

# MAIN RISKS OF MISUSING EU FUNDING IN THE FIELD OF ROMA INCLUSION

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## Introduction

Roma inclusion is one of the biggest social challenges in a number of EU member states. Progress in Roma inclusion can be achieved by good governance combining equal opportunities-oriented education, employment, health and housing policies, commitment to anti-discrimination, etc. This leads to the conclusions that:

- Governance is a key challenge of Roma inclusion, as the member states with large Roma populations overlap with the member states with the weakest performance in governance, accountability, etc.
- EU funding is an important tool for the EU to support Roma inclusion, as the member states with large Roma populations also overlap with the member states that are the main beneficiaries of EU funding. However, EU funding needs to be embedded in good governance.

The purpose of the paper is not to give an overall assessment of EU funding for Roma inclusion. Instead, it focuses on the main risks of misusing EU funding in this field. We believe a given member state fails to meet its duties if it inappropriately addresses the visible risks. As those who suffer because of this failure are marginalised communities and individuals, this also raises questions concerning respect for fundamental rights.

According to our assessment, the main risks include the following:

1. Without strong guarantees for reducing disparities, the allocation of funds tends to favour more developed geographical areas and social groups, and funds tend to reach Roma less than others.
2. Where funds reach Roma, further risks occur. Some of the typical cases are as follows.
  - a. Regarding funds implemented by specific state agencies, weak accountability causes risks.
  - b. Regarding funds implemented by NGOs, unfavourable financial conditions cause risks.
  - c. Regarding funds implemented locally, addressing segregation is a key challenge: municipalities and other actors rarely take steps to eradicate segregation and sometimes implement developments that strengthen segregation.

For each risk, we have identified cases from member states to highlight how much these risks distort the funds from their original goals. For some of the risks, we have also identified cases from member states to show that it is possible to address these appropriately. The character of the paper is rather critical. However, as highlighted above, the bottleneck in Roma inclusion is governance rather than just funding; and the purpose of the paper is not to give an overall assessment of EU funding on Roma inclusion, so it should not be read as a negative overall assessment.

## 1. Allocation of funds: localities with larger Roma communities tend to receive EU funding below the national average - evidence from Bulgaria and Slovakia

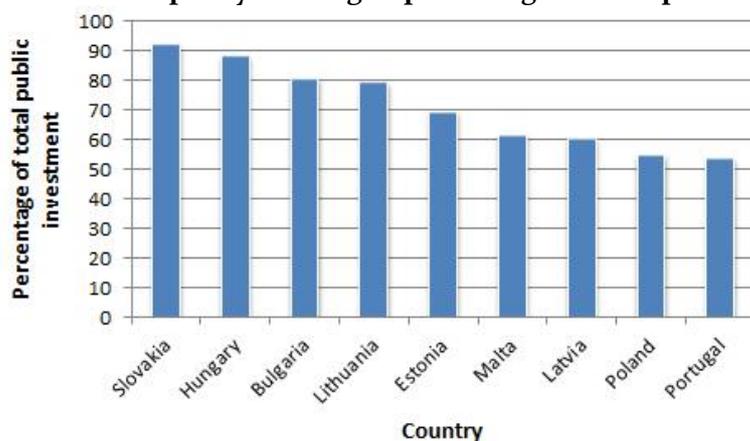
### 1. Prejudice: there are no results in inclusion although Roma receive a lot of support

It is difficult to measure directly how much support Roma receive from structural funds, as the funds support the projects of organisations rather than individuals, it is impossible to identify the individual beneficiaries of many projects (e.g. who benefits from an investment in flood protection and to what extent?). Even where it is possible to identify the individual beneficiaries of a project, there are difficulties with statistics on ethnicity.

Still, it is possible to estimate indirectly how much support Roma receive from structural funds. The two studies presented below prove that Roma receive below-average benefits from structural funds.

We need to note that EU cohesion policy funding accounts for a very high share, 80-90%, of total public investment in the member states with the largest Roma populations.<sup>1</sup>

#### EU cohesion policy funding as percentage of total public investment, 2010-12

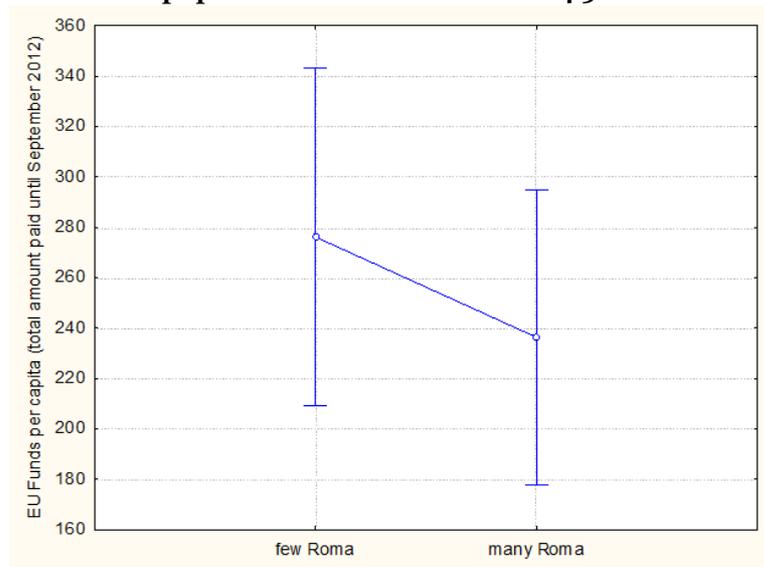


## 2. Structural funds in Bulgaria - low allocation

The Open Society Institute–Sofia prepared a study that included a comparison of per capita allocation of structural funds and share of the Roma population for each municipality.<sup>2</sup>

