Tools and case to national programming on Area-Based Development for Inclusion

The aim of this document is to provide a set of tools designed and tested in UNDP models on Area-based Development (ABD) for Social Inclusion to be used to the EU 2020 programming processes at the national and local level in Roma-populated countries in the CEE region. It is also about the ‘Community Led’ and ‘Integrated Approach’ and a case how it could be understood, implemented and captured in the planning processes.

First Volume

This document was prepared in frame of the UNDP BRC ABD for Roma Inclusion Initiative
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December, 2013

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Background and the general context of this document

The EU context

The preparation for the enlargement of the EU towards Eastern and Central Europe revealed many structural problems such as territorial inequalities and acute social exclusion experienced by the people living in disadvantaged areas of this region. The enlargement process also made visible the situation of Europe’s largest minority groups (about 10 million people) – the Roma, who often live in segregated communities, and experience multiple cycles of deprivation with particular acuteness. The deprived conditions of disadvantaged Roma, the issues of segregation and extreme poverty, are of critical importance and urgency, and present a fundamental challenge for a large number of governments throughout the European region and beyond.

The European Commission’s full political commitment to Roma inclusion has been expressed through the adoption of the EU Framework for National Roma Strategies. The development of a new comprehensive European approach and the European Commission’s request to all Member States to develop and implement dedicated long-term strategies to promote inclusion of disadvantaged Roma in four key areas – access to education, employment, access to healthcare, housing and essential services – and to allocate sufficient targeted resources to achieve progress, have jointly been a significant step forward. Following the adoption of the Council Conclusions by the European Council on June 24, 2011, and in order to ensure the successful implementation of the national strategies, it is now necessary to build on these results and transform commitments into concrete programming in each Roma-populated country in Europe for the 2014-2020 period.

The problem context

One of the Roma-populated CEE countries’ gravest problems today is the gradual deterioration of the situation of individuals living in poverty, including the majority of Roma people. A consequence of this process are segregation, exclusion from the opportunities offered by life in the fields of education, employment and health care, and deterioration in living conditions in disadvantaged regions as well as on the peripheries of cities and metropolitans.

Therefore, a policy aimed at the inclusion of the Roma on national level cannot be separated from the general fight against poverty and the improvement of social and economic competitiveness. At the same time, we must pay particular attention to the Roma as a group, as experiences show they are the poorest of the poor and have been least reached by the various inclusion programmes. In accordance with the EU basic principle of explicit but not exclusive targeting, we need special means, methods and approaches for the involvement of the Roma population.

The chief reasons of the limited success of EU and other’s interventions for inclusion of disadvantaged Roma in the CEE Region are the following:
• All countries where Roma people live have very limited experience in addressing problems of inclusion of disadvantaged communities through locally implemented, integrated projects to improvement of the living conditions of Roma that consider the multiple causes of social exclusion (e.g. access to education, health, income opportunities) while addressing housing standards.

• Local authorities, whose mandate and jurisdiction social housing falls, have extremely limited experiences and no incentive for leveraging EU funds for integrated approaches to improvement of housing conditions, for vulnerable population in general and for the Roma in particular.

• The local authorities may try to help disadvantaged Roma by improving infrastructure in their settlements and subsidizing families further, but such aid is mostly viewed by the Roma as superficial and insufficient and by the public opinion as too much positive discrimination;

• Over the past two decades we’ve seen inclusion programmes primarily promoting human rights and political participation, so there is little experience of Roma community leaders in development tools and processes.

Jointly, these are the key reasons behind the failure in implementation of the various strategies and policy documents to date. More specifically, the above-mentioned reasons are due to the:

• Lack of political/administrative weight necessary for coordinating the different ministries and administration potentially involved in Roma inclusion policies;

• Lack of managerial and operational capacity to either plan or implement complex public policies on national and sub-national/local level, and a resulting gap between the two levels.

• Lack of unified data/monitoring/organization system, network building, knowledge products and pools;

• Sectoral, fragmented (instead of integrated funding and institutional frames) and short-term, project oriented approach (instead of financing long term complex processes);

• Lack of real participation, action, strategy and programme sustainability on local level.

