

4 ESF-funded education delivery under arbitrary rule-making: The case of Hungary



This chapter approaches ESF implementation in Hungary between 2007 and 2012, placing an emphasis on how the education of vulnerable groups is approached by the Social Renewal Operational Programme (HU-SROP). The analysis takes into account the changing political context in

which HU-SROP implementation happens and the consequences of political change in terms of bureaucratic decision-making concerning the commissioning of educational services for vulnerable groups. The chapter is divided into three main sections. The first one describes the programme under focus, the second one analyses the institutional set-up of ESF implementation in Hungary as reflected by national policy documents, while the third takes an in-depth look at how administrative decisions concerning implementation actually shaped the delivery of educational services to multiply disadvantaged children.

Alongside the methods employed in investigating the same set of issues in the other countries included in the *Educational selectivity of the European Social Fund* project, the analysis on the Hungarian case is also based on several interviews with key actors in the managing authority of the HU-SROP and the policy community. Interviews were focused on: identifying their interpretation of the defensible purpose of the management authority; identifying rules in-use governing the development of

guidelines for applicants; day-to-day interactions with contractors during all steps of the commissioning process; the incorporation of the results of the interim evaluation into the management of the programme; their manner of dealing with sunset/sunrise situations; and their risk-averse/risk-taking behavior.

The Social Renewal Operational Programme

The comprehensive goal of HU-SROP is to increase participation in the labour market. In order to realize this goal, the programme implements measures that influence the supply side of the labor market and improve human resources. The programme takes an inter-sectoral approach, including interventions in the field of employment, education, training, culture, healthcare and social affairs, and it seeks to improve the conditions of equal opportunities (HU-SROP 2007). The programme is realized along seven professional and two technical aid priority axes.

HU-SROP is a heterogeneous programme, characterized by a dual approach: a part of priority axes is directly linked to the comprehensive goal of labor market participation (especially priorities number 1, 2 and 6 contain objectives related to the stimulation of employment), while other priority axes are associated with sectoral objectives, projects and interests, contributing to the programme's goals in an indirect manner.

Planning was made difficult by the incidental lack of sectoral conceptions and strategies, or the uneven development of such conceptions and strategies at distinct standards and with very different time scales, mostly without any standardized elements of development policies. Comprehensive sectoral strategies spanning across 'governmental cycles' and nationwide analyses which would provide their bases are lacking. Therefore, planning is often ill founded, impairing the coherence of priorities, as well as the actual content of calls (TÁRKI 2010).

Under the New Hungary Development Plan (HU-NHDP 2007, the Hungarian title of the National Strategic Reference Framework),

centrally managed development programmes in Hungary between 2007 and 2013 were determined in biannual action plans. As opposed to the previous practice during the three-year programming cycle of the Human Resources Operational programme (HU-HRDOP), where only the framework of interventions was provided, these biannual action plans specify the tasks of strategic projects and the content of individual calls in detail.

As a matter of fact, during the course of planning, the conditions of implementation – legal background, the accurate specification, functionality and conditions of use concerning materials and products to be realized, financing of the sustainability of products to be elaborated, consideration and calculation of the extra expenditure concerning involved normative support – were mostly disregarded, impairing the smooth operation, productivity, and long-term sustainability of all innovation results.

The original design of the programme was based on mutually interlinking programme elements that, at the beginning, were originally professionally sound, well founded and coherent. However, mutual interlinking was not enforced during implementation and – partly because of bad time-management – programme elements became dislocated (Expanzió Human Consulting 2011). As a result, the entire system became dysfunctional: while institutional tenders and adaptations should have been based on the results of strategic developments, the results of such strategic developments were not available at the time of launching the project. Hence, the institutions have very often been unaware of the implications of their undertaking at the time of submitting their application. Some of the calls were halted, while others failed to even launch, causing severe obstacles in programme implementation. As a result, the refined modular structure collapsed and, in switching strategies, the operations of the institutional system then focused on correct implementation and absorption, pushing professionalism and efficiency objectives to the background. At the same time, the capacity of the intermediate bodies and the human resources has been insufficient to ensure smooth administration, significantly contributing to delays in payments and decision-making.

While meticulous planning and high-level professional elaboration could, in theory, contribute to the timely accomplishment of development

tasks and the efficiency of the system, the quality and success of the entire development structure has in fact been seriously jeopardized in several ways: poor planning, the concomitant frequency of modifications of the content of constructions/calls, and (resulting from the accruing delays) the lack of time necessary for the professional realization of the projects have proven to be destructive. The system had already collapsed at the beginning of the cycle. Due to interventions from sectoral professional supervision, the lack of planning or project-management capacities, and frequent restructuring, the institutional system had to be re-engineered several times, which fractured the professional and substantial aspects of implementation.

The frequent modification of action plans not only made implementation confusing but also inscrutable. Calls issued constitute a complex and ever-changing system that is hard to understand, even for professionals working in planning and implementation. Hence, social and professional supervision (i.e. democratic control over the OP) has become virtually impossible. As confirmed by our interviewees, the National Development Agency is interested in reinforcing the technical character of evaluations and analyses that are almost incomprehensible even for journalists, for which reason, only a handful of comprehensive news reports that managed to stir public opinion have been published about the HU-SROP. Therefore, very few people are able to see its content and operation, and thus understand its anomalies. At the same time, the tendering system is a hotbed of corruption: starting with the obligation to involve particular partner organizations according to the terms and conditions of individual calls, to the background agreement of winning companies, many stories have spread in closed circles.¹

1 The civil association K-Monitor (targeting corruption, public money, public procurement, cartels), publishes information and letters from anonymous sources revealing such anomalies. In one contribution, a staff member of an application-writing company reveals how they hack into the public-procurement procedures (<<http://www.k-monitor.hu/bejelento/palyazatiras>>).