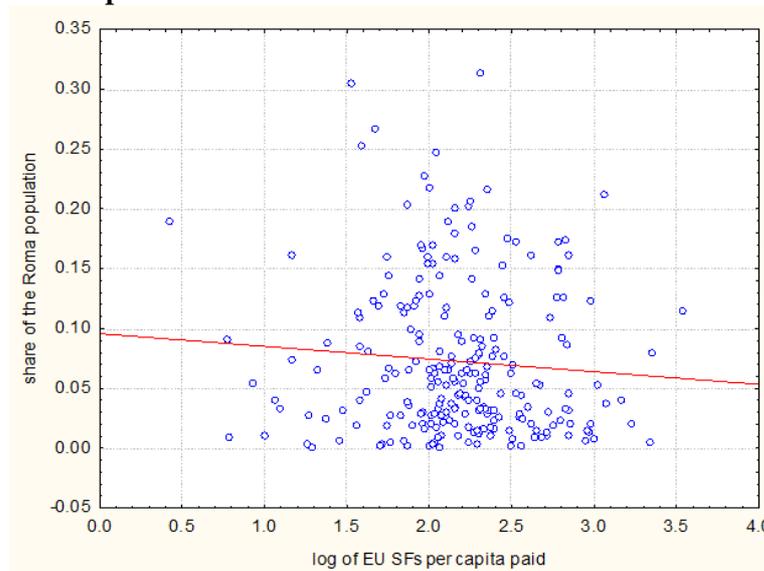
A simple comparison of per capita allocation of structural funds among municipalities with smaller and larger Roma populations (below and above 4.5% of the total population which is around the national average) proves: municipalities with smaller Roma populations received more EU funding than municipalities with larger Roma populations. The difference is around 15%.

**Per capita allocation of structural funds among municipalities with Roma populations below and above 4.5% of the total population**



A more sophisticated analysis reinforces the slightly negative correlation between per capita allocation of structural funds and share of the Roma population.

**Per capita allocation of structural funds and share of the Roma population in municipalities**



Although there are no statistical data on this, the general experience is that Roma were not among the main beneficiaries within the given municipalities, either.

The conclusion is that in Bulgaria the allocation of structural funds did not contribute to social and territorial cohesion from the perspective of the Roma.<sup>1</sup> This is unexpected as social cohesion and the reduction of disparities between the levels of development of the various regions and the reduction of the backwardness of the least favoured regions are among the few main aims of the structural funds.<sup>3</sup>

<sup>1</sup>As the link between the amount of funds allocated and the results and impacts achieved is often weak, a higher allocation would not directly mean a better impact. However, a lower allocation clearly reduces the chance for better impact.

### 3. European Social Fund in Slovakia - low allocation and weak impact

In 2012, UNDP published a study on how much the European Social Fund (ESF) in Slovakia supported Roma inclusion.<sup>4</sup> Similarly to the Bulgarian case, one part of the study analyses territorial allocation of ESF and concludes as follows: “The ESF programme has proven less successful in territorial targeting. Despite the existing regional disparities, the ESF structure possesses no systematic instrument for steering investments to the regions or municipalities that are most in need of support. The analysis suggests that, on the contrary, people in such locations benefit from ESF grants even less than the inhabitants in average localities.” One possible reason for this is that many of the municipalities most in need are small municipalities that often lack capacities.<sup>2</sup>

Another part of the study analyses the impacts of the ESF. The largest share of resources was invested in increasing the skills of the workforce and thus targeted formal employees while many Roma are either unemployed or informally employed. A smaller amount of resources was invested in training of the unemployed, but only a very small number of beneficiaries of the training projects ended up formally employed, as educational deficits alone did not explain the exclusion of Roma from the labour market. Prejudice plays a role and it should be addressed.

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<sup>2</sup> The municipal structures in Bulgaria and Slovakia are very different. In Bulgaria 7.4 million people live in 264 municipalities, with the average population of a municipality close to 30,000. In Slovakia 5.4 million people live in almost 3,000 municipalities, with the average population of a municipality less than 2,000. Municipalities that are small in Slovakian comparison are extremely small in international comparison.