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**The territorial development context (local, area-based)**

The territorial approach addresses some of the complexities faced by those involved in development. These complexities lie in the variety of local needs, the multiplicity of people and organizations, the complex pattern of public bodies and the fact that territorial development is both top-down and bottom-up in character, calling upon the resources of government and the territory as well as the energy of the local people. With the ABD approach development starts with re-building trust and re-discovering local resources. The key challenge here is to help communities living in the given territory to understand that the first thing they need is not funds for development, but their ownership and willingness to act. Thus the primary outcome of this process is the communal desire and capacity to act, the ability to mobilize territorial resources and localize development.

From an EU perspective it has been acknowledged that local development in the field of social affairs and social justice is geared towards crisis resolution. Further, until the present moment, most of the
interventions for Roma inclusion stop at “intermediary” level without reaching the targeted communities with their real needs and problems, and the knowledge and network of the existing area-based inclusion and housing models are not joined across regions and national borders.

Economic devaluation of peripheries of rural and urban areas and the lack of political interest on “small scale” (local) development is in close relation to the increasing exclusion of poor and vulnerable populations. In ‘disadvantaged places’ demography – education – remoteness – unemployment interact and generate ‘vicious circles’ that reproduce and amplify the phenomenon of area-based poverty and exclusion. The lost ‘power of the place’ also means the lack of local capability of people living there to mobilize available socio-economic-environmental resources and/or absorb external ones.

This “bad” territorial situation can have adverse long-term consequences for people and for the economy in which the geographical situation, the people and the economy react on each other to cause further decline.

The consequences for the people who live in these areas may include:
- out-migration or dependence on government aid
- low qualification and working skills
- increasing health and family problems (including problems with drugs and alcohol)
- loss of ‘local knowledge’ and ‘life-management’ skills
- growing feeling of exclusion and discrimination
- increase in the number of vulnerable people
- low level of social organization
- increasing criminality including usury
- as a result of these effects, losses of self-confidence and of trust in future perspectives, low ambition, inactivity and depression, which together form a special ‘being lost’ attitude.

The consequences for the economy may include:
- lack of interest among potential investors
- extremely high unemployment rates
- out-migration of skilled workers
- lack of development capability among stakeholders
- serious social and economic problems in the area
- weakness in infrastructure, services and institutions
- limited access to information
- low or negative visibility of the area
- lack of ability to apply support from government and EU (see below)

To answer these challenges pilot municipalities should be prioritized, as this would permit to develop integrated programmes covering the whole urban areas and thus extending the interventions to rural communities as well. This would also address the current imbalance of the allocation of EU resources for economic development with social inclusion concerns.
The experience gained by such pilot schemes is crucial in developing realistic, evidence-based medium and long-term integrated, territorial and community-led development programmes, which will serve as the basis for implementing sustainable National Roma Integration Strategies in the concerned countries. However, as noted above, local authorities lack the political incentive and the required human resource capacity to jump start this process.

The UNDP context

Through its regional centre in Bratislava and its network of Country Offices in the region, over the years UNDP has established its global and regional expertise, gathering significant program management experience in poverty reduction in general and for Roma targeted social inclusion programming in particular.

In cooperation with local and national partners, UNDP has completed a number of integrated local/territorial development pilots for Roma inclusion, explicitly but not exclusively targeted, in several CEE countries. In these pilots ‘inclusive local development strategy’ and ‘integrated project packages’ including housing, education, social service improvement and job creation elements were formulated and implemented collectively with local actors’ involvement contributing to the development, and successful testing of an innovative methodology and approach to tackle exclusion, poverty and marginality in one complexity.

The present regional initiative for inclusive territorial (area-based) development, as part of the UNDP umbrella project for Roma inclusion, was launched earlier this year. Based on the pilot cases in ‘Cserehát’ (2005-2011) and ‘Pécs’ (2011-2013) in Hungary, in Cluj, in Braila and Galati in Romania (2011-2014) UNDP seeks to mainstream its working approaches on policy and programming levels, and summarize lessons learned from past experiences, as well as transfer these experiences to Western Balkan countries and Turkey.

More specifically in Romania, UNDP has been called on by the local civil society advocates of improved living conditions for Roma and for the specific situation in Pata Rât, to assume a coordination role, vis a vis local and national authorities and the civil society to ensure the collaboration the government and non-governmental sector in mobilizing national and EU resources to address the situation in Cluj. Continuing its work in the city of Cluj, UNDP also works on multiplication of the model, based on a signed Memorandum of Understanding with the South-East Regional Development Agency and Braila and Galati municipalities.

