

Evaluation Abstract

Improving housing conditions and social integration of Roma families living in segregated settlements

In 2005, the Council of Europe Development Bank (CEB) approved a loan of € 5 million to a central European member state for the purpose of part-financing a project aimed at promoting the housing and social integration of Roma families living in segregated settlements. As stated in the CEB Loan Document, the CEB loan was planned to cover 80% of the eligible cost, and an interest rate subsidy of € 200 000 was granted. The Borrower of the CEB loan was the Ministry of Finance but the technical aspects of project implementation were under the responsibility of the Department for Roma Integration of the Ministry of Human Resources.

The general objective of the project was “to promote the social integration of Roma in the country by addressing the housing, education and vocational training, health and employment problems of the Roma”, but the key focus was on housing. According to the CEB Loan Document, the project targeted “the population living in slums or slum-type environments, voluntarily disposed to initiate a participative process aimed at improving their living conditions”.

CEB funds were distributed across three components. The first and most important component concerned **housing**, which received 87% of CEB loan proceeds. This funding was mainly used to relocate families living in segregated settlements to housing (purchased or built with project funds) situated in integrated areas of the municipality. The project also financed initiatives for the upgrading of dwellings, without relocation of

families (mostly in the first pilot year of implementation), and rehabilitation or construction of municipal infrastructure such as water supply and sewage systems. The second project component was labelled “**social integration measures**”. At the time of loan approval, various initiatives were envisaged under this component: promotion of integrated education of children, capacity building of civil society organizations, initiatives for promoting Roma culture and identity, etc. In the end though, this component was significantly reduced in scope, largely because, in 2006, the Roma Education Fund withdrew from the project, hence curtailing the project’s contribution in the education domain. Under the third component – **project management and human resources** – CEB resources (4% of the total CEB loan) were used, *inter alia*, to finance the work of independent “mentors”. These were independent experts recruited by the Ministry, who provided technical support to the implementing partners and ensured consistency of project activities with stated objectives.

The project consisted of a first pilot phase (conducted in 2005/2006) and four subsequent phases (up until 2009), three of which were financed by the CEB. The project was implemented through a series of tenders which specified eligible activities, objectives and entities eligible to apply for funding. The tenderer had to develop proposals that were suitable to the local context and which were appraised by the implementing Ministry on the basis of various criteria, the most important one being the capacity to reduce segregation.

During the first phase, only Local Governments could apply for funds. At the end of the pilot phase, an “interim evaluation” highlighted the difficulties faced by Local Governments in undertaking sub-projects (i.e. the development initiatives financed with project funds and implemented at local level). Consequently, starting from the second phase, Non-Governmental Organizations (NGOs) were allowed to apply for funds and lead the implementation of sub-projects, with non-compulsory participation by Local Governments in the municipal consortium. In some municipalities, initiatives were therefore undertaken without the involvement of the Local Government, despite the fact that the latter is the only politically legitimised body that can deal with local housing issues. As a result, in some municipalities, the Local Government deliberately opposed the project, thus hindering implementation. The participation of NGOs ensured a flexible model of implementation and allowed the project to progress even in municipalities where the Local Governments did not want to take the lead for lack of capacity and/or political commitment. However, this often came at the expense of the political ownership of the project’s initiatives, inevitably increased conflict, and affected institutional sustainability.

The evaluation recognises that the CEB financed a project with **very high social relevance** and a strong direct focus on the Roma population, and more specifically on Roma living in segregated settlements, who thus faced the highest risk of poverty and social exclusion. Despite its small scale, this project was the first example in the country of an integrated social programme explicitly aimed at promoting the housing integration of Roma, compared to previous initiatives mostly focused on provision of allowances that had the consequent effect of actually deepening segregation.