## 2. Specific state agencies implement increasing amounts of EU funds with weak accountability - evidence from Hungary

### 1. Increasing amounts of funds are used by specific state agencies

In several member states with large Roma populations, increasing amounts of EU funds are implemented by specific state agencies that are responsible for Roma inclusion. This is the case in Hungary with the National Roma Self-government (ORO) and its regular partner Turr Istvan Training and Research Institute (TKKI, background institution of the Ministry of Human Capacities), in Romania with the National Roma Agency (NAR), etc. Some of these institutions are Roma-led (e.g. ORO, NAR), others are not (e.g. TKKI).

As an example, funds implemented by ORO and TKKI in Hungary (see Annex for details):

- ORO is the lead beneficiary of 5 projects with a total amount of 25.5 million EUR. The largest project is setting up social cooperative for employment with 16.5 million EUR (under the ESF Social Renewal Operational Programme, measure 2.4.3). ORO partnered with TKKI and the national employment service.
- TKKI is the lead beneficiary of 24 projects with a total amount of 105 million EUR.
- TKKI is partner in further large projects (e.g. in the project “I’m learning again” implemented by the public employment service, Social Renewal OP 2.1.6, 147 million EUR).
- ORO and TKKI had to be involved by beneficiaries as partners in further mid-size projects (e.g. projects implemented by municipalities in the scheme for complex settlement programs, Social Renewal OP 5.3.6).<sup>5</sup>

### 2. There are serious risks of weak accountability

The member states with the largest Roma populations have relatively weak performance in accountability and control of corruption.<sup>3</sup> Besides this general context, a number of factors can be identified as risks regarding the accountability of these specific state agencies:

- Implementing institutions are in a **monopoly** situation.
- In certain cases there has been a **very rapid increase** in the amount of funds implemented by the institution (see ORO and TKKI around 2012-13), and **capacity building cannot keep pace with it**.
- This increase not only does not necessarily increase total capacities for Roma inclusion, but it also **crowds out** non-governmental organisations that have worked effectively.
- There are weak or no institutional arrangements for exercising **professional control** (e.g. project boards with respected senior experts) and **financial control**.
- Leaders have direct **political roles**. There can be trade-offs with professional roles.<sup>4</sup>

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<sup>3</sup>According to the worldwide governance indicators database of the World Bank, Bulgaria ranks 27th and 28th, Hungary ranks 24th and 20th, Romania ranks 28th and 27th, and Slovakia ranks 20th and 24th among 28 member states in these two criteria (2013 data). <http://info.worldbank.org/governance/wgi/index.aspx#home>

- In certain cases leaders have a **track record of suspicion** of bad financial management.<sup>5</sup>
- Most of the projects include mainly **soft activities** (e.g. organisational development, training). With hard activities, such as infrastructure development, the lack of output or poor quality would be easily visible for all, and therefore the price is mainly the issue for accountability and control of corruption. With soft activities, however, even the lack of output or poor quality is often hidden.<sup>6</sup>
- A number of projects, including large projects, include activities that cover **only one fragment of interlinked activities**, e.g. preparatory studies for further projects, methodological support for other actors. Therefore, tangible results cannot be expected from the projects themselves.
- There are few or no **measurable targets** defined and communicated (and then monitored). Where there are measurable targets, these are often about the number of people trained, which provides no information about the seriousness and usefulness of the training.
- **Reports** on the projects are rare and descriptive (e.g. selected “success stories” about individual villages or people).
- There are weak or no mechanisms for **independent monitoring** (e.g. institutionalised civil society monitoring) and **evaluation**.<sup>7</sup> In certain cases it also happens that the leader of the institution is tasked with evaluating the achievements of her or his own institution.<sup>8</sup>

All these risks together very easily result in ineffective and inefficient use or misuse of funds.

In the case of Roma-led organisations, the ineffective or inefficient use of funds, and especially the misuse of funds, easily fuels negative attitudes of majority populations toward the Roma. This is especially so where the leader responsible has been elected by Roma, as in the case of the National Roma Self-government (ORO), and not appointed by the government. The problem here is not that Roma-led organisations get the opportunity to implement increasing amounts of funds, but that these institutions often get this opportunity without the necessary preparation and support.

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<sup>4</sup>The president of ORO is a politician of the governing party. Until 2014 he was member of the parliament in the faction of the governing party. Since then he has been the prime minister’s commissioner for Roma issues. Members of ORO and county-level Roma self-governments are often involved in mobilising Roma voters for parliamentary and municipal elections.

<sup>5</sup>The president of ORO was accused for financial abuses in 1998, but he received amnesty from the president of the country and his case has been sealed for 30 years.  
[http://magyarnarancs.hu/belpol/eljarasi\\_kegyelem\\_farkas\\_floriannak\\_elsikalva-61985](http://magyarnarancs.hu/belpol/eljarasi_kegyelem_farkas_floriannak_elsikalva-61985)

<sup>6</sup>As the EU criticised the extensive public works programme in Hungary for not developing skills of the participants and thus not helping them to enter the labour market, TKKI implemented a large EU funded programme to develop basic skills (Social Renewal OP 2.1.6). While the need for developing skills is clear, the programme was widely criticised for not being tailored to needs, etc. A summary of the criticism:

[http://index.hu/belfold/2013/12/20/napocska\\_kepzes/](http://index.hu/belfold/2013/12/20/napocska_kepzes/)

<sup>7</sup>A civil society monitoring report on the implementation of the national Roma integration strategy in Hungary identified risks already in 2013 (see e.g. page 22).