The conceptual framework - Promoting the territorial approach and the participatory method (CLLD)

UNDP consistently defines the issue of Roma inclusion and the proposed solutions not in terms of ethnicity but rather in the context of multiple deprivations faced by different individuals and groups. Those deprivations correlate with group identity but are not primarily driven by that identity (this is why although the majority of Roma are vulnerable, not all Roma are vulnerable).
The practical implications of this approach mean that Roma exclusion can be successfully addressed in territorial context, addressing all people living in the most disadvantaged regions. This will cover groups with a Roma majority.

UNDP is among the few big international players that have the courage to present the challenge of Roma exclusion in its complexity and multidimensionality, raising the issue of the complex web of interests involved. Roma exclusion is not just a matter of ignorant racist prejudice and human rights abuse; it is a complex combination of ignorant racist prejudice and objective outcomes of daily interactions between Roma and non-Roma that reinforce those prejudices and prepare the ground for human rights abuse.

The territorial approach addresses some of the complexities presented by poverty and exclusion, faced by those involved in development. These complexities lie in the variety of local needs, the multiplicity of people and organizations, the complex pattern of public bodies and the fact that territorial development is both top-down and bottom-up in character, calling upon the resources of government and the territory as well as the energy of the local people. Behind this document our key principle is to revalidate territorial resources and melt frozen conflicts built on segregation and discrimination - first by territorial mediation and reestablished communication, and later by action, participation, planning and partnerships of all relevant stakeholders including disadvantaged groups - so that those involved are able to design and implement inclusive development processes in the targeted areas and be seen as „local actors” rather than „target groups”. In our model cases needs and goals are formulated collectively, and confidence is built where most needed. The most important final product is the inclusive development process, rather than a single ‘project’. And it becomes sustainable after shifting the driving of it from an external organization to the locally empowered actors including Roma and other people in need, who are able to independently prevail in their future endeavors.

The methods we offer, applied together, offer an integrated approach to addressing exclusion in a territorial context, by empowering those who are targeted.

**The development tools**

*Methods*

ABD targets specific geographical areas in a country, characterized by a particular complex development setting. Its starting-point is that the socio-economic needs and the unrealized environmental, social and economic resources are ‘all in one place’. This makes it possible and necessary to apply an integrated, innovative and flexible process that covers a range of issues – everything from empowering disadvantaged communities, creating jobs, pursuing environmental sustainability, seeking gender equality, promoting youth, confronting prejudice etc. But real ABD progress takes place only when the local community is actively involved in development: investing in development not simply by providing funds but by expanding marginalized disadvantaged people’s knowledge, skills and organization. The UNDP flagship projects’ focus was on developing capacities through an integrated area-based development process rather than on financing and managing detached projects.
UNDP’s methodology to the implementation of local initiatives for inclusion of disadvantaged Roma is built around the concept of area-based development, grounded in the following key principles:

**Participation.** Real progress takes place only when the targeted community is actively involved in development. Investing in people means not simply providing funds, but also expanding people’s knowledge, skills and ownership of the process. One cannot achieve development goals by simply transferring money: there must be capacity at local level to absorb that money and use it effectively;

**Motivation and commitment** of those targeted to the goals of development, and self-confidence to contribute to the implementation of these goals, *realized through community coaching*;

**Everyone’s development.** Everyone can have ideas, and everyone can contribute. A truly inclusive development means making use of the creative force all the members of the community and ensuring their equal and active participation and voice;

**Smaller is better.** Traditionally the poorest people have the greatest difficulty in receiving funds because they lack the resources to put up co-funding and lack of experience to implement projects. To provide equal opportunities is to provide access to global grants to these groups. However, it is important to remain small and close to the people who ‘own’ and benefit from the projects;

**Social organization.** Each community will function better if it is well organized. The level of social organization is related to the life quality and the economic potential of communities too;

**An external agency is needed,** in order to build up motivation and all other missing capacities. Independent “eyes and ears” are needed in order to energize development thinking;

**Synergies between local and national planning.** Regional Development Agencies (RDAs) have to pick up the best ideas and development partners at the local level and commence the planning process involving local communities. The rules of the planning period and the decision making process have to be clearly declared at the local level. Because of these initiatives, the region has a good future chance of accessing EU funds;

**Strengthened communication** of accumulated knowledge and experience, sharing information and best practices;

**Ensuring the dual top-down and bottom-up** in character of ABD approach, calling upon the resources of government and the energy of the people;

**Desegregation,** targeting to avoid the separation and self-separation of disadvantaged Roma groups by eliminating regulations, customs, or practices under which they are restricted to specific or separate public facilities, neighborhoods, schools, organizations.