Progress in HU-SROP implementation

The programme became operational on September 13, 2007, with the approval of Commission Decision C(2007)4306. The first call was launched on March 6, 2007, which is much earlier than in other central and eastern European countries. As shown in Table 4-1, there seems to be significant progress in terms of implementation.

Table 4-1. Data concerning HU-SROP implementation 2007–2012.

Year	No of calls for applications launched	Contracted money in EUR	Percentage of contracted money of total budget of SROP	Total budget of SROP 2007–13 (EUR)	Budget not used for payments of project
2007	9	54,933,527	1%	3,777,935,943	2,933,459,718
2008	46	338,904,544	9%		
2009	112	490,764,180	13%		
2010	83	451,758,356	12%		
2011	34	166,491,655	4%		
2012	129	510,483,707	14%		
<i>Total</i>	<i>413</i>	<i>2,013,335,970</i>	<i>53%</i>	<i>100%</i>	<i>78%</i>

The amount contracted each year from 2007 to 2013 varies accordingly from one to 14 per cent, and between EUR 54,933,527 and 510,483,707 per year. 53 per cent of the total budget of HU-SROP is contracted, but 78 per cent of the total budget is still spent by the end of 2012.

There is a striking imbalance between different key areas of intervention under HU-SROP, which suggests that funds spent on educational integration (HU-SROP 3.3 and 3.4) were far less than those destined for other purposes. 8.7 per cent of the funds allocated to Priority Area 3 were spent for key area of intervention 3.3; 7.86 per cent were spent for key area of intervention 3.4, with the rest going to the first two areas of intervention.

These focused more generally on supporting the dissemination of competence-based education and improving the efficiency of the public education system, developing innovative solutions, and co-operation.

The institutional set-up of ESF implementation in Hungary

National policy documents depict a complex and constantly changing framework for ESF implementation in Hungary. Changes are visible both in terms of policy priorities and organizational structures.

Formal decision-making and institutional role-orientations

In terms of formal decision-making structures, until 2010, the responsibility of planning measures in the area of education for vulnerable groups was divided between the Managing Authority and various departments within the Ministry of Education. Managing the tendering processes in this area would have required a well-functioning development policy co-ordination mechanism, which, however, proved to be weak. Determined priorities were not sufficiently focused, and priorities constantly changed during the process. As a result, the educational development system became so complex that it endangered successful implementation.

With the adoption of a government order on the rules of procedure concerning the use of Structural Funds and Cohesion Funds (*Korm. rendelet a 2007–13... 2011*) previously scattered regulations concerning tenders were concentrated in one piece of legislation and deadlines were introduced at several stages of the process. Coinciding with the publication of the action plans, the introduction of the new regulations implied massive changes. Fundamental rules of procedures were defined, like requirements concerning professionalism, simplicity and co-operation to be met by organizations participating in implementation, while the right to fair administration and the right to timely decisions, as defined by law, was

ensured for beneficiaries. At the same time, a broader understanding of fairness – that had never been enforced, yet which potentially could have influenced procedures – was ruled out.

In Hungary, the managing authorities of ESF-funded programmes have a well-defined, mainly technical role. According to official statements, MAs implement and do not initiate (i.e. make policies). Their role is to know what the roles prescribed by Brussels are, and make sure that everything is in line with them. However, latitude is not that limited. Based on the lessons learnt from our interviews with present or former HU-NDA (National Development Agency) officials, there is an iterative process between the government and the HU-NDA, not involving one-way communication. It would be an over-simplification to suggest that the government has intentions, while the HU-NDA and the MAs provide the rules. It is true that the knowledge about what is possible is with the HU-NDA, but professional competence is not a privilege of the ministries. In many cases, there have been fierce professional debates upon certain topics, where the HU-NDA acted more than as simply an implementer. The outcome of such debates, however, depends very much on the political situation, on the personal competences of the participants, and the time-specific context. There have also been situations when HU-NDA staff with adequate experience, competence, and commitment, realizing that there is a challenge the government has to meet and the tools are available in the system, initiated something feasible and the government approved it; this is how the Multiply Disadvantaged Regions scheme was born.

The representation of stakeholders

The co-operation of local stakeholders is considered essential from the point of view of adaptability as well as concerning the contribution of HU-SROP actions to the formulation and implementation of local policies. Hence, HU-SROP intends to promote social dialogue and partnership between governmental agencies and civil/non-governmental organizations and other stakeholders. In acknowledging the role of non-profit, non-governmental organizations in service provision, particular attention is paid

to intensifying their participation in partnership structures and processes, as well as to their interest enforcement role. Instruments to achieve these objectives include capacity development and reinforcement of professional background, facilitating the access of concerned organizations to resources. It is expected that civil organizations will contribute to improving the quality and accessibility of services and satisfying the growing and ever-more differentiated demand for services, particularly in the case of regions and social groups where state organizations and their institutions are unable to provide adequate services.