[http://www.romadecade.org/cms/upload/file/9270\\_file8\\_hu\\_civil-society-monitoring-report\\_en.pdf](http://www.romadecade.org/cms/upload/file/9270_file8_hu_civil-society-monitoring-report_en.pdf)

<sup>8</sup>The president of ORO, the prime minister’s commissioner for Roma issues, is responsible for evaluating the implementation of the commitments agreed to by the government and ORO.

[http://index.hu/belfold/2014/12/05/probalja\\_egy\\_levegovetellel\\_elmondani\\_mi\\_lesz\\_farkas\\_florian\\_feladata/](http://index.hu/belfold/2014/12/05/probalja_egy_levegovetellel_elmondani_mi_lesz_farkas_florian_feladata/)

### 3. There are concrete concerns about the misuse of funds

Besides the above risks, recently concrete concerns have been raised regarding **the largest, 16.5 million EUR project of ORO** in partnership with TKKI and the national employment service.

In late January 2015, a Hungarian activist and opposition politician specialised in detecting corruption checked the first procurement documents and posted the following concerns on his blog:<sup>6</sup>

- ORO rented 10 cars for 6 months for around 100,000 EUR.
- They renovated the office for around 85,000 EUR.
- They purchased 330 pieces of office furniture, including 220 chairs, for around 100,000 EUR.
- They ordered a study on recruitment for around 100,000 EUR.
- They ordered a study on purchasing software for around 60,000 EUR, and purchased IT equipment for around 175,000 EUR.
- They purchased media services for around 200,000 EUR, without any visible media activities so far.
- They spent around 200,000 EUR on project management and accounting.
- All the above items and services seem to be **highly overpriced**.

A few days later, some members of ORO initiated a meeting to get answers about these concerns from the president of ORO. The president did not attend, and some members claim he threatened others who were going to attend. The members told the press that they had no overview of the finances of the organisation and that the president made **every decision on his own**. They also raised concerns about ORO's purchase of an office for over 1 million EUR within the same project. They checked the building, which was empty.<sup>7</sup>

Journalists checked further documents such as the minutes of previous meetings of ORO where the president promised to members that the EU funded projects – that target the most disadvantaged people – offer possibilities for **members to get well paid jobs**. Journalists explained that most of the purchases were designed in a way that they were just below the threshold for open procedures. They detected that some of the services were purchased from freshly established companies that had no references and that were closed right after. They discovered that salaries of project management were very high as well.<sup>8</sup> All these concerns may generate further attention and in-depth investigative articles.

Members of the Hungarian parliament also asked the minister in charge of EU funds about these concerns. He answered that the president of ORO should be asked, and that the ministry will check the use of funds only after the project has been implemented.<sup>9</sup> The president of ORO did not give any answer.<sup>10</sup> One week later the minister in charge of human resources initiated a procedure to check the project, however, the seriousness and conclusions of the check remain to be seen.<sup>11</sup> The prosecutor may also initiate procedures.<sup>12</sup>

It is important to see that all these concrete concerns relate to the above risks, and the problems are not with a single project but with the overall structure.

**Annex: Projects implemented by ORO and TKKI in Hungary<sup>3</sup>**

ORO is the lead beneficiary of 5 projects with a total amount of 25.5 million EUR:

Title of project	Fund	Amount	Approved	Comment
Social cooperative for employment, in Szolnok <sup>14</sup>	ESF, Social Renewal OP, 2.4.3	16.5 million EUR	Oct 2013	Partners: TKKI, public employment service
Training and employment of Roma women in social and child care <sup>15</sup> -Training of 1,000 Roma	ESF, Social Renewal OP, 5.3.1	5.1 million EUR	Oct 2013	Partner: TKKI
Methodological support to Roma inclusion <sup>16</sup> -Labour hire network, pedagogical services, training, IT support	ESF, State Reform OP, 2.2.15	3.3 million EUR	June 2012	Partner: TKKI
Competence based curriculum on Roma languages and culture, in Nagybajom -Curriculum development	ESF, Social Renewal OP, 3.4.1	0.5 million EUR	Dec 2012	
Support to school career in the HTA vocational school, in Szolnok -Services and equipment for 36 disadvantaged children	ESF, Social Renewal OP, 3.3.10	0.13 million EUR	July 2013	

TKKI is the lead beneficiary of 24 projects with a total amount of 105.1 million EUR. Largest, recent projects are these:<sup>17</sup>