The project’s objectives – eliminating segregated settlements and promoting social integration – were very ambitious and yet the amount of resources made available was extremely low, given the complexity and severity of the issues being tackled. Moreover, for many of the actors involved in this project (the Ministry, Local Governments, Roma Minority Self-Governments, NGOs, associations, etc.), this was the first time that

processes of such a high level of complexity had to be managed. These included: selection of beneficiaries, identification of the activities to be carried out, management of the relocation process, purchase/construction of dwellings, application of national procurement rules, etc. Furthermore, the project’s implementation coincided with a period of strong social tensions between the Roma and non-Roma population. Implementing actors therefore operated in a very challenging environment during the handling of an operation which presented unavoidable operational risks and which never received strong and explicit political support, either at national or at local level. In some municipalities visited by the evaluation mission, the difficulties faced by the project actually increased resentment against Roma and political forces used this to fuel their political agenda.

Two major flaws of project strategy were identified by the evaluation. First, the timeframe for budgetary spending of the funds assigned to sub-projects was insufficient for ensuring thorough planning, preparation and implementation, considering the difficulties and delays encountered by NGOs and Local Governments. The second flaw concerned lack of follow-up initiatives: the long-term objective of social integration promoted by the project was not underpinned by an appropriate follow-up programme for beneficiaries to assist them in the challenging post-relocation phase. The assistance to relocated families ended after the closing of sub-projects. The only exception to this scenario occurred in the few municipalities where the project succeeded in establishing or strengthening NGOs or local associations that would continue to assist the beneficiary family after relocation. At the same time, the economic difficulties of Local Governments affected the availability and quality of municipal social support services required by families living in precarious social and economic conditions.

In terms of outputs, CEB funds were allocated over four years (2006 to 2009) to sub-projects implemented in 36 municipalities. During this time, the core housing activities implemented by the project reached a total of 945 families. Of these, 306 families were rehoused and 639 had their dwellings renovated (mostly in the first pilot phase). These results are well below

the targets established at the time of CEB loan approval, which envisaged that 2 000 families would be reached over three years. Nevertheless, the evaluation's overall assessment of **effectiveness** is positive, primarily because the project did, in effect, improve the housing conditions of beneficiaries, in terms of quality, living space and decreased exposure to health and environmental hazards. In several locations, the project eliminated what was considered "the shame" of the village – shanty settlements and cave houses. Living in such segregated areas was a sign of poverty and social and psychological isolation. For reasons of comprehensiveness, there was a further phase of the project (not financed by the CEB) in 2009; hence in total 342 families moved into new homes while 644 houses were renovated.

Notwithstanding the overall positive effectiveness of the project in terms of improving housing conditions, the poverty status of many beneficiary families inevitably affected their likelihood of **social integration**. The employment element of the project (not financed by the CEB) did not generate a visible breakthrough: while it provided employment opportunities in the short term, these rarely translated into lasting improvement of income-generation capacity. This was also due to the economic crisis that severely affected the construction sector, in which most of the vocational training initiatives were concentrated. The most common sources of income for the beneficiary families are limited to social allowances and intermittent jobs in public works. Some beneficiary families' members suffer from chronic disease or forms of addiction. In such contexts, the provision of a better house had a value *per se* (i.e. the immediate benefit of improved living conditions) but this did not make any substantial contribution to social integration

At the same time, the evaluation confirmed the correlation between relocation of the Roma family in an integrated area and the **likelihood of social integration**: if there were to be a chance of integration for the beneficiary families, however difficult, this could only materialise in integrated areas. This is because the neighbouring community may exert peer pressure on the relocated family to abide by certain neighbourhood

behavioural and social norms. Living in an integrated area may also facilitate the development of various types of exchanges, including among the children of neighbouring families.

The evaluation highlights the fact that the integration of Roma children in the education system is of crucial importance for breaking the circle of poverty and social exclusion. In the first year, the project benefited from the contribution made by the Roma Education Fund in this domain. Later on, the project worked in partnership with NGOs and associations; extra-curricular activities for children were financed with the objective of improving school performance and reducing the risk of drop-out. Such initiatives are very relevant because the risk of school dropout by Roma children from secondary education continues to be high. Partnership with NGOs and associations also allowed the project to finance vocational training, as well as social and education initiatives targeting Roma women.