In early 2005, some of the leading Hungarian NGOs interested in public consultation on the National Development Plan realized that the National Development Office responsible for the planning process was not willing to make the plans public. They set up an informal working group with the aim of monitoring the public consultation of HU-NDP II, called *NGOs for the Publicity of the National Development Plan* (HU-NPND 2008). After 2005, they issued a monitoring report on the public consultation process every year, and they also provided an analysis on the situation from the point of view of the legal and technical background and formulated recommendations for the future work.

Apart from the important fact that a public consultation process did start, the most significant statement is that nothing happened the way it had been planned (HU-NPND 2008). There were delays and changes in the schedule, the name, and the type of documents to be evaluated. The texts of the Action Plans published on the website changed several times without any notification. There were also several modifications regarding the methods of consultation, information about the changes being passed at the very last moments. The second important observation of the group is that the planning documents were made public only at the end of the planning process (HU-NPND 2008). The titles of documents also changed frequently, going from the National Strategic Reference Framework to the New Hungary Programme, and later on to the New Hungary Development Plan. And the bodies responsible for particular fields changed, too; new bodies were set up, and from time to time, totally unexpected changes occurred in the responsibilities of the different agencies.

After 2007, the process changed: after the approval of the planning documents – the National Development Policy Concept (HU-NDPC 2005), adopted by parliament in 2005 for the next 15 years; the New Hungary Development Plan (HU-NHDP 2007); Operational Programmes – it became concerned with the preparation of the calls themselves. HU-NPND concentrated on HU-SROP (TÁMOP) and HU-EEOP (Environment and Energy Operational Programme) and examined the monitoring committees and the Call Preparatory Working Groups (HU-CPWG), and found that the tenders were delayed, especially those where the potential contractor was an NGO.

Having managed to participate in the preparation of programmes and calls as well as in controlling planning procedures, civil organizations set out to gain access to implementation mechanisms. A key instrument to become involved in implementation is provided by a specific type of project, the so-called global grant. The Global Grant scheme has a long history in Hungary: NGOs, especially those working on local development, poverty, community and minority issues, started active negotiations in 2006 about the possibilities of the implementation of this type of programme in Hungary. For a while, it looked like a real success story: by 2007 the National Development Agency elaborated the codes of practice, together with the NGOs with a long record of grant-making. In this scheme, intermediaries break down large European funds into small, absorbable parts using simplified and flexible procedures targeting disadvantaged areas; and they also provide intensive help-desk type of support to the contractors. From 2007 on, it is possible to use this method in Hungary; however, the first call of this type was withdrawn on the very day of its launch without any further explanation. Since then, the introduction of a global grants system has not been attempted. That is, it is not actually in use in Hungary.²

- 2 At the same time, there are examples which prove that the global grant type of breaking large amounts of financial support into small pieces to provide adequate amounts for local projects works. Just to mention two examples: both the Autonomia Foundation in the field of poverty, ethnicity, and the Environmental Partnership foundation in the field of environmental projects operated this way from the early 1990s until the early 2000s. They broke down private foundation money to make them absorbable by

The availability of information

As long as information available on the site of the National Development Agency is considered the measure of transparency, the workings of this agency can be characterized as transparent: there is a lot of information posted on this site, and also a report-generating programme that enables the user to select data according to his or her preferences to create various kinds of analysis. At the same time, this feature is useful especially for professionals familiar with the jargon of EU tenders. According to experts interviewed, there are already far more evaluations, studies and impact analyses posted on this website than an average person or even a journalist can make use of or understand. At the same time, information in plain language is not published on the website.

The predominance of excessively professional and technical information inhibits the formation of opinion and thus the articulation of criticism. An illustrative example is that an evaluation report, concerning the bias of allocations favoring mayors loyal to the government, posted on the site during the previous government cycle went completely unnoticed until an insider called the attention of a journalist, who published the story that later became the source of an interpellation at the parliament.

The assessment of applications

An important change that concerns our inquiry relates to the assessment of projects: the joint order 16/2006 (28 December) issued by the Office of the Prime Minister and the Ministry of Financial Affairs prescribed that the pre-evaluation of applications for support over HUF 50 million has to be accomplished by two experts. In case the scores given by the two evaluators differed significantly (by more than twenty points), the Intermediate

local communities. A recent example is the distribution of European Economic Area and Swiss development funds to local NGOs by a consortium of NGOs (<<http://norvegivilalap.hu/en>>; <<http://www.svajcivil.hu/hu/in-english>>).

Body ordered a new pre-evaluation. When the Evaluation Committee disagreed with the recommendations of pre-evaluators, if providing a written justification it could request the re-evaluation of the application, and make its suggestions based on this new evaluation. In case the decision of the Evaluation Committee differed from the recommendation given by experts, it had to explain it in detail in a written statement. The last stage of the process was decision-making at the HU-NDA, where the recommendations of the committee were approved or changed (in the latter case, the decision, again, had to be supported by a detailed written statement).

This government order did include prescriptions regarding the experts; the responsibility was with the Intermediate Body that had to follow the rules defined by the NDA. The pre-proposal committee is not tied by the opinion of experts; it could make recommendations concerning the support of the project, including conditional support, decreased amount support and refusal. Thereupon, the NDA approved or disapproved of the recommendation of the pre-proposal committee within five days. While it had to justify any divergences from the recommendations of the pre-proposal committee in writing, the same rule did not apply with respect to the recommendations given by experts.