And finally, recognizing and addressing the **complexity** of the development process laying in the variety of local needs, the multiplicity of people and organizations involved and the complex pattern of public bodies is essential.
Case to the national level planning

This chapter provides an outline to the national level integrated planning process for ensuring inclusive, integrated and community-led development at the local level through the case of the ‘LDMR Programme’ in Hungary (LDMR: Least Developed Micro-regions Programme).

The ‘LDMR’ Programme was implemented by the national government in the most disadvantaged NUTS 4 regions in Hungary. This programme attempted to address social (including public service) and economic (including transport) challenges in targeted territories (urban and rural) using EU funds on an integrated way and aimed at “The elimination of area-based poverty and social exclusion in the 33 most disadvantaged NUTS 4 regions in Hungary” (LDMR). The implementation process started in 2008 and the first run of the approved projects was implemented between 2009 -2013.

How the LDMR Programme was born. The LDMR programme was inspired when the first results of the UNDP Cserehat Programme, one of the first ABD flagship initiatives were presented at the national level. It was the local policy implementers of the Cserehat Programme, from both sides of the political spectrum, who were the keenest advocates of the area-based approach. In 2006, the Prime Ministry of Hungary visited the Cserehat region and met with Roma stakeholders in Roma villages. Moreover, ‘the Social Committee of the Hungarian Parliament had a meeting in the Cserehat region to learn the lessons of the programme.’

Political consensus and decision. In 2007 the Hungarian Parliament made a decision on design and implementation of an integrated programme for development of the most disadvantaged NUTS4 micro-regions, including the most Roma populated ones, where 1 million people (10 % of the total population of Hungary) live.

Programme Document. In 2007 the National Development Agency created the LDMR Programme Document, which included the territorial delimitation of the 33 least developed micro-regions, according to the government regulation.

Programme set up. In 2008 the LDMR Programme Monitoring Committee and the Implementation Unit was established and the financial mechanisms were created. The Steering Committee represented the relevant ministries and OP units, researchers, CSO-s and representatives of the 33 NUTS 4 regions.

Top down meets bottom up. In 2008 the implementation of the LDMR Programme started with a participatory planning process on NUTS 4 level. Training, technical advice, as well as expert groups - whose costs were financed from the State Reform OP and from Implementation OP budget - were provided, vertical cooperating was built among the micro-regional level, the LDMR Programme Office and OP managing authorities, and methodological guidelines were created to support the locally established action groups in this process.

1 UNDP. (2010) Case study – From pilot to policy in Hungary: Innovative solutions to alleviate area-based poverty and social exclusion in the Cserehat, pp.28
Implementation of the local action plans. The implementation of the approved LDMR local action plans started in the 33 selected NUTS 4 regions at the end of 2009.

All above steps were contributed to by UNDP.

Identification of the target areas. The identification of the target NUTS 4 regions aimed to cover the most disadvantaged territories and social groups with the largest possible overlapping. The aspects of selection were determined by complex economic (number of functioning economic organizations, size of personal income tax, etc.), infrastructural (e.g.: amount of sewage built), as well as employment (unemployment rate, etc.) and social (schooling, aging, migration balance) indices. The Hungarian Central Statistical Office, in cooperation with the Hungarian Academy of Sciences, identified 5 categories of the NUTS4 regions, classified by reference to a special complex Human Development Index (HDI), in order to make the territorial inequalities, and the reasons for them, more understandable on the NUTS 4 level. This HD Index is based on a set of 40 special indicators, including the proportion of foreign-owned enterprises, number of SMEs, household income estimated from personal income tax files, unemployment rate, number of Roma, net migration, number of telephone subscriptions, number of cars, number of local grassroots, and others. The 40 indicators were selected on the basis of related literatures and previous studies of the authors, taking into account the limits of available data sources. The indicators can be aggregated on county (NUTS3) and region (NUTS2) levels. The researchers used the factor analysis (SAS / STAT FACTOR) method because they observed close stochastic correlation between the variables and they assumed that this relationship is consequence of the influence of "some" important factors. See additional information in Annex 1.