While social impact showed mixed results, the project represented, at the **institutional** level, a valuable and unique learning opportunity for the stakeholders involved. A positive feature of the project was its capacity to involve, under various levels and positions (mentors, leaders of NGOs and associations), young Roma men and women, inducing them to engage in public affairs and manage project funds. In some locations, the project nurtured the growth or establishment of community associations or the strengthening of local NGOs, by adopting a simple but effective model of partnership and capacity building.

The overall performance of the project is classified in the satisfactory rating zone on account of the challenging objectives of the project, its high social content and the small amount of resources available. This rating reflects the important contribution made by this project to social development. Nevertheless, two criteria were rated below the satisfactory threshold: **efficiency** and **sustainability**.

With regard to **efficiency**, the implementation of sub-projects was very often ridden by delays, caused by the conflicting views of local stakeholders and/or lack of social acceptance. In some municipalities, the intervention brought

on a visible increase in the prices of housing. Efficiency and financial/economic sustainability were also affected by lack of cost-recovery mechanisms, including for rent collection. In some cases, beneficiaries were exempted from rent payment for reasons of solidarity. In others, rent was not collected because the rent amount was so low that the time and follow-up needed for collection outweighed the financial benefits of collection. These practices are not conducive to sustainability and are too dependent on the subjective judgement of the decision maker involved. A forgiving attitude reinforces the *cliché* that Roma families are treated more favourably than poor non-Roma families. Furthermore, payment of rent has an important symbolic value, as it shows that the project dwellings are not owned by the targeted beneficiaries, that housing is an expensive good and that ownership or tenancy of dwellings is subjected to legal obligations.

The benefits of the project are highly exposed to risks that may hinder their **sustainability**. Beneficiary families may not be able to afford utility payments. Indebtedness is a phenomenon that gravely affects the poorest beneficiary families; some families may be tempted to use the house, once privatised, as collateral to take out other loans, hence increasing their indebtedness. The risk of re-overcrowding may also affect sustainability. Some dwellings are in an advanced state of deterioration caused by lack of ordinary or extraordinary maintenance. Only in a few cases will the housing stock established by the project be operated as public social housing by Local Governments. The difficulties arise in those municipalities where the housing stock constructed by the project is owned by NGOs, since the latter rarely have the resources, capacity and mandate to operate a rental housing stock or the political legitimacy and accountability required to act as social housing manager.

The rules regarding the privatisation of project dwellings remain unclear. In the CEB Loan Document, reference was made to “*certain conditions*” that must be fulfilled in order to proceed with the privatisation of dwellings but no further details were given.

Role of the CEB

Several sources have indicated that this project was the very first national initiative aimed at reintegrating Roma living in segregated settlements. The readiness of the CEB to engage in such a risky and innovative initiative has to be acknowledged, especially taking into account the initial reluctance from some corners of the Bank’s Administrative Council. The financial value added of the CEB loan was confirmed by the evaluation, given the declining financial performance ratings of the member state during the project implementation period (from A1 in 2005 to A2 in 2008).

In terms of non-financial value added, through its monitoring missions, the CEB provided relevant recommendations, some of which (i.e. strengthening the employment element) were actually implemented. The CEB rightly and repeatedly expressed its concern regarding the sustainability of project benefits, underlining the fact that numerous beneficiaries were unable to cover the rent for their dwelling or the user fees for utilities. It also pointed out the limited sustainability prospects of employment initiatives. Notwithstanding the above, the implications of NGOs’ involvement in the project and the mechanisms for privatisation of project dwellings would have required a more thorough analysis during the CEB supervision and monitoring process.

This evaluation acknowledges that the CEB loan financed a project which had high national and international visibility. A significant number of publicly-available national and international reports were issued which drew on case studies and practices within the CEB-financed interventions, and yet none of these made reference to the CEB. It follows that this project represented a missed opportunity for the CEB to enhance its visibility as an international financier committed to combatting social exclusion in Europe.