A further modification followed, which among others reduced the decision-making and contracting deadlines, thereby making the successive control activities run parallel, and transferred the responsibility regarding minor modifications in the decision-making procedure from the government to the ministries. In June, a decree of the minister of national development was issued about the changes in the operation system of the NDA (Ministry for National Development 2012). Although this decree does not explicitly contain any changes of the decision-making procedure, it is obvious that the number of people and bodies participating in the screening and decision-making procedure has been minimized since.

In the summer of 2012, a public procurement tender was published to find professional and financial evaluation service providers for the applications within the framework of SROP 1, 2, 3, 4, 5 and 6 priorities. The individuals and companies, selected from a list of professionals and certified for this activity, that used to provide these services, were notified in November that the previous offers should be considered devoid of purpose.

Risks and adjustments in the commissioning cycle

According to the evaluation report on the third priority axis (Expanzió Human Consulting 2011a), due to constant redesigning, delays and stopped payments, the seven-year implementation cycle of development plans concerning public education shrank to three years in practice. This, in itself, proved to be detrimental to the professional effectiveness of the priority. Background reasons include, first, a lack of focus in planning and, second, problems of implementation. As for the former, in the case of strategic projects, the Ministry of Education failed in its dual role as the owner of institutions and the governing body of the profession: it was unable to design stable and professionally planned activities for organizations implementing priority developments. As for the latter, due to the lack of capacity at intermediate bodies and the Managing Authority, administration was insufficient, resulting in delays in decision-making and the fulfillment of payments. The fragmentation and weakness of co-ordination and strategic management, leading to the dissolution of the two-year planning cycles, resulted in the overall instability of the development process.

The two key implementing agencies of strategic projects (Educational Research and Development Institute and Education Ltd., a background institution of the Ministry of Education) repeatedly lost the professional staff needed to implement professional programmes. Such losses were largely due to the unpredictability of funding: project management repeatedly found itself in a difficult position because, as projects became fragmented, it was impossible to secure the wages defined in the application to the staff hired specifically for the project. Hence, keeping the newly set up professional and project management teams together (providing continuous funding for their salaries and wages throughout the entire cycle) constituted a major difficulty for implementing organizations, putting the success of the development programme at severe risk.

Moreover, our expert interview pointed out a serious professionalization problem at HU-NDA level, mainly the fact that most of the staff is unaware of the specifics of the regulation they are supposed to implement. For instance, they have no idea that EU tender monies can be invested in public services as well as in additional activities (i.e. innovation). The

reason behind this misunderstanding (i.e. the ignorance of the fundamental shift in legitimate tender goals) is that decision-makers at the HU-NDA failed to realize that new rules apply. Another example is the permanence of the belief that the duration of projects cannot exceed two years (the time span of action plans), which is not the case. As a matter of fact, most people at the HU-NDA work according to a set of beliefs, strictly following rules that, in reality, do not apply. In certain cases, there is no rational explanation behind this behavior; in other cases, the explanation is that the decision-makers want to play a safe game. The informal rules they follow prevent what they see as future problems. This is especially true when equal opportunities are involved in the calls; as the system is motivated to avoid failures, staff try to limit the pool of possible applicants so that the winners should not fail. This way, those who are in the worst position (those who need the money and support the most) will not be able to apply, or even if they apply, they will not win. This way, the risk of the system is forwarded to the potential target group, and the selection mechanism starts.

Other major problems of implementation are owed partly to the bureaucratized nature of the system, and partly to misconceived rules of procedure, leading to difficulties concerning planning:

Unprepared and bureaucratic contracting processes and insufficiencies of the project flow managed by the NDA and MA severely hindered the launch of projects. It is encouraging that these procedures have been simplified since. However, according to the new rules of procedure, the background institutions possibly hosting a project cannot take part in the planning process of strategic projects, even though they could become project hosts based on legal authorization and as a result of ongoing developments. (Breaking up prioritized developments was made necessary only by the Action Plan logic.) Therefore, the working groups in charge of planning cannot fully build on already available experiences of background institutions during the planning process. (TÁRKI 2010)

In addition, the electronic programme designed to trace implementation processes was not really suitable to accomplish this task, account for delays and corrections, and make information regarding the professional content behind project indicators available.

Breaking with the previous practice (when they had been ordered according to the degree of background influence), applications were

evaluated in the order of arrival after 2004. The two evaluators assigned to every application had at least three years experience in the given professional field. After pre-evaluation accomplished according to these rules, applications were presented before the evaluation committee that included representatives of civil organizations, which probably helped in constraining illicit influences. However, these mechanisms were swept away by the change of government: the evaluation committee was abolished, pre-evaluators are no longer employed, and the entire evaluation procedure was outsourced to a firm that processes all applications, so that the managing authority only gets a list of applications to be signed, without a chance to control the allocation of funds. Since Brussels has no means to influence the methodology of selection, it has no authority to inhibit this practice. Moreover, as nobody sees through the system, there is no social control, and consequently, scandals are successfully avoided.

These systemic problems are deeply interconnected with the market-shaping decisions included in the calls for applications launched under the operational programmes.

