

Public Disclosure Authorized

Policy Advice on the Integration of Roma in the Slovak Republic

*Employment and Social Protection, Financial Inclusion, Education,
Housing, Health, Monitoring and Evaluation, EU Financing*

Overview of Main Findings

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In October 2011, the World Bank was asked by the Slovak Ministry of Labor, Social Affairs and Family to analyze the situation of the marginalized Roma community and recommend policy solutions on how to better include them in the mainstream society focusing on employment and social protection, financial inclusion, education, health, housing, monitoring and evaluation, and use of EU financing instruments. This overview of main findings complements the detailed report. It highlights the urgency of better integrating Roma in Slovakia and offers specific policy recommendations in each of the sectors. In carrying out its analyses, the World Bank benefitted from a large household survey sponsored by the European Commission in 2011 and implemented by UNDP in collaboration with the World Bank, which compensated for the chronic lack of data on how the Roma live.

It also benefitted from numerous discussions with officials from the relevant ministries, the Office of the Plenipotentiary, various Slovak NGOs, and field visits to Eastern Slovakia. In particular, it follows team visits in: (i) November 2011 (planning workshop with MoLSAF and PPO); (ii) December 2012 (technical meetings with staff from ministries, international conference on monitoring and evaluation, and workshop with civil society); (iii) February 2012 (joint conference on social benefits system in Slovakia and on the economic cost Roma exclusion); (iv) March 2012 (field visits and regional workshop in Kosice); (v) April 2012 (field visits and regional workshop in Presov); (vi) May 2012 (Banking for Progress conference on financial inclusion); and, (vii) meetings with the relevant line ministries. It also benefitted from a separate World Bank task for the Ministry of Labor, Social Affairs, and Family to analyze the Benefit in Material Need (BMN) and benefitted from the inputs by UNDP and the Open Society Foundations (OSF).

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1 THE PRESENT SITUATION CALLS FOR URGENT ACTION

1. **The differences in living standards between Roma and the general Slovak population are stark and start early in life.** Findings from a large scale UNDP/World Bank/EC regional Roma survey (2011), representative of 83% of Slovak Roma, show that the vast majority of Roma in Slovakia, 87% of those households interviewed, live in poverty. One-third of Roma children go to bed hungry at least once a month because there is not enough food. The gaps between the marginalized Roma and the majority population start early. For example, only 28% of Slovak Roma children aged 3-6 attend preschool, compared with 58% of non-Roma children living nearby. The comparison is unfavorable also with other countries: 76% of Roma children in Hungary and 45% of those in Bulgaria attend preschool. Despite widely held perceptions to the contrary, 82% of Slovak Roma indicate the wish for their children to achieve at least upper secondary or tertiary education, but only 28% actually reach – but not necessarily complete – upper secondary education. This compares with 94% in the general population that completes upper secondary.

2. **The gap among adults is similarly large:** only 20% of working age¹ Roma men and 9% of Roma women have jobs, compared with 65% of working age men and 52% of working age women in the general Slovak population. These rates are low also for regional standards: they are less than half those found in Bulgaria, the Czech Republic, and Romania. Moreover, wage levels among the Roma who do have jobs are on average half of those earned by the general population. About half of Roma households receive the Benefit in Material Need, and approximately two thirds receive child allowances and related family benefits. Yet, because Roma make up a minority in the overall population, Roma families constitute only about 35% of all households receiving BMN². With regards to housing, about one third of Roma families live in very poor, informal housing conditions, and only about half of them have indoor sanitation or drinking water in their house. Regarding health outcomes, Roma life expectancy has been estimated to be about 15 years lower than the national average, which is consistent with the survey finding that only 2% of Slovak Roma are older than 65. As such, life expectancy for Roma is more comparable with that of countries in Sub-Saharan Africa or South Asia than with life expectancy in the European Union.

