment as a point of departure in our research, we primarily assessed what one can expect from this type of program aimed at reducing regional disparities.

Table 1
Expected Results

Results the program could be expected to deliver	Results the program could not be expected to deliver
Providing help in situations where resources are insufficient (integrating the most disadvantaged segments of society into the system)	Incapable of transforming the state structure based on sectoral developments
Ensures a break out opportunity for micro-regions in the best socio-economic position and with the best potentials	Incapable of resolving geographic mobility (for people living in the most disadvantaged micro-regions to relocate to the more developed regions with better employment opportunities, since every target area is a most disadvantaged micro-region).
Integrating those excluded so far from the tendering system on account of the lack of expertise	Incapable of handling (micro-regional) disparities within the region (disparities between micro-regions continue to persist)
Enhancing cooperation and trust	Incapable of inducing change in respect of social balance of power (Roma people and other marginalized groups are incapable of better enforcing their interests through the program)
Developing the infrastructure of social services	
Facilitating local employment	
Local integration of external consultants; establishing long-term cooperation	Incapable of resolving interethnic conflicts; however, it may improve communication and establish cooperation
Alleviating tendering conditions; excluding the logic of competition	
Promoting inter-sectoral cooperation	
Influencing and pushing local leaders to implement developments	
Responding to local social needs	

3. Critical observations on the LHH Program

Several findings of **this interim report** can be drawn to the attention of experts responsible for planning and development in the next seven-year program period.

The announcement of the program by leading government politicians in 2007, when planning had not been completed, **raised extremely high hopes** in the concerned micro-regions: everyone thought they would finally manage to receive funding which they can spend on whatever they feel like. It was assumed that there would not be any need to compete with micro-regions that are far better-off than the most vulnerable ones whose proposals had little chance to win, if at all submitted. The distribution of LHH funds in 2006–2010 was viewed by national and local governments in the light of electoral politics. Moreover, micro-regional leaders were given the opportunity to distribute these funds at a local level, which they had never been assigned to do before to the benefit of their prestige.

“There was a political communication blunder, which, in my view, is highly relevant, since it really did determine the way the program was viewed. What happened was that the program was communicated too early, before its details were elaborated, which later on made micro-regions feel as if they were misled by claiming that this was not what they were promised, neither in terms of schedule, nor that of conditions. In 2007, the government in office at the time promised micro-regions that they will be given development funding for free use, which they practically allocated back then, after which they were handed a quite accurately and rigorously defined set of conditions.” [Employee at the LHH Program Office]

“It was undecided whether this funding is to be ensured on the grounds of field concepts, or whether the funding would be allocated top-down in a controlled way primarily aimed at enforcing the micro-regional principle when making use of these resources. Micro-regions even had to work out how much funding has been allocated at all within a given scheme and how much of this funding micro-regions are entitled to receive. Micro-regions had no idea about this when the program was being planned. They had to adjust later on. If the planning process had been clear and properly undertaken, and everyone had had a clear understanding of the share of the funding they are entitled to from the various schemes, planning would have obviously been aligned to this.” [Micro-regional work organization manager]

“Planners were given the schemes for planning. Some planners managed to disseminate this information, whilst others did not. Even months after, some planners simply said that anything can be planned... This was true in the beginning; however, unfortunately, it became stricter later on.” [Employee at the LHH Program Office]

At the same time, the **program start was continually delayed** and the hasty promises made in the meantime changed course: resources were not allowed to be spent on anything but on goals negotiated in advance with the government; local needs had to be aligned to the tendering system and the specific funding schemes of the operational programs. Moreover, only a short period of time was available for implementing participatory planning (2.5 months in the first draft), after which applicants had to wait for a long time to be notified of the results (2008–2010).

The central implementing agency of the program often **found itself in conflict with the tendering system**. A matrix program should have been inserted in a system which is linear in nature. The LHH Program had not existed when the operational programs were devised, thus it had to be subsequently integrated into the system. Regional targeting was also alien to the government's sectoral problem management routine. Taking into account the complexity of the program, the approximately HUF 80 billion total program budget seems little, especially when compared to other programs (the amount allocated for a few transport development projects (road, railway, metro) and environmental protection projects (drinking water, sewage, waste treatment) is alone higher).