Title of project	Fund	Amount	Approved	Comment
Infrastructure development for community services in micro-regions	ERDF, Social Infrastructure OP, 3.2.3	29.7 million EUR	Nov 2013	
Training and services for most disadvantaged people for better chances for employment	ESF, Social Renewal OP, 5.3.8	24.2 million EUR	May 2012	
Eotvos Jozsef pedagogical programme	ESF, Social Renewal OP, 3.3.13	16.4 million EUR	Oct 2013	
Competence development for most disadvantaged people	ESF, Social Renewal OP, 5.3.10	11.0 million EUR	Dec 2012	
Capacities for equal based development policy	ESF, State Reform OP, 1.1.16	4.0 million EUR	May 2012	

## b3. NGOs implement EU funds under highly unfavourable financial conditions - evidence from Romania

### 1. The general situation

Before EU accession, in the future member states with the largest Roma populations EU funds (e.g. PHARE) offered favourable financial conditions for beneficiary organisations including NGOs: they could use 80% advance payment, which allowed positive cash flow for the beneficiary organisations throughout the implementation of the projects.

With accession, financial conditions changed unfavourably. The rate of advance payment has been defined by the member states. As the national authorities responsible for the implementation of EU funds did not have experience with managing structural funds and were afraid of the radically increased amounts, they offered lower rates of advance payment. And, for the same reasons, it took much longer for them to check and approve claims for reimbursements. The combined effect of these two factors was often negative cash flow for the beneficiary organisations.

Among beneficiary organisations, NGOs were hit the hardest, and especially smaller and financially weaker NGOs, since they had neither other resources nor properties with which they could ask for mortgage loans. **NGOs working with marginalised Roma communities are typically smaller and financially weaker NGOs** as they stretch as much as possible to address the challenges in the field.

These were typical strategies followed by NGOs that unexpectedly experienced negative cash flow:

- Some NGOs accumulated public debt (e.g. by not paying taxes on their employees). This, however, generated even larger problems, as national authorities – once they were finished checking and approving claims for reimbursement – were not able to transfer the grant because there are national rules forbidding payment of public funds to organisations that have public debt.
- Some NGOs accumulated debt toward their employees. This ruined personal relations and the commitment of individuals. Some of these employees went to court against their former employers. This is how it happened that an organisation whose mission is Roma inclusion had to use its capacities and pay expensive lawyers to win a case against its former Roma employee, instead of using its resources for Roma inclusion.
- Many NGOs learned practices of cheating with the funds. For example, they increased salaries, claimed reimbursement for the increased salaries, and asked the employees to pay back a part of the salaries to generate a reserve funds. This harmed the commitment and credibility of organisations.
- A few of the most committed leaders of NGOs offered their own flats as guarantees for mortgage loans. This is how it happened that committed leaders lost not only their NGOs but also their flats.

Further problems arose after reimbursements were paid, as repeated checks by the national authorities resulted in demands for NGOs to repay parts of already reimbursed amounts.

The extent of the problems can be illustrated by a case in Hungary. In 2009, 15 NGOs protested against the practices of the relevant national authority (the intermediate body of the Human Resources Development Operational Programme). They set up a

website and organised a demonstration. They were soon joined by another 170 NGOs. The website lists 14 NGOs that had to be closed or had serious losses, including 4 leading NGOs working with Roma.<sup>9</sup>

## 2. The situation of Roma NGOs in Romania

The situation of Roma NGOs implementing EU funds is most problematic in Romania for the following reasons:

- Large amounts of EU funds have been allocated to Roma NGOs in Romania. Roma NGOs were awarded up to 2-5 million EUR from the European Social Fund. Usually it is good if a state involves NGOs in its activities, but these extreme amounts raised risks that i) the state did not only involve NGOs in its activities but passed its activities and responsibilities to NGOs; and ii) the NGOs became dependent on a single financial source.
- Romania has unfavourable financial conditions for grantees.
  - A 2% own contribution is required for all projects. In many other member states no own contribution is required for projects where the grantees implement the projects for the benefit of others (e.g. education and employment projects for vulnerable groups) and the grantees are not-for-profit organisations. In order to implement the projects, many NGOs learned practices of cheating with the funds; e.g. they increased salaries or claimed reimbursement of increased salaries and then asked employees to pay back a part of the salaries to cover the 2% own contribution.
  - Only 10% advance payment is offered. In other member states up to 30% advance payment is offered for ESF projects for NGOs.
  - Transfer of the advance payment may take months, although at this stage there is no detailed documentation to be checked as a precondition of the payment.
  - Reimbursement of costs takes months.
  - Treatment of VAT was also unclear when the projects were launched.
- When, due to audit findings, payments to the national authorities were suspended by the European Commission in 2011, payments to grantees were suspended for almost a year in Romania. Payments to the national authorities are suspended by the EC from time to time in each member state, but in other member states payments to grantees continue from the advance payment paid by the EC and from the national budget.

This situation caused serious problems similar to the ones already described in the previous chapters, but they were on a larger scale. The only reason that problems did not become even more serious was that private donors helped the grantees with bailout programs. The Open Society Foundations, for instance, invested 2 million EUR to save 8 large Roma NGOs in Romania.