Market-shaping decisions in the calls for applications

Two key areas of intervention of the HU-SROP are directly relevant for educational integration. These are the key areas of intervention: 3.3 *Decreasing the segregation of severely disadvantaged and roma pupils, promoting their equal opportunities in public education*; and 3.4 *Supporting the education of groups with different educational needs, and the integration of pupils with special educational needs, intercultural education*.

Calls pertaining to KAI 3.3 are addressed to (multiply) disadvantaged and Roma children, and contain objectives related to the enhancement of educational opportunities that the constructions seek to realize, by supporting desegregation efforts and equal access to quality education, providing tools for inclusive education, and supporting second-chance programmes and lifelong learning. The focus lies on developing innovative teaching

methodologies and providing teacher training. Besides the transformation of the public education system, services offered by civil organizations (such as a specific form of supplementary education called *tanoda* or 'learnery') are supported within the framework of this area of intervention.

KAI 3.4 seeks to provide for the specific needs of students belonging to national minorities and migrant groups, as well as students with special educational needs. The focus here lies on language and (inter-)cultural education, on the one hand, and on providing specialized professional services, on the other. A characteristic of calls under this KAI involves talent-development programmes, which have practically displaced other kinds of approaches more focused on educational inclusion and equal access to services.

Under KAIs 3 and 4 of the third priority axis, there were nine and eighteen calls launched, respectively. However, these figures include some doubles, as separate calls target non-convergence regions (Central Hungary) and convergence regions (the rest of Hungary), with identical content. The only difference between these two types of calls is that, obviously, different amounts are allocated to each, corresponding to the size of the territory covered and the number of potential applicants. Developments to be implemented in the framework of tenders are planned and prepared through strategic programmes with a single applicant. A further distinction represented in the code of calls refers to the generic types of applicants, which may be either local self-governments or civil and church organizations. Responding to the 27 calls under scrutiny, there are 483 already accomplished projects, altogether.

Who are the potential contractors?

Most calls for tenders regarding educational integration (SROP 3) include civil and church organizations besides local self-governments among eligible beneficiaries of funds. Schools themselves and the educational staff are, in a technical sense, indirect beneficiaries, as it is the maintaining organization that can apply for support. In reality, however, local NGOs are generally unable to make use of this opportunity. Owing to their meager financial

and human resources capacities and the structural constraints implied in application procedures, few of them can actually enter this market. In addition, local power hierarchies and the widespread consequences of political divisions also sew up the stockings of many of these organizations. As a result, civil actors are not just unable to meet requirements in providing better services but cannot fulfil their important role in controlling state action, either.

Potential contractors are classified into two groups: public institutions and institutions belonging to local self-governments and non-governmental organizations.

Individual calls do not contain further specification on this classification. As a matter of fact, the obliteration of differences has long characterized the Hungarian tender system: in order to compensate for the lack of resources of governmental institutions, non-profit/civil organizations established by these institutions became useful in terms of further financial support. Although recent legal regulations have introduced restrictions for gradually eliminating so-called public foundations – which are no longer eligible applicants – there are still foundations and associations founded by public agencies or individuals which are closely related to institutions which maintain schools, hospitals, etc., and can apply for EU funds.

Similarly, there are non-profit/civil organizations clearly associated with political parties, including the governing party. By way of complementing the tender system, governments and ministries dispose of their ‘own resources’, claimed and distributed by ministers among civil actors who they consider to be worthy of such support (i.e. those belonging to their circle of potential supporters). Given that EU funds are a far greater resource, mechanisms to distribute these (also along political lines) have been introduced. With the removal of checks and balances from the system, opportunities to directly influence the selection of applicants have increased; there has been plenty of anecdotal evidence whereby evaluation procedures were prolonged until one expected contractor came out as the winner. Today, there is no need to employ this practice.

Potential contractors of calls never include for-profit organizations, yet it is obvious that the business sector finds several ways to make use of EU funds under the calls we focus on. One of these means is to get hired

to write applications, which has special significance in the case of calls for disadvantaged segments of the population. In disadvantaged regions, for-profit organizations with meager capacities to prepare applications – but with good contacts – undertake this task in exchange for having themselves written into the application as managers, trainers or providers of some other sub-contracted services, so that they can benefit from the project. The harm caused by such widespread practices goes beyond the misallocation of (a part of) resources intended to support the target groups; they also cause harm by preventing the concerned applicants from learning the art of writing applications and thinking in terms of projects.

The above statement cannot be supported by data or other research results. It is based on our own experience, and the experience of the evaluators. We were told stories about local project applications, coming from the disadvantaged regions, in which project managers, advisors or trainers with a significant NDA or IB experience had emerged. As one of our interviewees, a former NDA staff member, told us, the IB welcomes those projects in which they find their own former staff. They share a common language, they know how to communicate, and they know whom to ask when in doubt and what to ask. As far as formal implementation is concerned, they are very successful. However, as far as the empowerment of the local communities is concerned, this has a very harmful influence. (In order to mitigate such imbalances in the opportunities of applicants, several governmental and civil initiatives – such as the Network Supporting Roma Projects – were introduced.)

Not in the calls under our scrutiny, but under economic development operational programmes, an application-writing agency was caught and sued, when the evaluators realized that many applications were following a very similar pattern, as if they had been written by the same person (Galambos 2008). It seemed that all the applications had been made by an agency, the profiting of which was built into the implementation of the local micro enterprises. According to one of our interviewees, the authorities were wrong. There was no fraud: the application-writing capacities were used by the small enterprises, based on expected mutual profits.