"The LHH Program was launched as a jump on a train in motion. Operational Programs had been already running for two years when somebody realized that the concept, which was already presented in 2007 as a flagship initiative, at that time as a general concept without any specifics, should be dusted off and something should be done with this problem area."
[Leading planner]

"We talked one week on Thursday, they said a few things; I went in on Monday when I had to give my nod of approval to certain conditions, which were not entirely clear to me. Everyone agreed. It turned out that workshops, within the framework of which issues regarding Roma will surface, are due to begin in two days time in, for example, the Micro-region of.... We had no contract, knew little about the program, nor did we have any background information. [...] It was impossible to do a good job on account of the short space of time available." [Equal opportunity consultant]

Beforehand, no national governmental program in Hungary has ever embarked on **effectively improving the situation of the Roma**. To face this challenge in the long run has always been feared due to potential political fiasco. This is the first complex assistance program that has also embraced Roma inclusion objectives. Our research results indicate, however, that the condition of targeting the Roma may generate conflicts at the local level, which may further antagonize local communities. Our experiences suggest that Roma inclusion and social progress can be addressed by the elimination of deep poverty through complex programs. All this leads us to the conclusion that it may also be worthwhile to attempt to resolve this problem at a pan-European, EU level, alongside the local and national level.

There is a need for much **more efficient representation of the interest of the Roma**. Our investigations reveal that the current LHH Program has become the mayors' "playground" in most places: neither civic actors nor the business ones or Roma representatives played a significant role. Accordingly, the target groups did not receive any relevant or sufficient information in due time, and not necessarily the trustworthy organizations and individuals represented Roma in the planning and decision-making bodies (the latter is not incidental: they hardly have a voice in the distribution of the funding). In micro-regions, where there were experienced Roma organizations in place (like Bátorfőszék, Edény, Ózd), these micro-regions were given the opportunity to implement major projects worth millions of HUF within the framework of the LHH Program. However, the LHH Program was incapable of engendering progress in regions where such organizations did not exist.

“There is not that much unity among us. They have been self-appointed and lacked sufficient insight and authority. There are some small groups of this sort... There were five of us at the beginning, four of which belonged to the same family, and there was no accord even in this family.” [Mayor]

“I [on behalf of the town’s Roma Self-Government – CKÖ] am never against signing an application, so that people in this region can work.” [President of the Roma Self-government, CKÖ]

“Because they don’t announce that you are excluded, instead they simply don’t inform the respective person. There is a brain for everything there...” [Member of the Roma Self-government]

“To tell you the truth, I know nothing. I see you got it straight away, how I’m trying to talk about it, even though I have no idea about the whole thing. When you came here, Mr. Such and Such invited us in, gave us a piece of paper and told us to learn it by heart and tell this to you. It was about some sort of SROP 5.1.1 scheme, or something like that. That’s why I was putting the meeting off and also why the K... family cancelled it and told me not to dare give you their phone number. It’s another question that you happen to have it; just tell them you didn’t get it from me. Let’s keep this between us, because they may give me a hard time at the office simply because I told you this!” [President of the Roma Self-Government, CKÖ]

Some of the targets set in this program transgressed **the program’s framework** or did not match the local opportunities. Further, the above-mentioned structural conditions also decreased the efficiency of the program design: long-term local unemployment and economic development was not targeted (the economic sphere was largely neglected, jobs were not created); the situation of the Roma was not able to become a top priority (only a handful of projects will be implemented by Roma or with their participation).

Notwithstanding, **the program did contribute to reducing regional disparities of resource allocation.** Resource allocation within the framework of the NHDP between December 2009 and November 2010, that is, in the period in which decisions on funding were made in respect of a total of half of the resources earmarked for the LHH Program, amounting to just half a percent of NHDP resources, changed in accordance with the following:

- The average rate of funding allocated in the most disadvantaged micro-regions increased from 71 percent to 85 percent of the national average (which means that the average rate of funding available for the most disadvantaged micro-regions is still under the national average; however, arrears dropped by half);
- The average rate of funding allocated in the three most disadvantaged micro-regions receiving the lowest rate of funding increased from 29 percent to 43 percent of the national average (similar, however, significantly less considerable changes took place in the rest of the micro-regional categories where a five percent increase was recorded³).

³ The average rate of funding granted to the three least funded micro-regions in relation to the national average increased from 32 percent to 35 percent in the case of the most disadvantaged region not funded through the complex program; from 10 percent to 15 percent in the case of disadvantaged micro-regions and 18 percent to 23 percent in the case of not disadvantaged micro-regions.