3. **Dire employment conditions among marginalized Roma in Slovakia translate into unusually large gaps in per capita GDP between Roma and the general population.** Among the general Slovak population, average per capita GDP is approximately Euro 13,000 per year, placing Slovakia among the richest 25% of countries in the world. At the same time, the average per capita output of Slovak Roma is only Euro 1,400 per year. After accounting for purchasing power, GDP levels found among Slovak Roma are, once again, equivalent to levels observed in countries in Sub-Saharan Africa and South Asia belonging to the poorest 25% worldwide. Another way of seeing this gap is that *monthly* per capita output among the general Slovak population is similar in magnitude to the *annual* per capita output among Slovak Roma.

4. **The dire situation of the Roma communities has been noticed at the European level and addressing it has become part of mainstream European policy making.** The April 2011 EU *Framework for National Roma Integration Strategies up to 2020*³ clearly positions Roma inclusion as part

¹ 'Working age' refers to the age-group 15-64, inclusive.

² For details, see the World Bank's (2012) report on the Benefit in Material Need (BMN)

³ Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, Brussels, 5.4.2011 COM(2011) 173 final

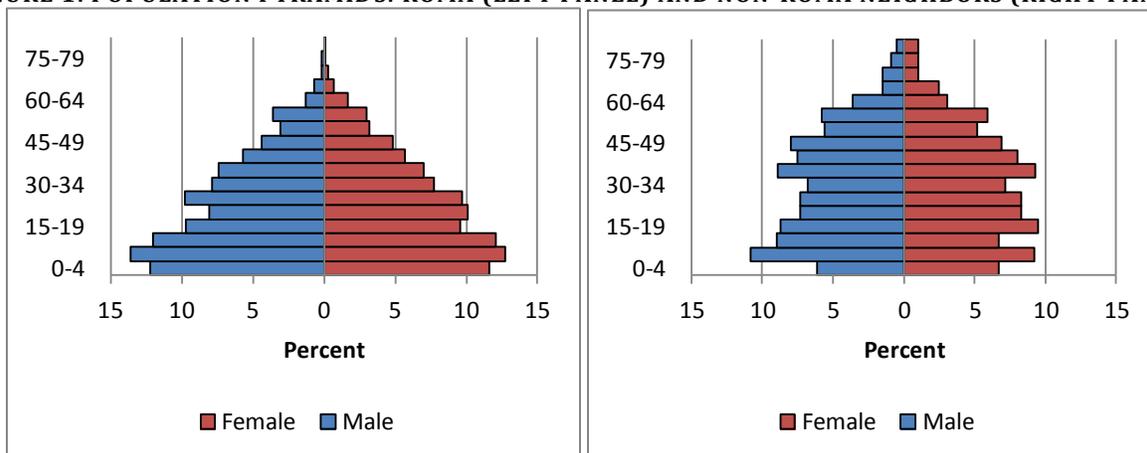
of the overall Europe 2020 strategy of smart, sustainable and inclusive growth. In its May 2012 Communication, the EC explicitly states that “[f]or Member States with a larger Roma population making sufficient progress towards the Europe 2020 employment, social inclusion and education targets will require addressing explicitly and swiftly the situation of the Roma.”⁴ The EU therefore urges the Member States to ensure that EU funding available makes a tangible difference to Roma communities. In fact, in May and June 2012, the Commission and the European Council even included various countries’ Roma Integration Strategies in the new economic governance cycle – called the European Semester – by mentioning the implementation of these strategies as one of the so-called ‘Country Specific Recommendations’ (CSR). This was the case for Bulgaria and Hungary. In the case of Slovakia, however, the Commission/Council went further by including a detailed set of recommendations on Roma inclusion in the education and employment fields as one of only seven CSRs (see Box 1 below for details).

5. **Roma integration is indeed in the national economic interest of Slovakia.** Slovak GDP would be Euro 3.1 billion higher if Roma would have the same employment opportunities and wage levels as non-Roma. Considering that there are an estimated 320,000 Roma living in communities with large Roma populations in Slovakia, the gap in individual level output translates into an aggregate output gap of Euro 3.1 billion, or 4.4% of Slovak GDP. This means that each year, Slovak output would be 4.4% higher if Roma would have the opportunity to work as much and to earn the same wages as non-Roma. The extremely poor employment prospects for Roma, hampered especially by extremely low education levels, also result in lower income tax and social insurance revenue, lower corporate tax revenue, and higher social assistance payments, not even counting costs in health, special education, and law enforcement. Altogether, these difference in fiscal revenues between Roma and the general population amount to nearly Euro 3900 per year per working age Roma. This means that Slovak Government revenues would be 3.1% higher – about Euro 725 million annually – if employment conditions for Roma would be the same as for non-Roma.