The LDMR Programme Document's findings. The LDMR Programme Document explains that extreme poverty is increasing at an accelerated rate in Hungary, it reproduces itself from one generation to another, and it is increasingly concentrated in certain areas. Poverty puts a lot of pressure on the social care system and hinders the growth of economic performance simultaneously. The process goes together with the exclusion of disadvantaged groups.

The document concludes that the most disadvantaged micro-regions need a different, more complex treatment than the others in order to increase the local capacity to make a living and to prevent the development of the irreversible trend of exclusion, poverty and collapse. In order to eliminate multiple disadvantages we are launching a sustainable area-based development programme in the most disadvantaged micro-regions of the country which are highly populated by Roma also, such that is based on local community needs, on local economy and employment, on local environmental and transportation conditions and on local public.

Programme objective. The objective of the LDMR Programme was to reduce the distance between the living conditions, the quality of life and life prospects of those living in developed areas with good opportunities and those living in the peripheral, highly depressed and disadvantaged areas in order to increase the opportunities of the people in the most disadvantaged areas on the short, medium and long run, with special attention to the most vulnerable groups, to their inclusion and to increasing their mobility.
As a result of the development projects to be implemented in frame of the LDMR Programme, the pressure on the social care services was expected to be reduced and the performance of the local economy to grow. It is important that long term (15-20 years) sustainable developments be launched and processes supporting them and guaranteeing their continuation be started.

**Beneficiaries.** The direct beneficiaries of the programme have been the local governments, the local government associations, NGOs, local businesses, institutions and consortia in the 33 target NUTS 4 regions.

**Territories of the ‘LDMR’ Programme in Hungary.** This map shows that most of the LDMR micro-regions are in Eastern Hungary and on the peripheries of the country where most of the Roma population live.

![Map of Hungary showing LDMR micro-regions](image)

**Programme contents.** The functionality of the complex area-based development programme is, on the one hand, that it relies extensively on local conditions and efforts, and on the other hand that such conditions and efforts are continually fostered and promoted by external, central (EU and national) support-- starting from the foundations of the programme, all the way to implementation and evaluation. The financing of the Programme is guaranteed by the allocated funds and separate programme elements in different Operational Programmes in the National Development Plan (2007-2013) utilized and implemented in the designated areas.

**Inclusive local development action plan.** The NUTS 4 level action plans are built around the following major topics in the different micro-regions:

- Establishing service and product lines that satisfy the internal demands of the regional market and beyond (eg. contribution of social cooperatives)
- Fostering flexible forms of employment, enlarging employment
- Serving the development of the local social organization (on the field of education, health care, social services and the civil sector)
- Local community and public service development
- Sustainable transport and infrastructural development in relation to employment
- Making the area attractive to investors, building on local resources

The Programme provided central support to the most depressed NUTS 4 regions in getting prepared to absorb funds; to create partnerships for elaborating and implementing sustainable projects; to prepare well substantiated local action plans based on real information and relationships that fit into the larger regional processes; to establish and run the institutional background to implement them, to link the existing development networks, enlarging their capacities. All these activities contributed to the central goal of maximizing the local capacities to absorb funds related to the National Development Plan Operational Programmes and to the National Rural Development Strategic Plan through indirect means (participatory planning, programming, mentoring), and also through direct forms of support (development funds, providing operational costs).

**Fulfillment of the criteria of integrated financing.** The integrated financing of the LDMR Programme required multi-stakeholder decisions and a special financial plan and techniques on allocating funds from different Operational Programmes (OP) for complex local development in the target micro-regions. It was a difficult task, but proved implementable. The LDMR Programme was not an independent OP. The funds were allocated under relevant measures of the different OP-s. The implementation of the given measures was harmonized to ensure that the projects can be built on each other. The table below shows the decision of the LDMR Monitoring Committee on the fund allocation (in 2008)