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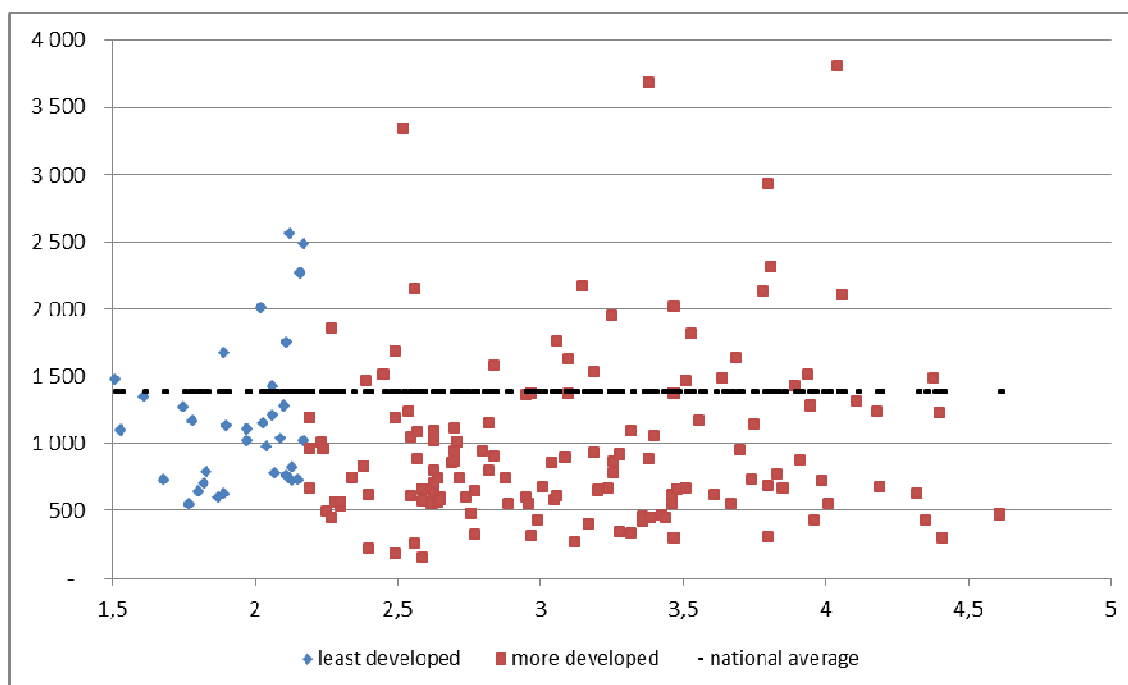
Table 2.
Per Capita Funding in LHH Micro-regions

Period	National Average (in HUF)	Average rate of funding granted to the most disadvantaged micro-regions in relation to the national average (%)	Average rate of funding awarded to the three least funded, most disadvantaged micro-regions in relation to the national average (%)	Three least funded, most disadvantaged micro-regions
Dec. 2009	265.0	70.9	28.5	Csenger, Ózd, Sarkad
Nov. 2010	372.8	84.6	42.9	Bácsalmás, Ózd, Sarkad

Source: National Development Agency (NDA).

Figure 2 also demonstrates the way in which none of the most disadvantaged micro-regions are today considerably under-funded in relation to the national average and consequently excluded from the chances to develop. This figure equally demonstrates that only **the least underdeveloped of the most disadvantaged micro-regions managed to receive a rate of funding significantly exceeding the national average.**

Figure 2.
Per Capita Funding Granted to Micro-regions in November 2010 (EUR)



Source: NDA.

4. Summary of the status of Roma integration projects within the LHH Program

The LHH Program is not a Roma program; however, it includes Roma integration among its key objectives. The designers of the program were aware of how special incentives and guarantees need to be integrated from planning to implementation to reach this goal.

The following measures were seen to serve as guarantees:

- Roma Minority Self-governments (CKÖs) operating in the given micro-region were entitled to delegate at least one member to the micro-regional development committee overseeing planning;
- Roma integration coordinators were also employed in the micro-regional coordination network;
- A public education and urban development equal opportunity consultant was contracted in each micro-region;
- The full list of segregated districts was ordered from the Central Statistical Office (KSH);
- Project concepts were only two to three pages long;
- Equal opportunity was defined as a key criterion during the course of the evaluation of project packages and individual projects, the enforcement of which was evaluated by experts; the two project packages explicitly reducing equal opportunity were revised; these types of projects were not granted any funding; at the same time, the panel also approved Roma integration projects placed on the reserve list by micro-regions.

Evidence has been gathered to prove that the above measures were only capable of cushioning the impacts of different forces against the effective enforcement of Roma integration.

Roma projects (implemented by Roma organizations) worth HUF 3.4 billion in value were preliminarily approved within the framework of the LHH Program. In addition, projects geared towards Roma integration worth HUF 3 billion in value (projects targeting the Roma population, however, implemented by non-Roma organizations) and equal opportunity projects impacting Roma integration worth a further HUF 3.9 billion are being implemented (which equally affect the majority and minority community, yet, due to their content and location, also gradually contribute to improving the situation of disadvantaged persons, with special regard to the Roma population⁴). The total of HUF 10 billion allocated for Roma inclusion projects, amounting to 12.6 percent of total program budget, is insignificant against the needs; however, it appears as a considerable ratio compared to the corresponding figures of other NHDP programs.