6. **Furthermore, population dynamics make Roma inclusion indispensable for Slovakia’s long-term economic sustainability and the long-term viability of its social protection system.** With an officially used population estimate of more than 320,000 Roma in Slovakia and the survey finding of 40% of the Slovak Roma population being under 15 years of age, *more than 13% of new labor market entrants in Slovakia today are young, mostly unskilled Roma*. By 2050, the Roma population is estimated to *nearly double at current growth rates of approximately 1.7% per year*, while Slovakia’s population as a whole is expected to shrink. The population pyramids for Slovak Roma and non-Roma neighbors illustrate this (see Figure 1). Hence, in an otherwise rapidly aging society, paying for future pensions and social services will increasingly depend on today’s young Roma. Consequently, the quality and level of education that young Roma achieve today and in the years to come, and the kind of skills they develop to become productive citizens, bear significant implications for the future of the Slovak society as a whole.

⁴ Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, *National Roma Integration Strategies: a first step in the implementation of the EU Framework*, Brussels, 21.5.2012, COM(2012) 226 final.

FIGURE 1: POPULATION PYRAMIDS: ROMA (LEFT PANEL) AND NON-ROMA NEIGHBORS (RIGHT PANEL)



Source: UNDP/World Bank/EC regional Roma survey (2011).

7. **Investing in Roma inclusion is not only equitable, but also fiscally smart. Estimates of the fiscal returns to education investments, measured in net present value, show that the returns to these investments are substantial, ranging from fiscal revenues that are 50% to 105% higher than the investment costs.** These figures conservatively assume that it is 50%-100% more costly to ensure a Roma pupil completes the extra school years than a non-Roma pupil. On the revenue side, these calculations assume that more education translates into better labor market outcomes in the future. For example, the employment analysis finds that Slovak Roma completing secondary education have employment rates that are approximately 12 percentage points higher than those who only complete basic education. Better employment outcomes, in turn, translate into higher government revenue through increased income tax receipts and lower benefit payments. Finally, because these benefits occur in the future while the education costs are incurred today, the benefits are discounted assuming a relatively high real interest rate of 2%.⁵

⁵ The current market real interest is well under 1%; over 2011, interest rates on long-term (close to 10 years) Slovak government bonds were approximately 4.5% and inflation 4.1% (Eurostat, 2012), suggesting a real interest rate of 0.4%. Discounting the revenue stream at 1% real would put the net present value of the education investment returns between 101% and 167%.

2 METHODOLOGY AND DATA SOURCES

8. **This report is meant to support the Slovak Government in its efforts to address the exclusion of the Roma by offering evidence-based policy advice.** The assessment relies on three main sources of information. First, it takes advantage of the 2011 UNDP/World Bank/EC regional Roma survey, described below, which is the most comprehensive survey effort to date to capture the situation of marginalized Roma in Central and Eastern Europe. It also includes information from the 2010 survey by UNDP, done specifically on Slovak Roma at the request of the Ministry of Labor, Social Affairs, and Family. The results on comparable indicators from both surveys are very similar. Second, this report relies on qualitative information, collected through field visits in Eastern Slovakia and through interviews with key stakeholders from the Slovak Government and from civil society. And third, each of the chapters highlights relevant international experiences from which Slovak policy formulation on Roma integration can benefit. Many of the international examples and best practices from integrating poor and marginalized communities elsewhere provide reasons to be optimistic that Roma integration does not have to be a distant goal for Slovakia.