<table>
<thead>
<tr>
<th>Operational Programmes of the National Development Plan (2007-2013)</th>
<th>Relevant EU Funds</th>
<th>The available amount separated to implementation of the LDMR local projects (2009-2015) planned in the 2009-2010 Action Plan</th>
<th>Selected objectives ensuring the financing of the complex local projects of the LDMR Programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Operative Programmes (NUTS 2 level)</td>
<td>European Regional Development Fund</td>
<td>€ 222 Million</td>
<td>Economic Development (industrial areas and parks, development of development etc.)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Traffic Development (main roads with 4-5 numerals, buses)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Development of the human infrastructure (day-care, nursery school, school etc.)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Settlement Development</td>
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<td></td>
<td></td>
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<td>Environmental Development in Southern Transdanubia and</td>
</tr>
</tbody>
</table>

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2 Housing is not included in the Programme Document because of the fact that it was created before the change in EU policies allowing housing financed from EU funds.
The Place for Everyone - “Area-Based Interventions for making the most of EU Fund for Sustainable Housing and Inclusion of disadvantaged Roma (explicitly but not exclusively targeted) in pilot areas in Romania & across the border to Serbia, FYR Macedonia and Turkey” implemented by UNDP Bratislava Regional Centre

<table>
<thead>
<tr>
<th>Social Renewal Operational Programme</th>
<th>European Social Fund (ESF)</th>
<th>€ 74 Million</th>
<th>Special education for inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Development of the working ability</td>
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<td></td>
<td></td>
<td></td>
<td>Preventive healthcare development of the human resources in relation to the healthcare</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Social inclusion</td>
</tr>
<tr>
<td>Social Infrastructure Operational Programme</td>
<td>European Regional Development Fund (ERDF)</td>
<td>€ 28 Million</td>
<td>Infrastructure of the education</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Labour market and social infrastructure</td>
</tr>
<tr>
<td>Rural Development Programme</td>
<td>European Agricultural Fund for Rural Development (EAFRD)</td>
<td>€ 116 Million</td>
<td>LEADER Programme and targeted funds only for LDMR micro regions</td>
</tr>
<tr>
<td>Allocated integrated fund for complex development of the 33 most disadvantaged NUTS 4 regions in Hungary (excluding EAFRD)</td>
<td></td>
<td>€ 324 Million</td>
<td>€ 10 Million/micro-region in average</td>
</tr>
</tbody>
</table>

Note: The EUR amounts are approximate

**Budget.** The pre-allocated budget for the programme was approximately EUR 324 million (HUF 96.9 billion). To avoid distortions in the allocation of funds for the various micro-regions, resources were distributed among them fairly based on the following criteria: 1/3 part of the money was evenly distributed, 1/3 part according to the number of inhabitants, and 1/3 part according to the number of settlements. This way, each micro-region could plan for an amount ranging from EUR 4.8 to 15.9 million (HUF 1.3 to 4.3 billion). It is important to note that a total of six Operational Programmes (OP) provided financial contribution to project implementation, and two OPs supported the technical assistance to planning (local capacity development, facilitation etc.) of the developments (projects). UNDP was involved in the planning process concerning four pilot areas in the Northern Hungary.

The development resources could be planned primarily on economic development, development of settlements, human infrastructure development, and human resource development.

**Partnerships.** Based on the experiences of the UNDP Cserehat Programme, the creation of local partnerships and set-up of the local ‘LDMR council’ as a decision-making body, including representatives of the local municipalities (max 50% out of total), CSO –s, NGO- s, institutions, 3HUF 1,3 billion was allocated for the Lengyeltóti micro-region, comprising 10 settlements with a population of 12 thousand; HUF 4,3 billion for the Ózd micro-region, comprising 29 settlements with a population of 79 thousand. 4Four Regional Operational Programmes, Social Renewal Operational Programme, and Social Infrastructure Operational Programme 5State Reform Operational Programme, Implementation Operational Programme 6ERDF-type of interventions: economic development involving local governments and the SME sector, urban and settlement development, human infrastructure development (e.g. construction and renovation of schools, nursery homes, infrastructure development for social and health services), development of transport and environmental infrastructure, procurement of equipment for educational and social purposes, ESF type of interventions: education and training, innovative training and employment programmes, local community-building programmes, health promotion.
businesses and Roma and other minority organizations, were fundamental components of the LDMR Programme.