Another possibility is to create civil organizations. In Hungary, this opportunity is open to basically anybody; it is totally legitimate for

for-profit organizations to use civil organizations they have established as a resource. An extreme example of this practice is that, within the framework of the call HU-SROP 3.4.4/B-11/2 (*Establishing a talent-support network – Hungarian Genius Integrated programme for Supporting Talent*), where HUF 300 million (approximately EUR 1,071,429) were distributed to support talent-support programmes, HUF 10 million (EUR 35,714) were given to a golf club operating in three centres in the countryside; and two baseball teams also received HUF 10 million each from the same budget.³ This outcome obviously sharply contradicted the original objective of the call.

The appearance of churches as potential contractors in the calls is nothing new. At the same time, with the passage of time and especially after the change of government, the Roma and pro-Roma NGOs that used to provide outstanding results became outcasts and dismissed as potential contractors. A case in point is that of Roma special colleges, managed by the larger churches, which received huge dedicated funds in order to realize a form of talent management that had been undertaken by the Romaversitas Foundation with great success for over ten years. At the same time, Romaversitas had no chance to submit an application, as it is not a church.

Partnership structures

Partnership structures, constituting a general requirement of tenders, mostly refer to the co-operation of governmental and non-governmental agencies. Usually, no bonus points are awarded for any kind of partnership structure; however, it is often a compulsory element of the call. What is more, in several instances even the identity of the partner is prescribed: it is one or another professional or training agency. As a matter of fact, in the case of many successful applications, one assigned professional partner might not be able to perform its duties everywhere to an appropriate professional

3 <<http://atlatszo.hu/2012/12/27/tizmillios-eu-tamogatasok-veszteseges-golfpalyaknak/>>.

standard. Often, there is no available information regarding the capacities of such dedicated institutions.

The occurrence of another problematic type of partnership is not rare among calls, though this practice has not yet gained ground in the calls under our scrutiny. The participation requirement of members of the target group is expected to be met by identifying the National Roma Self Government as an obligatory partner in the case of Roma integration projects. This is an elected body; it is doubtful if it is in command of the professional competences that ensure equal opportunity measures in an employment or educational project.

Who are the potential beneficiaries?

The definition of potential beneficiaries of calls is very complicated. In practice, there are two kinds of beneficiaries: one which directly receives tender money, and another that benefits from it indirectly. Beneficiaries of the first type can be roughly categorized in three groups: researchers and developers, teachers directly dealing with children, and the infrastructure. The potential beneficiaries belonging to the second type of call, aiming at educational integration, are (in theory) the children to be integrated; however, as the calls do not specify the amounts that should be spent on them, the question is whether the financial support they receive in the form of services really serves their interests.

To find out about the potential beneficiaries is challenging from another point of view. Until modifications to the law in 2005, it was illegal to register minority affiliation. Act LXXVII of 1993 on the Rights of National and Ethnic Minorities states: 'It is the individual's exclusive and inalienable right to take on and declare their affiliation to a national or ethnic group or a minority. Nobody is obliged to proclaim that they belong to a minority'. However, the changes in 2005 made it obligatory that those who want to participate in the minority self-government elections have to register at the local notary. These lists are destroyed after the elections; the data cannot be used for any other purposes. However, the mere fact that it was possible to set up a system of ethnic registration

was a real breakthrough in the history of sensitive data-management in Hungary. For targeting reasons, however, the governments have preferred to replace ethnic targeting with social and regional targeting, because the equal-opportunities guide which is an annex to most calls warns applicants that if they register a person as Roma or as having disabilities, they can do so only if they have that person's definite, unambiguous and voluntary consent. There is no special form available to have this consent in writing, but the guide is very strict about the documentation of the consent after receiving appropriate information. Whether or not the applicant and/or contractor meets this expectation is very difficult to gauge. By now, in the case of certain calls, this is included in the sustainability reports, but the handling of these data is more than problematic.

Furthermore, according to another approach, regional specificities qualify certain groups as potential beneficiaries. In any case, there have been attempts to allocate different amounts of support from the same type of source to better-off regions and regions that are more in need; however, the calls in question did not make any distinction in terms of content, although disadvantaged regions not only require more, but also different kinds of support.

The Interim Evaluation Report of HU-SROP is informative with regard to the effects of centralized programmes insensitive to regional differences:

Independent development programmes were missing, constituting a fundamental planning problem, reiterating the previous HU-HRROP period. Hungarian regions struggle with significantly different educational problems. It would have been possible to allocate the majority of development resources to the most disadvantaged regions. Instead, the content of the priority was designed in such a way that resources were evenly shared, targeting the widest circle of final beneficiaries. [In addition], some calls and measures were designed poorly, while others were over-designed and did not meet the applicants' interests. (TÁRKI 2010)

The interim synthesis report suggests that the fragmentation of developments implemented in the most vulnerable micro-regions (HU-MVMR) justifies the revision of SROP, in order to see what integrated operations are needed and possible (KPMG 2011). HU-MVMR represents a specific

methodology of targeting vulnerable populations on a territorial basis and the implementation of complex development projects in such localities, requiring simultaneous HR and infrastructural innovations. The authors of the report hold that the complex and integrated approach adopted in the HU-MVMR regions requires the connection of European Social Fund and European Regional Development Fund (ERDF) developments so as to bring better results.