9. **The UNDP/World Bank/EC regional Roma survey – the main data source for this report -- is a comprehensive survey that is representative of approximately 83% of the Slovak Roma population, including Roma living in mixed, separated and segregated neighborhoods.** The survey questionnaire was designed by the World Bank and UNDP in partnership, and implemented by UNDP through the IPSOS polling agency in May-July 2011 on a random sample of Roma living in communities with concentrated Roma populations in Bulgaria, Romania, Hungary, Slovakia, and the Czech Republic (henceforth: the “regional Roma survey”). The European Commission DG Regional Policy financed the survey. In each of the countries, approximately 750 Roma households (representing over 3,500 individuals) and approximately 350 non-Roma households living in the same neighborhoods or vicinity were interviewed. The sample was purposefully not representative of all Roma in these countries, but rather *focused on those communities where the share of the Roma population equals or is higher than the national share of Roma population*. This covers 88% of the Roma population in Bulgaria, 90% in the Czech Republic, 78% in Hungary, 89% in Romania, and 83% in Slovakia. Once identified, a random sample of these areas was drawn, and households were randomly sampled within these enumeration areas.

10. **The data provide reliable estimates of the conditions in which the vast majority of the Roma in Slovakia live, and of the conditions of their non-Roma neighbors.** Unless otherwise noted, the analysis in this report is based on the ‘Roma’ and the ‘non-Roma nearby’ sampled households as they were identified by the survey enumerators. Comparisons with non-Roma living nearby provide a crucial frame of reference, since the sampled non-Roma households live in the same municipalities and thus share local labor markets, community, school, and health facilities as well as other services and collective infrastructure. Hence, if we observe differences in education, health, housing, and employment between Roma and non-Roma households, *these must reflect particular disadvantages faced by Roma*.

11. **For comparison with the general population in Slovakia, the report uses the EU Statistics on Income and Living Conditions (EU SILC) survey.** The EU-SILC does not distinguish between Roma and non-Roma and provides household survey information that is representative of the general Slovak population. In other words, when gaps are reported between an educational or employment attainment of Roma compared with non-Roma neighbors in the 2011 regional Roma survey, these gaps will generally be smaller than between Roma and the general Slovak population in the EU SILC.

3 THE PRESENT SITUATION ALSO OFFERS UNPRECEDENTED OPPORTUNITIES

12. **The forthcoming programming of the next generation of the Structural Funds is a truly historic opportunity for Member States with large Roma minorities to significantly improve the integration of their Roma populations.** The EU will make large sums available to countries to develop and implement inclusion programs and projects, and will monitor the progress of Member States. This provides a unique opportunity, also for Slovakia. In the previous programming periods, it was not possible to combine the European Social Fund (ESF) and the European Regional Development Fund (ERDF) investments under one Operational Program, let alone under one Priority Axis. This caused inefficiencies and led to lesser impact, especially in areas where linking soft (ESF) and hard (ERDF) investments is a key ingredient for success. Roma inclusion is an area where no infrastructure construction (housing, schools, community centers, etc.) will succeed unless accompanied by outreach, training, mediation, social work, courses for parents, and other soft investments.

Box 1: Past Use of Structural Funds for Roma Inclusion

In recent years, significant hopes were pinned on the horizontal priority “*Marginalised Roma Communities*” and especially on the “*Local Strategies of Comprehensive Approach*” in the current programming period 2007-2013 of the Structural Funds. Despite the generous national allocation of 200 million Euro for the local strategies, little has been invested from this amount in Roma inclusion at the national or local level. In April 2012, one year before the end of the programming period, only some 16 million out of the allocated 200 million had been contracted. The horizontal priority as currently implemented does not seem to have resulted in a more systematic push for Roma inclusion, or in scaling up the piloted approaches. While the new National Roma Integration Strategy has been praised by the EC for its holistic and data-driven approach, experience with previous strategies shows that real challenge rests with implementation – a key component of which is the efficient utilization of all resources available.

13. **To make full use of this opportunity, the Slovak Government may consider developing one Operational Program or one Priority Axis for Roma inclusion in a broader Operational Program (see Figures 14 and 15).** In either case, Roma inclusion can be financed jointly from the European Social Fund (ESF) and the European Regional Development Fund (ERDF). The financing should also be aligned, to the extent possible, with the programming under the Rural Development Fund (EAFRD). The existing set-up in the 2007-2013 programming period of a horizontal priority with the mandate for local comprehensive strategies has proven too complicated and ineffectual (see Box 1). The structure for the next programming period should be redesigned, taking advantage of the ability to combine the two Structural Funds in one OP or Priority Axis. It is also critical to have in place one sufficiently staffed and resourced coordinating body that leads the design and monitoring and guides the implementation of Roma integration policies and Structural Funds investments.