⁴ Such as, social urban rehabilitation projects or human infrastructure development projects implemented in settlements qualified as settlements in risk of segregation on the grounds of educational and employment data (21 percent of the population of most disadvantaged micro-regions lives in such settlements). We excluded economic development, transport development, urban development, and environmental protection infrastructural development investments, regardless of their place of implementation.

5. Recommendations for planning and implementing similar programs:

Recommendations for the Hungarian government

1. Beneficiaries of the funding schemes shall not be vulnerable to the institutional mechanisms and power asymmetries need to be reduced.
2. Long term political commitment towards strategic goals needs to be formulated and financial commitments should not only rely on EU developmental resources.
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Recommendations for the European Commission

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5. Objectives and indicators with respect to equal opportunity, Roma integration as well as elimination of deep poverty should be clearly set.
6. Instead of an invoice-based review of projects/programs, we recommend developing a result/output-oriented monitoring system.

III. Micro-regional analysis at a glance

We present a select of findings of a review of project folders developed by two very different micro-regions, which together demonstrate the operation of the LHH program.

The Micro-region of Bodrogköz is the most vulnerable among the most disadvantaged micro-regions. The president of the micro-region, who is identical with the mayor of the center of the micro-region, is particularly powerful. The micro-regional management structure disproportionately serves the center.

Even in spite of radical simplification, the elaboration of local development projects is way beyond the capacities of mayors of tiny villages of 100–200 inhabitants, often working in part-time assignments, located far from the micro-regional center. They do not have their own resources for tender proposal preparation, nor can they rely on the help of the micro-regional management. The market of tender proposal writing services is beyond their comprehension and access.

Deep lack of trust among settlements of a micro-region can be seen as both as cause and consequence of disadvantaged position. Further, according to mayors, the credible representatives of the local Roma communities, who can be involved in the elaboration of development projects of large budget, are missing. Thus, beyond the absolutely necessary formal participation of the Roma Self-governments (CKÖ), they did not make efforts to include Roma people in the planning process. As a consequence, the LHH program was not able to radically shift local power relations: CKÖ leaders did not have access to key information and were merely able to obtain small favors and support for their own communities.

In spite of all these problems, the SWOT analysis and interviews revealed that two sectors may help micro-regions locked in different disadvantages: labor-intensive agricultural activities of relatively low qualification; tourism building on the picturesque landscape, historical monuments, and the proximity of Tokaj and Sárospatak. Yet, the specificities of the sectoral funding schemes that the LHH program was to respect did not allow any significant development in these areas.

The condensed timeline forced micro-regional actors to play a safe game. Instead of coming up with new concepts, former unsuccessful applications were recycled. Instead of devising joint time consuming joint applications, micro-regional actors were more inclined to develop projects that are supported by per capita funding.

Due to time and capacity constraints, the officially assigned development experts/consultants produced poor-quality work, which account is endorsed by experts themselves. They were not able to assess the micro-region's power relations and social network to such a degree, or were not able to gain trust in these networks, so that they had not been seen as the alienated agents of 'expectations from Budapest', or insignificant bureaucratic obstacles to circumvent.

The management of Micro-region of Bátonytereny, especially the mayor of Bátonytereny, placed special emphasis on local development, including human resources development alongside infrastructure investments even well before the launch of the LHH Program. They submitted numerous applications and implemented a series of projects, among other things, through international cooperation. The municipality established functioning partnerships with local civil society organizations, including Roma grassroots ones.

They considered the LHH Program important right from the start. They identified permanent unemployment, within which the ratio of unemployed Roma individuals is exceptionally high, as the most pertinent problem in the micro-region. They defined two main development paths: on the one hand, creating further green field industrial areas, and on the other hand, the infrastructural and pedagogical renewal of the education system. They concentrated the funding proposal on these two fields through developing projects that benefit the entire micro-region and reinforce one another.

The micro-region will be able to make use of funding in the amount of HUF 2.3 billion, out of which HUF 250 million will be spent on "learners" (non-classroom education facilities and support for the most vulnerable) from which the local Roma community will directly benefit. Their program package received the Award of Excellence from the Association of Regional Developers.

IV. Key Information Regarding Research

1. Introduction

KAI Consulting Ltd. conducted this research from April to December 2010, pursuant to the request and through the support of the Open Society Foundations' *Making the Most of EU Funds for Roma* (OSF-MtM) initiative.