The diluted definition of a target group can be compensated by better aiming mechanisms. Thus, the same report recommends: 'to concentrate the critical part of development resources on certain strategic areas. This concentration can be content-related, institution-related or regional (targeting the most underdeveloped regions). Avoidance of the spread of investments across the entire country (spaying effect) should be a considered' (Expanzió Human Consulting 2011b).

Designing services

The educational services eligible with the greatest frequency in the calls for applications under the two key areas of intervention analysed here belong to ten types: teacher training; development of competence-based education; skills development; parenting programmes; integration activities in kindergarten and school (in the framework of the national programme called *Integration Pedagogic System*); elaboration of individual development plans; talent support; development of pedagogical methodology; support of school success; motivation of learning; facilitating the transition between school types.

It is noteworthy that, while it should be the ultimate objective of most calls, when it comes to the articulation of activities, desegregation of schools is mentioned only once. Theoretically, other activities may contribute to desegregation as well; however, the fact that applicants do not explicitly refer to the problem of segregation when defining activities clearly shows their attitude towards the educational difficulties of Roma children. Namely, school staff and educational professionals readily accept new and innovative pedagogical methods. However, they are at a loss as to what to

make of the concept of social integration and are reluctant to adopt efforts contrary to the interests of the prejudiced majority society.

Although adult training and teacher training is mostly addressed by calls not included in our sample, the predominance of activities related to the dissemination of new methodologies – especially teacher training, but also partly the development of competence-based education, a complex category – is striking in our research material, too. Primarily, HU-SROP 3.3 (introducing inclusive education) includes this kind of goal. As a consequence, more than half of the activities (including, besides teacher training and the introduction of competence-based education, the development of pedagogic methodologies, curriculum development, etc.) concern children only in an indirect manner, while the special services and programmes offered to them directly amount to slightly less than half of the mentioned activities.

Call design

A common feature of the calls for application under investigation in this research (with the exception of the methodological standard of learneries in respective calls) is that they do not make reference to any background materials like professional studies or policy documents. This absence clearly suggests a lack in professional and legal backing of development projects. As repeated failures of previous attempts to solve the educational problems of Roma children and the permanence of segregation in education suggest, educational inclusion or integration are not at all unambiguous concepts that could direct development strategies in the right way. Furthermore, the lack of definition also enables serious abuses, that is, the spending of funds on assets unrelated or even contradicting the original goals.

At the same time, the fundamental objectives of the call are greatly detailed (comprising about one page out of an average forty-page application guide). The definition of objectives is not necessarily copy-pasted from the relevant sections of the OP; in many cases this is an elaborate text specifically written for the given call. The other relatively detailed description can be found under the title 'activities ineligible for support' (three pages), followed by the specification of eligible and ineligible expenditure (two pages).

Substantial orientation of applicants is also provided by evaluation and monitoring criteria; with time, these tables have become designed in a way so that the applicant can be more or less sure that fulfilling these requirements, as long as the application is submitted in time, guarantees success.

The rest of information is mainly administrative and uniform across different calls. Hence, some aspects of the applications under scrutiny in our research (like contribution to sustainable development or gender balance) may be detailed in annexes comprising several pages, but do not form integral part of the calls (i.e. they represent additional requirements that be fulfilled quasi-mechanically). Some other aspects, in turn, that appear to be crucial from the point of view of development projects in general and educational inclusion in particular (innovation, educational inclusion, Roma integration) are, surprisingly, entirely absent from the text of most calls for application under the studied KAIs.

Adjustments in the commissioning cycle

The idea behind SROP is to promote individual developments, organized in tenders, which are built upon priority developments accomplished in the framework of national strategic projects. However, this system of ‘decentralized development’ did not work in the case of public-education innovation.

Previously, funds destined for integration in education and the inclusion of Roma pupils had often been spent by schools that desperately needed the money to, for instance, invest in infrastructure. Such misuses of funds were meant to be avoided by a more focused and structurally elaborated development system. The expectation was that the complex call on competence-based education and equal access in innovative institutions (SROP-HU 3.1.4.) would lay the foundation of local developments, forcing their embedding in local policies. However, this never really happened. One explanation to this failure is that grant applications were over-regulated and thus the actions and possibilities of local governance were limited. As observed in the interim evaluation report, ‘essentially, school-improvement logic was applied in the application that was written for local governments’

(Expanzió Human Consulting 2011a). Another, even more fundamental reason was the lack of conception and coherence with other measures:

A fundamental feature of the priority – as compared with the previous development plan – is that it is not based on an accepted educational strategy of development programmes that is embedded in broader tools or a system of goals of educational policy. Partly as a consequence of this, and partly because of the weakness of the government's strategic management, the compatibility of the development programmes with other measures of educational policy was ambiguous. (Expanzió Human Consulting 2011a)

Also, partly because of insufficiencies of deliberate planning, developments did not apply market-compatible tools in every case. Furthermore, implementation was thwarted due to operational factors as well. The time alignment of applications necessary for network co-ordination required by the decentralized development system was not realized, which is mainly owing to the collapse of the action-plan system, building on two-year development cycles. The interim evaluation report on the priority is very pronounced on the problem of implementation.