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<sup>9</sup>The four NGOs working with Roma which had the most serious losses: Roma Civil Rights Foundation (national), Hungarian Roma Parliament (national), Collegium Martineum (South Trans-Danubia region), ROM-SOM Foundation (North Hungary region). Website: <https://papiorszag.wordpress.com/>

## 4. Prevention of segregation is not guaranteed - a case from Naples, Italy

### 1. Legal background: discrimination is to be prevented during the implementation of the funds, and segregation is a form of discrimination

For both the 2007-13 and 2014-20 periods, prevention of any discrimination is a general requirement of EU structural funds.<sup>18</sup>

With respect to Roma, segregation is a significant form of discrimination.

Regarding European Regional Development Fund (ERDF) investment in housing in favour of marginalised communities from the 2007-13 operational programmes, a specific requirement is that the physical location of such housing ensures spatial integration of these communities into mainstream society and does not contribute to segregation, isolation and exclusion.<sup>19</sup>

Furthermore – as highlighted by Chopin et al<sup>20</sup> and Kocze et al<sup>21</sup> – the UN International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), signed and ratified by all EU member states, makes it clear that segregation is a form of racial discrimination.<sup>22</sup> This is important, as the above specific requirement is only for ERDF investment in housing from the 2007-13 operational programmes.

### 2. There is a risk that EU funds might strengthen segregation - a case from Naples

In regard to public investment in housing in favour of marginalised communities, few member states invest significant amounts of public funds with the goal of desegregation – one long-term, large-scale programme is the IRIS program in the Madrid region<sup>23</sup> – while others either do not invest significant amounts of public funds, or invest public funds without the goal of desegregation. An evaluation of relevant projects of a housing programme in Slovakia, funded by national funds, not EU funds, found, for instance, that over 70% of the projects maintained the level of segregation, around 20% further increased it, and only around 10% decreased it.<sup>24</sup> Thus most of the member states “complied” with the above specific requirement for ERDF by simply not investing ERDF in housing in favour of marginalised communities.

There is one known case where local authorities have planned to invest ERDF funds in housing without respecting the requirement that the physical location of such housing ensures spatial integration of these communities into mainstream society and does not contribute to segregation, isolation and exclusion. It is in Italy, where the national policy resulted in segregated camps, which were funded by national funds, but so far not EU funds.<sup>25</sup>

The local authorities in Naples planned to build a new temporary segregated camp in Cupa Perillo in Scampia, financed by the ERDF with 7 million EUR from the 2007-13 regional operational programme, and move up to 400 people from the nearby informal settlement that has existed for more than 30 years. The plan is still in place despite complaints.

- In December 2013, the European Roma Rights Centre (ERRC) reported the plan of the local authorities in Naples to build a segregated camp with ERDF.<sup>26</sup>

- In May 2014, the plan was adopted by the city council of Naples.
- In June 2014, ERRC and Italian NGOs sent a letter of concern to the Commission (DG Regio and DG Justice) about the case, copying the local authorities. It quoted the above requirement to ensure spatial integration, as well as other legal arguments. In August 2014, the Commission (DG Regio, Head of Unit Italy and Malta) answered the letter, confirming that “the project – as described – would not seem in line with the objectives of the ERDF”, especially as it did not seem to respect the quoted requirement to ensure spatial integration, and that the Commission contacted the responsible regional authorities.
- In November 2014, ERRC and the Italian NGOs sent a letter to the local authorities, copying the Commission. They shared the above position of the Commission and summarised legal arguments.<sup>27</sup>
- However, public statements by local leaders demonstrated that the local authorities still planned to build the segregated camp and finance it with EU funds, and stated that the local authorities did not receive any official warning from the Commission not to finance the project with EU funds.
- Therefore, in January 2015, ERRC and the Italian NGOs sent another letter to the Commission (DG Regio and DG Justice) urging it to take action towards the local authorities.
- It is expected that ERDF will not be used for the project and therefore the project will not be implemented. However, the ideal outcome would be the implementation of a modified, inclusive project. Unfortunately, the possibility for the necessary modification is strongly limited due to time constraints, as projects under the 2007-13 operational programmes need to be implemented by the end of 2015.

### 3. There are examples of well-designed mechanisms to ensure prevention and to promote the eradication of segregation with EU funds - a former case from Hungary

In line with the objectives of the funds and the commitments of the ICERD, authorities involved in the use of EU funds should not only prevent the strengthening of segregation but also promote the eradication of existing segregation. A comprehensive example for this is the so-called equal opportunities funding policy that was developed around 2007 in Hungary. Its main elements included:

- Identifying segregated schools and settlements, based on socio-economic data, not ethnic data (e.g. neighbourhoods where the share of people without more than primary school completed and without employment was over 50% were identified as segregated areas). Reliable ethnic data were not available and socio-economic data were adequate.
- Making access to EU funds for education and urban development conditional upon each municipality’s efforts and commitments to decrease segregation. Efforts and commitments were based on analytical reports and included in action plans approved by the municipality. Conditionality was ensured in calls for proposals as well as laws.
- Setting up a national network of trained equal opportunities experts in education and urban development, who assisted municipalities in preparing the analytical reports and the action plans, checked if the action plans were ambitious and concrete enough, and monitored the implementation of the action plans.