15 micro-regions were included in the sample from among the 33 most disadvantaged micro-regions by applying a multi-stage, layered sampling procedure.⁵

During the course of this research, we worked with interviews, questionnaires, and the secondary analysis of documents made available. Our main consideration was to gather as

⁵ Micro-regions of Baktalórándháza, Barcs, Bátonytereny, Berettyóújfalu, Bodrogköz, Edelény, Fehérgyarmat, Heves, Lengyeltót, Mátészalka, Mezőkovácsháza, Sellye, Szerencs, Szikszó, and Vásárosnamény

much information as we possibly could from local actors, therefore, we paid special attention to recording local narratives as well.

Our colleagues administered 15–20 questionnaires and about half of a dozen interviews with local actors in each of the 15 micro-regions selected. Beyond this and in order to review the entire program, additional interviews were conducted with program designers, managers and consultants.⁶ We discussed the methodology⁷, the interim results, and the frame of analysis with the representative of the MtM staff at special workshops.⁸

2. Methodological background

2.1 Research hypothesis

We formulated our research hypotheses at two levels: strategic issues beyond the scope of the LHH program, and specific issues related to the LHH program.

i. Strategic level:

1. The delivery of the LHH Program points to numerous system-level problems, which have already surfaced during the course of the implementation of other EU-funded programs and are well-known (e.g., conflicts between NDA and ministries, within the NDA and among Managing Authorities; insufficient inter-institutional communication; excessive administrative burdens on beneficiaries).
2. The program was successful in introducing new concepts and schemes in local development was unsuccessful in transforming the broader development mechanisms in the implementation (e.g.: new practices for integrating the Roma target group was not introduced, the implementing agencies relied on methods applied earlier with modest success, such as info days, emails, etc.).
3. The integration of 33 micro-regions formed a group that was too large to handle. This targeting missed to reach out the most disadvantaged settlements not located in the most disadvantaged regions.

ii. Program level:

1. Results targeted by program planners and implementers were only partially reached during the course of the implementation of the LHH Program.
2. Cooperation deficit accumulated earlier between Roma and non-Roma communities largely aggravated project preparation and the reconciliation of interests.
3. Far too many low-quality and ill-timed state consulting and consultancy networks did not support the work of local program developers.

⁶ Gordon Bajnai, Ádám Baric, Dániel Bene, László Benedek, Gábor Bernáth, Edit Czirbus, Béla Herczeg, Frigyes Janza, Katalin Kovács, Ádám Kullmann, János Ladányi, Andor Ürmös, Tamás Köpeczi-Bócz.

⁷ SWOT analysis of the entire program, including Roma.

⁸ Petra Kovács, Viola Zentai.

4. Local selection of the projects to be implemented did not favor the interests of Roma communities, or only projects not threatening the local power balance had a chance to be integrated (mainly in respect of SROP projects).

2.2 Participating researchers

Community development field workers, researchers with a scientific background, and policy analysts were involved in the research group to ensure an apt combination of theoretical, methodological, and field expertise:

Klára Cziike, Gábor Daróczi, Júlia Galántai, Ivette Gyűrűs-Kutnyánszky, Éva Havas, Zsuzsanna Ivánku, Tibor Kis, Angéla Kóczé, Jenő Setét, Barbara Tonté, Balázs Váradi

2.3 Individuals interviewed

The key professional designing the LHH program were interviewed; we also talked to the prime minister in office at the time of program launched, as well as other political leaders, managers, and employees of the LHH Program Office, Managing Authorities connected to the program, as well as key consultants. Summaries of thirteen expert interviews can be found in the Annex.

2.4 Field research and case analysis in the micro-regions

Researchers selected local level participants during the course of the preparation of micro-regional analyses. Competent micro-regional managers carried out the following complex research tasks:

- 1. Preparing situation analysis** (maximum 10 pages of key information per micro-region; interviewees and the list of individuals to be included in the questionnaire survey had to be compiled during the course of the situation analysis).
- 2. Conducting interviews** (three to six interviews per micro-region conducted with local government, civil society and Roma Minority Self-government leaders; regional coordinators, and other state experts familiar with the micro-region).
- 3. Filling in questionnaires** (15–20 per micro-region, completed by individuals that were not interviewed but were capable of providing detailed information).
- 4. Summarizing questionnaires and interviews** by common template
- 5. Compiling an approximately 20 page summary per micro-region** based on common template.

V. Annexes (available in Hungarian)

Detailed conclusions of the research Micro-regional case studies
Summary of the survey
Micro-regional accounts
Interview questions
Questionnaire