In this way, while the public education priority of SROP was originally supposed to adopt an integrated approach in the innovation of public education and rely on local agents in accomplishing goals, it failed at both the conceptual and operational levels. As the interim evaluation report of the priority states:

The priority originally included a strong development goal related to education management: local municipalities, quality policies, measurement and evaluation, evidence-based decision support, and a preparatory system, none of which was represented during implementation. This fact negatively affected the effectiveness of development outcomes and their sustainability. (Expanzió Human Consulting 2011a)

Other relevant aspects

During the writing of this chapter, there has been the news of the dismantling of the National Development Agency (NDA); up to now, this has been an independent institution, but the agency is going to operate in the form of

offices integrated into the various ministries. The positive aspect of this institutional transformation is that it supports the management of programmes according to different fields of expertise; the negative consequences relate to the accumulation of huge sums of money at ministries that henceforward will officially dispose of EU funds as well. As a consequence of this shift, the tendency of the simplification of the decision-making process will certainly be intensified. Originally, a lot checks and balances were built into the system of distributing EU funds (that, by the way, were readily abused); decisions were prepared, evaluated and reviewed at each stage of the procedure, by a variety responsible persons and commissions (and if the outcome was disliked by certain powerful political actors, reviews went on and on until the desired result was produced). With time, the intent to maintain appearances was weakened and controlling mechanisms have loosened up to the point that, with the present institutional change, a major screening agency (i.e. the HU-NDA itself) has been completely removed, so that the government now has full authority to determine the allocation of EU funds.

The lack of transparency and arbitrariness in decision-making, characterizing the entire tendering system, impacts our research methodology as well. Annual implementation reports are not rendered available for the public, therefore we had to work, rather, from synthesizing reports. Furthermore, it is very hard, or next to impossible, to investigate the enforcement of horizontal goals. Relevant data could be retrieved from maintenance reports; however, it would not only be very difficult to classify such data, but the very access to the source of data is denied: these data are to be found in the very system where all raw data concerning applications are contained – a domain secluded from public scrutiny.

Conclusion

The Hungarian educational system is highly selective and failing to compensate for the social disadvantages of children. Schools have proved to be unable to mitigate social differences among children, while the so-called

tracking starts very early and is multiply reinforced later on. Children from different social backgrounds follow diverging educational paths. Differences in the quality of educational service are exacerbated by the unequal distribution of pedagogical quality and financial resources among schools. In order to prevent the permanence of differences, primary schools should become fair, meaning that they should be able to handle differences among children and include all kinds of students. Reforms can focus directly on the programmes implemented by schools, the school structure, or the means of professional accountability. However, none of these interventions can, in themselves, effectively change the public education system.

EU commissioning under HU-HRDOP and HU-SROP has primarily concerned programmes within schools, focusing on methodological innovations and attitudinal changes demanded by the introduction of competence-based education and educational integration. At the same time, massive structural changes that could really influence selectivity have been dismissed. Apart from the partiality of reforms that, as it were, concerned only a small segment of education, the mechanism of innovation (i.e. the tender system) also contains an inherent limitation: in assigning tasks of methodological innovation and transformation of perspectives to local educational agencies, the national scope of managing reforms has been given up.

An important step forward was that, after 2007, only institutions not segregating students were eligible to receive support for infrastructural development. This was one of the rare moments when a governmental conception concerning integration was represented in regulations regarding the distribution of national and EU funds; in addition, this conception was well thought out and supported by impact analyses. However, despite the intention to support educational integration, especially of Roma children, the implementation of programmes was hampered due to the inadequacy of mechanisms: reliance on soft incentives only, while neglecting more forceful instruments of compulsive power proved to be ineffective in carrying out major transformations.

The change of government in 2010 brought a radical change in educational policies: the programme of educational integration, announced in 2002, was swept away even at the level of rhetoric. The new act on

national public education, entering into force in 2012, just like the rules of implementation and governmental statements concerning educational matters, contains no references to equal opportunities or related terms like fairness, educational integration, inclusive institutions, desegregation or any combination these. The absence of such notions does not necessarily imply the overthrow of the principle; however, the entire legislation and the particulars regarding its implementation presume the increase of inequalities in opportunities.

Such developments are manifest in the change of the content of constructions: calls under HU-SROP 3.3 aiming at educational integration were replaced by others supporting auxiliary services operating in locations coping with segregation, like learneries (i.e. afternoon schools) and second-chance schools; the focus of HU-SROP 3.4 on interculturalism was, in turn, shifted to promote talent management. The most striking change is that objectives related to educational integration have been replaced by ambitions related to talent management. Thus, under the exact same codes, projects with very different content have been launched. The case mentioned above concerning the golf club and baseball teams coming out as winners of a call supporting talent management is an extreme example. However, the tendency to overturn the programme of educational integration, elaborated and strongly supported by the previous government, is obvious.

The tender system is still managed by rigid – and in many ways dysfunctional – mechanisms and heavily controlled by state actors. Obviously biased decisions – such as the assigning a single professional organization (loyal to the government) as a compulsory partner in several calls – are only the explicit examples of favoritism to become apparent. The system itself is a hotbed of mild corruption, such as when training firms are selected, without real competition, to supply services for central strategic projects. Of course, the tender procedure is obligatory, but the system allows for a procedure where there is only one possible candidate that fits the criteria of the tender. However, its most important deficiency, from the point of view of civil involvement, remains the insistence on heavily centralized, bureaucratic and nontransparent procedures that not only allow for arbitrary choice of partners but also impose structural constraints on civil participation and influence.

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