14. **The Slovak National Roma Integration Strategy (NRIS) of January 2012 has been adopted at an opportune moment, as the European Commission is committed to monitor the progress individual Member States make on Roma inclusion.** At the same time, as the current EU financing and programming period is drawing to a close (end 2013), regulations for the new financing period (2014-2020) are making their way through the legislative process. Structural Funds in the next

programming period will have to be closely aligned with the Europe 2020 Strategy of *smart, sustainable and inclusive* growth. Due to the focus of this last pillar - inclusive growth - Roma inclusion will be a key area in which the Commission will actively engage Member States during the forthcoming negotiations (expected end 2012 and throughout 2013). The Commission's tools during the negotiations will comprise: (i) thematic concentration on a limited number of priorities, including "*promoting social inclusion and combating poverty*"; (ii) partnership agreements with Member States that will set out the priority areas and themes; and (iii) "*ex ante conditionalities*" for all themes setting the preconditions to receive support from the Structural Funds.

Box 2: EC Country Specific Recommendations to Slovakia

The European Commission's Country Specific Recommendations to Slovakia, released at the end of May 2012 and confirmed by the end June 2012 EU Summit, deliver a strong message on the relevance of Roma inclusion. Roma inclusion is the subject of one of the seven specific recommendations to the Slovak Government. As such, apart from two countries with short references to the need to implement their NRISs, Slovakia is the only EU country receiving a detailed set of recommendations explicitly targeting Roma inclusion. The recommendation specifically reads:

"Marginalised communities, including the Roma, are largely excluded from the labour market and the mainstream education system, representing a significant underutilised labour potential in the Slovak economy. In order to tackle this problem, Slovakia should step up efforts to improve educational outcomes of marginalised groups and reinforce its reintegration policies for adults.

[THE COUNCIL] HEREBY RECOMMENDS that Slovakia should take action within the period 2012-2013 to:

Take active measures to improve access to and quality of schooling and pre-school education of vulnerable groups, including Roma. Ensure labour market reintegration of adults through activation measures and targeted employment services, second- chance education and short-cycle vocational training."

15. **The remainder of this report provides an overview of the assessment of the situation in 5 sectors and in 2 cross-cutting areas, followed by specific policy recommendations in each.** These five sectors are (1) employment and social protection, (2) financial inclusion, (3) education, (4) housing, and (5) health, while the cross-cutting areas are (6) monitoring and evaluation, and (7) use of EU financing instruments. One critical area beyond the scope of this report is the ability of the Slovak legal and judicial system to successfully protect the rights of all citizens, including the courts, issues of legal aid, as well as law enforcement issues. Recently, a much discussed court ruling in Eastern Slovakia held school segregation as illegal. More of such cases may emerge, especially in light of the 2007 ruling against school segregation by the European Court of Human Rights in Strassbourg. While important, these are all beyond the scope of this report.

16. **The key policy recommendations can be summarized as follows:**

Employment: the recommendations focus on specific measures to (1) improve job search incentives; (2) improve efficiency of job search by allowing better matching of labor supply and demand; (3) improve skills; and, (4) to invest in monitoring and evaluation, and systematically share best practices across municipalities.

Social Protection: the recommendations call for maintaining a strong safety net that continues to protect the poor, but more so than is currently the case, include social protection benefits that explicitly promote health and human capital investments, especially for children, and housing investments.

Financial Inclusion: the recommendations call for measures to (1) promote financial literacy and debt management training, (2) savings facilitation, especially targeted savings, and (3) to put in place a system of inclusive government payment services.

Education: the recommendations focus on measures to (1) increase access to quality pre-school, moving toward compulsory preschool from age 3 onwards, and improve home parenting; (2) promote integrated regular primary schooling for all; and, (3) address early (secondary) school leaving. These include the use of demand side incentives provided through the social benefit system, the use of teaching assistants, Roma mediators, and addressing financial incentives for special education.