This equal opportunities funding policy was promoted at various international fora, e.g. at an anti-discrimination workshop under the Decade of Roma Inclusion in 2008, and at the second and fifth meetings of the European Roma Platform in 2009 and 2011.<sup>28</sup> However, it has not been adopted by other countries so far.

Recently the policy has been weakened in Hungary as well, partly because the national government took over schools from local authorities and partly because political commitment weakened.

<sup>1</sup> <http://blogs.lse.ac.uk/europpblog/2014/05/27/public-investment-under-the-new-eu-cohesion-policy-is-helping-europe-out-of-the-crisis-and-into-growth/>

<sup>2</sup> Open Society Institute–Sofia: The use of EU funds for Roma inclusion. Conclusions and some useful lessons from the 2007-2013 planning period. 2014.

<sup>3</sup> Recital (1) of Regulation (EC) No 1083/2006, Recital (1) of Regulation (EU) No 1303/2013.

<sup>4</sup> UNDP: Uncertain impact: Have the Roma in Slovakia benefitted from the European Social Fund? 2012.

<http://www.eurasia.undp.org/content/dam/rbec/docs/Have-Roma-in-Slovakia-benefitted-from-the-European-Social-Fund.pdf>

<sup>5</sup> <http://palyazat.gov.hu/doc/3367>

<sup>6</sup> [http://szekszardihetkoznap.blog.hu/2015/01/26/roma\\_onkormanyzat\\_berelt\\_auto\\_fel\\_evre\\_3\\_millioert](http://szekszardihetkoznap.blog.hu/2015/01/26/roma_onkormanyzat_berelt_auto_fel_evre_3_millioert)

<sup>7</sup> [http://index.hu/belfold/2015/02/09/orszagos\\_roma\\_onkormanyzat\\_gyanus\\_penzkoltes\\_csalas/](http://index.hu/belfold/2015/02/09/orszagos_roma_onkormanyzat_gyanus_penzkoltes_csalas/)

<sup>8</sup> [http://index.hu/belfold/2015/02/18/a\\_gellerthegyen\\_nagyon\\_megy\\_a\\_roma\\_felzarkoztatas/](http://index.hu/belfold/2015/02/18/a_gellerthegyen_nagyon_megy_a_roma_felzarkoztatas/)

<sup>9</sup> [http://index.hu/belfold/2015/02/18/a\\_gellerthegyen\\_nagyon\\_megy\\_a\\_roma\\_felzarkoztatas/](http://index.hu/belfold/2015/02/18/a_gellerthegyen_nagyon_megy_a_roma_felzarkoztatas/)

<sup>10</sup> [http://index.hu/belfold/2015/02/24/bomba\\_erv\\_a\\_roma\\_onkormanyzattol\\_a\\_tobb\\_szazmillios\\_irodara/](http://index.hu/belfold/2015/02/24/bomba_erv_a_roma_onkormanyzattol_a_tobb_szazmillios_irodara/)

<sup>11</sup> [http://index.hu/belfold/2015/02/26/balog\\_zoltan\\_lazar\\_janos\\_oro\\_emmi/](http://index.hu/belfold/2015/02/26/balog_zoltan_lazar_janos_oro_emmi/)

<sup>12</sup> [http://index.hu/belfold/2015/02/28/egyelore\\_nem\\_vizsgalodik\\_az\\_ugyeszseg\\_az\\_oro\\_penzkolteseimiatt/](http://index.hu/belfold/2015/02/28/egyelore_nem_vizsgalodik_az_ugyeszseg_az_oro_penzkolteseimiatt/)

<sup>13</sup> <http://palyazat.gov.hu/doc/3367>

<sup>14</sup> <http://www.tkki.hu/page.php?pid=811>

<sup>15</sup> <http://noazesely.oronk.hu/>, <http://www.tkki.hu/page.php?pid=204>

<sup>16</sup> [http://oronk.hu/arop2215/87-Roma\\_felzarkozas\\_modszertani\\_tamogatasa](http://oronk.hu/arop2215/87-Roma_felzarkozas_modszertani_tamogatasa), <http://www.tkki.hu/page.php?pid=557>

<sup>17</sup> <http://www.tkki.hu/page.php?mid=77>

<sup>18</sup> For the 2007-13 period, Article 16 of Regulation (EC) No 1083/2006 included the following sentence:

The Member States and the Commission shall take appropriate steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the various stages of implementation of the Funds and, in particular, in the access to them.

For the 2014-20 period, Article 7 of Regulation (EC) No 1303/2013 includes basically the same sentence:

The Member States and the Commission shall take appropriate steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation and implementation of programmes.