On the basis of the evaluation findings, the following recommendations have been formulated for consideration and follow-up.

The following recommendations are addressed to the CEB:

- **Focus on Roma.** Roma are the poorest and most vulnerable population in Europe, and their needs in terms of employment, housing and education are at the very core of CEB's mandate. Nowadays, substantial opportunities are available to national and Local Governments to access funds from the European Union. For the CEB, partnership with the European Union is strongly recommended in order to promote CEB presence and visibility in programmes targeting Roma. Such dialogue would be instrumental for the CEB to develop project opportunities with the NGOs that work in this field. The CEB may promote itself as a flexible financier for small-scale local initiatives that have high potential for social and economic impact. In order to achieve this, strong support from the Administrative Council would be required.
- **Clarify privatisation conditions.** In housing operations which entail a strong social subsidy element, the CEB Loan Document should be as clear as possible regarding the prospects for privatisation of the dwellings financed with CEB resources and the rules to be applied in such a process. Vague statements that may be interpreted subjectively later on are best avoided.
- **Develop a dedicated management platform.** This project constitutes an exceptional case in the CEB portfolio for four reasons: high financing contribution (80%), type of activities financed, means of implementation and direct outreach to Roma beneficiaries. It had a very strong learning and visibility potential which, regrettably, was not sufficiently exploited by the CEB. For projects of this kind, which often entail a high level of complexity, the CEB should develop a dedicated management platform which would allow the financing of partnership building and supervision initiatives as well as create opportunities for visibility.

- **Deepen appraisal and analysis of modifications.** The modifications to a project introduced along the way by the Borrower, and in particular those which entail significant changes to project implementation arrangements, should be clearly documented by the CEB, through a thorough appraisal and analysis to better ascertain the full implications thereof, prior to their official endorsement by dedicated project management/monitoring committees or approval by the Administrative Council, as the case may be.

The following inputs for reflection are provided to the Government and national project implementing agencies. They should nonetheless also be the object of CEB's concern in appraising and monitoring such projects.

- **Promote market-oriented solutions to income generation.** In recent years, significant initiatives have been implemented to promote the participation of Roma in public works. Even though this constitutes an important source of income, beneficiaries may come to rely excessively on forthcoming public works opportunities at the expense of engaging in other income-generating activities. At the same time, sustainable market-based solutions to Roma employment do exist, especially in the agricultural sector. Where applicable, such initiatives should be replicated or up-scaled and provided with the apposite financial support.
- **Ensure effective monitoring & evaluation.** The design and management of a rigorous monitoring & evaluation (M&E) framework is a typical and recurrent recommendation made by evaluators who face difficulties in undertaking a robust analysis of results due to lack of baseline and comparable data. In projects targeting Roma, this recommendation has a broader justification. The systematic collection of results data and its transparent reporting and dissemination are necessary conditions for increasing the likelihood of social acceptance, by reinforcing the principles of transparency and accountability of policy-makers and implementing stakeholders.

- **Accept the long-term nature of Roma integration.** There are multiple causes and facets of social exclusion and poverty of Roma families. Initiatives implemented within a short timeframe cannot generate the expected breakthroughs or, when short-term outcomes are visible, these may not be sustainable. For this reason, a long-term approach should be adopted in order to ensure that adequate foundations are laid to assure sustainability. In combination with initiatives targeting individuals, family development and support services should be promoted in a coherent and synergic approach.
- **Focus on education.** Integration in the education system – from early childhood to after-school and recreational programmes – and adult education are important levers for breaking the circle of poverty and social exclusion. The initiatives promoted by local associations and NGOs to ensure school attendance by Roma children and assist them in after-school learning and recreational activities are of crucial importance and should be effectively supported, including in the context of projects targeting segregated settlements. Similarly, complementary services to assist and promote the educational advancement of Roma mothers and adults should be strengthened.