Housing: the recommendations focus on measures to (1) improve conditions – in situ - for the worst off Roma living in slum areas, and (2) to help poor families move into better housing. The specific recommendations include reform of the housing allowance and emphasize the desirability of incremental approaches that will reach larger number of poor Roma households sooner with the expectation that improvements will be gradual and take place over a period of time. This will require broadening the range of tools (projects and programs) available to the government and thus to go beyond social housing and housing allowances.

Health: the recommendations focus on measures to (1) promote more effective use of existing health services (including expansion of the Roma Health Mediators program), expand health knowledge and awareness, or a combination of both; and, (2) measures that use entry points outside the immediate health system (for example in education or housing) to promote greater health among Roma. As with the other sectors, there can be important linkages with demand side incentives provided through the social benefit system.

Monitoring and Evaluation: the World Bank recommends (1) taking advantage of the Slovak poverty map being produced and the Slovak Atlas of Roma Communities to improve targeting of inclusion programs; (2) to bi-annually expand the EU-SILC survey implemented by the Statistical Office of the Slovak Republic to include extra households from the poorest communities in Slovakia; (3) to ensure that the programs being financed have results frameworks in place that clearly define inputs, activities, outputs, and impacts; (4) to undertake rigorous impact evaluations to learn what program works best; and (5) to consider building an inexpensive ‘municipal best practice’ online knowledge portal.

Finally, in EU Financing, the World Bank recommends to: (1) either develop one 2014-2020 Operational Programme for Roma Inclusion and finance it jointly from the European Social Fund (ESF) and the European Regional Development Fund (ERDF), or *alternatively*, Roma inclusion could become a separate Priority Axis within a larger Operational Programme, again jointly financed by the ESF and the ERDF; (2) to take advantage of the EU Structural Funds to strengthen the capacity of the Office of the Plenipotentiary, and (3) to assist the local communities and municipalities develop high quality proposals; (4) to simplify the use of ESF and ERDF, especially for locally led initiatives and small projects; (5) to develop a system of payment/reimbursement for project promoters of small projects; and, (6) to use the poverty map for targeting Structural Funds financing.

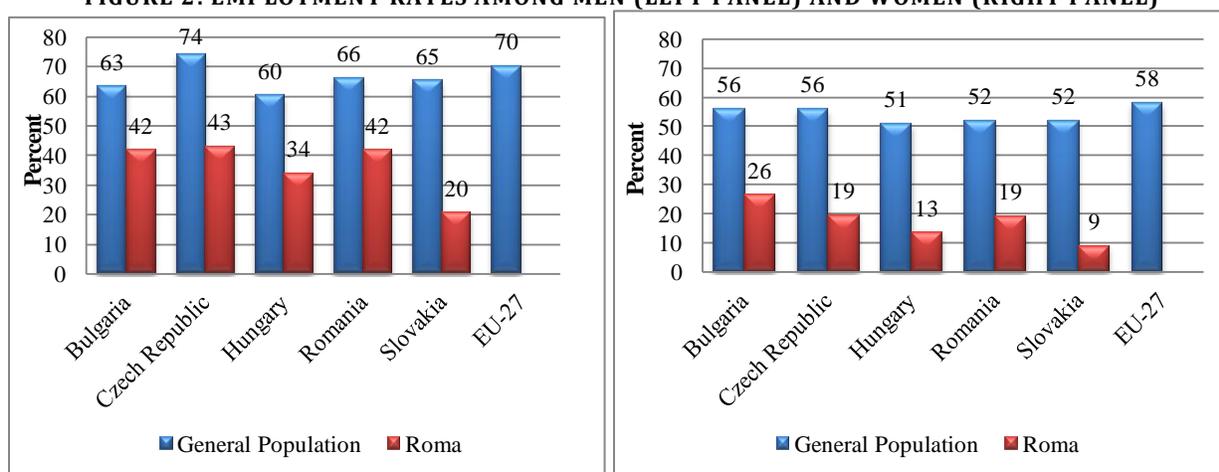
17. **The report also highlights several key considerations in implementing the sector specific policies,** namely the need for different ministries to coordinate reinforcing actions, the importance to draw and build upon programs and policies already in place – including some successful programs at the local level that are not known nationally -, to address Roma stereotypes and prejudices, and to strengthen Roma integration program design and implementation capacity at all levels, from policy coordination to implementation of projects on the ground.