<sup>19</sup> Article 47(2) of Regulation (EC) No 1828/2006 as amended by Regulation (EC) No 832/2010 says:

Having regard to Article 7(2) of Regulation (EC) No 1080/2006, expenditure for housing in favour of marginalised communities shall be eligible only if the following conditions are fulfilled:

- (a) such housing investment is part of an integrated approach and support for housing interventions for marginalized communities takes place together with other types of in
- (b) terventions including interventions in the areas of education, health, social inclusion and employment;
- (c) the physical location of such housing ensures spatial integration of these communities into mainstream society and does not contribute to segregation, isolation and exclusion.

<sup>20</sup> Chopin, Isabelle-Do, Uyen, Farkas, Lilla (2013): Promoting the implementation of European Union equality and non-discrimination standards in the programming and implementation of structural funds with respect to Roma. Migration Policy Group. <http://www.migpolgroup.com/portfolio/promoting-implementation-european-union-equality-non-discrimination-standards-programming-implementation-structural-funds-respect-roma/>

<sup>21</sup> Kocze Angela-Kullmann Adam-Scharle Agota-Szendrey Orsolya-Teller Nora-Zentai Viola (2014): Programming the Structural Funds for Roma Inclusion in 2014-20. Open Society Foundations, Making the Most of EU Funds for Roma program. <http://www.opensocietyfoundations.org/publications/programming-structural-funds-roma-inclusion-2014-20>

<sup>22</sup> Article 3 of the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD) says:

States Parties particularly condemn racial segregation and apartheid and undertake to prevent, prohibit and eradicate all practices of this nature in territories under their jurisdiction. General Recommendation 19 of the Committee on the Elimination of Racial Discrimination explains:

1. The Committee on the Elimination of Racial Discrimination calls the attention of States parties to the wording of article 3, by which States parties undertake to prevent, prohibit and eradicate all practices of racial segregation and apartheid in territories under their jurisdiction. The reference to apartheid may have been directed exclusively to South Africa, but the article as adopted prohibits all forms of racial segregation in all countries.
2. The Committee believes that the obligation to eradicate all practices of this nature includes the obligation to eradicate the consequences of such practices undertaken or tolerated by previous Governments in the State or imposed by forces outside the State.
3. The Committee observes that while conditions of complete or partial racial segregation may in some countries have been created by governmental policies, a condition of partial segregation may also arise as an unintended by-product of the actions of private persons. In many cities residential patterns are influenced by group differences in income, which are sometimes combined with differences of race, colour, descent and national or ethnic origin, so that inhabitants can be stigmatized and individuals suffer a form of discrimination in which racial grounds are mixed with other grounds.
4. The Committee therefore affirms that a condition of racial segregation can also arise without any initiative or direct involvement by the public authorities. It invites States parties to monitor all trends which can give rise to

racial segregation, to work for the eradication of any negative consequences that ensue, and to describe any such action in their periodic reports.

<sup>23</sup> Santiago, Lualhati (2012): Leaving the slums behind: measuring the impact of IRIS pro-integration housing program. [http://www.romadecade.org/cms/upload/file/9713\\_file\\_iris-policy-report.pdf](http://www.romadecade.org/cms/upload/file/9713_file_iris-policy-report.pdf)

<sup>24</sup> Hojsik, Marek (2008): Evaluacia programu obnych najomnych bytov v romskych osidleniach. Milan Simecka Foundation. [http://www.nadaciamilanasimecku.sk/fileadmin/user\\_upload/dokumenty/Ine/Evaluacia\\_FINAL.pdf](http://www.nadaciamilanasimecku.sk/fileadmin/user_upload/dokumenty/Ine/Evaluacia_FINAL.pdf)

<sup>25</sup> <http://www.opensocietyfoundations.org/litigation/ec-v-italy>

<sup>26</sup> ERRC: Italy's Formal Camps don't Work. 10 December 2013. <http://www.errc.org/article/italys-formal-camps-dont-work-%E2%80%93-new-video-from-errc/4233>

<sup>27</sup> ERRC: ERRC and its partners sent a letter of concern on behalf of the proposed use of EU funds for a segregated camp in Naples, Italy. 28 November 2014. <http://www.errc.org/article/errc-and-its-partners-sent-a-letter-of-concern-on-behalf-of-the-proposed-use-of-eu-funds-for-a-segregated-camp-in-naples-italy/4335>

<sup>28</sup> Anti-Discrimination Workshop, Decade of Roma Inclusion, 17-18 April 2008: [http://www.romadecade.org/egy-cikk.php?hir\\_id=9354](http://www.romadecade.org/egy-cikk.php?hir_id=9354)

Second meeting of the European Roma Platform, 28 September 2009:

[http://ec.europa.eu/justice/discrimination/files/romaplatform2\\_minutes\\_en.pdf](http://ec.europa.eu/justice/discrimination/files/romaplatform2_minutes_en.pdf)

Fifth meeting of the European Roma Platform, 7-8 April 2011:

[http://ec.europa.eu/justice/discrimination/files/romaplatform\\_discussion\\_paper\\_poverty\\_2011\\_en.pdf](http://ec.europa.eu/justice/discrimination/files/romaplatform_discussion_paper_poverty_2011_en.pdf)