**Implementation.** With the support of centrally-financed consultants, LDMR action groups were set up on local level by mobilized local stakeholders, who identified a multiplicity of projects in each target area to answer local development needs. Participatory based, inclusive and integrated local development action plans were also created by the local stakeholders for each of the 33 poor NUTS4 regions. Each integrated local action plan included twice as much project proposals pre-prepared at the local level with help of the consultants and pre-approved by the national LDMR Programme Office in order to make sure that the whole fund is absorbed. The National Development Agency (NDA), the line ministries and the Regional Development Agencies, which were involved in the management of grants, carried out an overall detailed assessment of the sent packages. The evaluation was followed by a **personal consultation** with the representatives of each micro-region (this dialogue is completely lacking from the normal grant application process). The local integrated action plan was then approved or sent back for revision by the NDA. Finally, in frame of the decision, the first half of the projects was approved (100% out of 200%). The project owners had to answer the calls of the relevant OPs, but the projects did not compete against each other, as the financial sources were pre-allocated to the given project by the approval of the action plan. The only criterion for project approval was meeting the necessary quality expectation regarding the level of preparation of the final version of the project proposal.

After the final approval of the different programme management agencies, they implemented these projects and absorbed the pre-allocated funds. The previously approved individual projects were implemented by the local project owners but the ‘LDMR programme’ as a complex process was stopped in 2010.

**Fulfillment of CLLD Criteria**

<table>
<thead>
<tr>
<th>CLLD Criteria</th>
<th>UNDP Case study: From pilot to policy in Hungary: innovative solutions to alleviate area-based poverty and social exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focuses on specific sub-regional territories;</td>
<td>The most disadvantaged 33 NUTS 4 regions were identified</td>
</tr>
<tr>
<td>Is community-led</td>
<td>Led by LDMR ‘<strong>local action groups</strong>’ composed of representatives of local public and private socio-economic interests (partnerships)</td>
</tr>
<tr>
<td>Is carried out through integrated and multi-sectoral area-based local development strategies, designed taking into consideration local needs and potential</td>
<td>Capacity development, external facilitation and technical assistance were provided to local development stakeholders including vulnerable groups such as Roma. The aim was to increase the organizational, planning and absorption capacity of the region and to be able to identify needs, resources, prepare strategy and participate in ‘competition’ of</td>
</tr>
</tbody>
</table>

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7 Due to not meeting the selected objectives of the programme, e.g. lack of Roma inclusion aspects, or lack of complexity
The Place for Everyone - “Area-Based Interventions for making the most of EU Fund for Sustainable Housing and Inclusion of disadvantaged Roma (explicitly but not exclusively targeted) in pilot areas in Romania & across the border to Serbia, FYR Macedonia and Turkey” implemented by UNDP Bratislava Regional Centre

<table>
<thead>
<tr>
<th>the regions for absorbing EU funds</th>
<th>Inclusive local development action plans were drawn up driven by the local community.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Includes innovative features in the local context, networking and, where appropriate, co-operation.</td>
<td>Going against ‘conventional wisdom’ and the ‘top-down approach’, the programme applied the ‘area-based’ analysis to solving the problems of disadvantaged and marginalized communities.</td>
</tr>
<tr>
<td>The use of multi-funds</td>
<td>This programme used four EU Structural Funds and the rural development fund, to fund the LDMR.</td>
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</table>

**Lessons Learnt from the LDMR Programme**

*The positive results of the integrated local development approach*

The LDMR Programme is, in many respects, a **good example** for the interventions which integrate various sectoral activities in order to develop a region in a place-based manner. The integrated approach, and within that the application of a local development methodology, has greatly helped to reinforce the ownership and local governance:

- The planning and implementation was based on statistical micro-regions, and this **place-based approach** made it possible that a greater degree of local conditions and needs prevailed in the design and implementation.

- A better coordination of resources took place at different levels.
  - At the **programme level**, as several Operational Programmes were included in the programme. The use of **funds from various Operational Programmes** made it possible that more complex problems of the micro-regions were tackled.
  - At **project level**, because a relatively high cross financing rate was allowed (e.g. 25% cross financing rate between the resources of ESF and ERDF)\(^8\), and the project coordination was continuous between the institutions and the local actors/stakeholders.

- The regional planning process highlighted that it is not the projects that should be adapted to the calls for applications, but the **calls for applications should be adapted** to micro-region’s known needs. This expectation was met in the Programme in several cases (calls were tailored to the specific micro-regional planning documents and project packages).

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\(^8\) The TAMOP (Social Renewal Operational Programme) showed the greatest flexibility, particularly in its priority „Social Acceptance” for which the NDA prepared the calls for proposals on the basis of the micro-region’s need.
• The least developed micro regions were able to obtain development under lighter and more flexible terms, virtually independent from the competition in the application process.

• The vertical and horizontal cooperation, the planning in a participatory manner was achieved with the involvement of civil organizations and the business sector.

• The programme created an opportunity to improve the rural-urban relations (city and its functional area), since during the compilation of the project package, the regional and local infrastructure conditions and deficiencies, and (public) services had to be taken into account.

• One of the results of the strong institutional coordination followed during the entire programme is that dialogues developed between the micro-regions and the institutions concerned. The representatives of institutions obtained information directly about the beneficiaries' needs, and regional stakeholders received first-hand information about the content and professional expectations in relation to the project packages. This may have contributed to a greater coordination of the available resources and the local needs.

• The amount of resources allocated for each micro-region encouraged them to carry out cost-effective planning, as it was in the interest of the micro-region to achieve as much as possible by using the allocated funds.

• The external facilitation eliminated the lack of local expertise, experience and lack of resources, but in the long run, the local-level capacity building is essential.

• The integrated approach, the specific features of planning and evaluation process (e.g. favouring projects that will benefit disadvantaged residents in disadvantaged areas, and the involvement of equal opportunity experts) helped in several cases to uncover projects that will really assist the most disadvantaged communities to catch up, thus reducing disparities within the given territory.

**Factors hindering the implementation of the Programme**

Although the concept of the LDMR Programme is a good example for the integrated approach, certain factors hindered the planning and implementation processes. These factors primarily stem from the structure of the grant application system, from the legal regulations guiding the implementation procedure, and from difficulties at local level:

• The range of eligible activities is limited first by the sometimes unfavourable structure of Operational Programmes because of the mono-fund system, and they are further limited by the national action plans, and calls for applications.

• Cross-financing is limited between the sources of funding, and the different eligibility, contracting, reporting and control routines also hinder these processes.
• Since the planning and funding mechanism of EAFRD (European Agricultural Fund for Rural Development) and its domestic institutional structure differs greatly from that of the Structural Funds, agricultural and rural development funds could not be included in the programme (only indirectly and not as part of the complex projects), which - taking into account that these micro-regions are primarily rural areas - also reduced the complexity of the emerging project proposals and of the final project packages.

• A further difficulty was that for the staff of the institutions, which had been "socialized" on systems supporting individual projects, it posed difficulties to manage integrated, modular programmes. Together, these problems have resulted in systemic problems (e.g., information asymmetry between the institution and local levels, the inflexible call criteria, lack of cooperation between expert networks), which, if solved, may contribute to the efficient and effective delivery of integrated programmes. However, it is important to note that such programmes not only need a very strong coordination capacity at the central level, and a real mandate for the coordination office, but also a firm support from external experts.

• Finally, the barriers at local levels should be mentioned which primarily derive from the attitude of regional stakeholders and partly from the lack of experience in local planning and cooperation (e.g. the local community is unprepared to participate in the planning process, project-oriented approach of local decision-makers, stakeholders with various interest representation and motivation skills).

• In the process, the background deals of the local stakeholders had to be handled, which is a natural consequence of the participatory process, but with the help of external experts and the facilitation of the institutions the perceived or real conflicts were handled.

Final thoughts

It is necessary to emphasize, that if the LDMR Programme - as an integrated approach to the development of underdeveloped regions - remains a one-off experiment, the potential long-term positive effects will not be able to prevail: positive processes were set off in the involved regions, and these should be - along the improved concept on the basis of the lessons learned - further assisted and strengthened.

In the next programming period it would greatly help the programming process if the operational programmes were prepared so that the potential developments are fragmented as little as possible between sectoral operational programmes, priorities and calls for applications.

In order to further strengthen the integrated approach, there is much to do both at EU and national levels, since the programmes, which are based on local needs, implemented under local governance and apply the ownership approach – as an appropriate measure - contribute significantly to the achievement of cohesion policy objectives.
### Table 1: Development indicators to selection of the most disadvantaged NUTS4 Regions in Hungary (Source: LDMR Programme Document)

Green: most Roma populated NUTS4 regions in Hungary
Table 2: The rate of Roma (%) and complex development indicators in the LHH micro-regions (Source: LHH Programme Document)