4 EMPLOYMENT AND SOCIAL PROTECTION

4.1 ASSESSMENT

18. **Employment rates among Roma are extremely low, especially among women (9%, compared with 20% for men).** They are also lower than employment rates among Roma in other countries in the region, both for men and women. Slovak men in the general population have an employment rate three times as high as Slovak Roma men. For women, the rate in the general population is even five times as high as among Roma women.

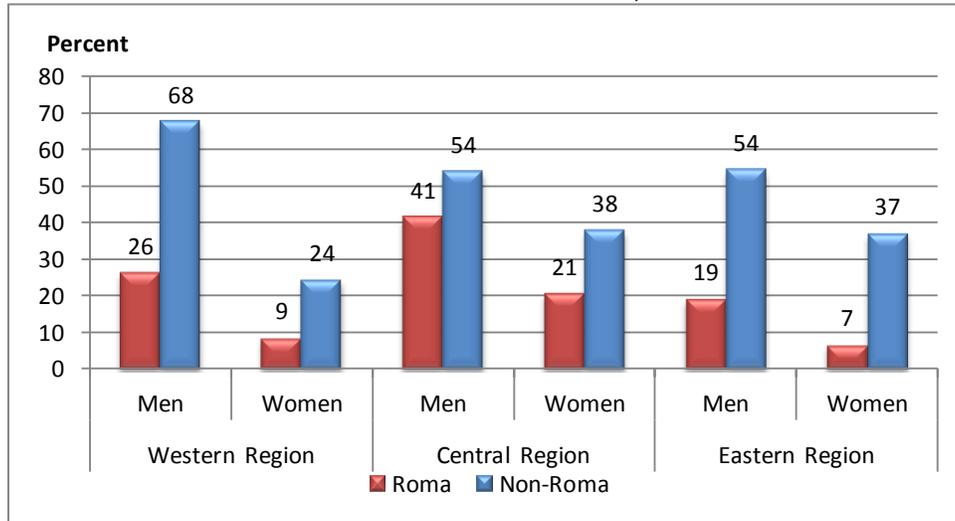
FIGURE 2: EMPLOYMENT RATES AMONG MEN (LEFT PANEL) AND WOMEN (RIGHT PANEL)



Source: Roma: UNDP/World Bank/EC regional Roma survey and FRA Survey, merged (2011); General Population: EU SILC (2009). Working age populations

19. **In the Slovak Republic, employment rates among Roma are also much lower than among neighboring non-Roma.** Altogether, an estimated total of 165,000 Slovak working age Roma are without work, divided between approximately 15,000 jobless in Western Slovakia, 28,000 in Central Slovakia, and as many as 122,000 in Eastern Slovakia. Most Roma without a job are either inactive (meaning that they have stopped looking for work) or very long-term unemployed. These are the groups facing the largest distance from the labor market, and precisely those with the lowest chances of getting into employment. In total, there are about 12,000 short-term unemployed Roma in Slovakia, and about 53,000 long-term unemployed (>2.5 years). As many as 104,000 jobless Slovak Roma do not participate in the labor force (est.).

FIGURE 3: EMPLOYMENT RATES BY REGION AND GENDER, ROMA AND NON-ROMA NEARBY



Source: UNDP/World Bank/EC regional Roma survey (2011). Sample restricted to Roma subjects in the age group 25-64.

20. **Contrary to commonly held beliefs, the vast majority of Roma want to work.** Roma with jobs report greater levels of happiness and life satisfaction than those out of work, and 77% of Roma men and 78% of women report preferring “Secure employment but low paid” instead of “Having a higher income but insecure and irregular”. Similar percentages of Roma prefer “Having secure employment but having to be at work 8 hours a day, 5 days a week” over “Having irregular employment but being free to manage your time.” These responses are no different from those by non-Roma neighbors. However, a large majority of Roma who are looking for work are unable to find it; 64% among men and as much as 78% among women, higher rates in Slovakia than anywhere else in the region.

21. **Wages among Roma who do work are much lower than among non-Roma neighbors with jobs.** The net monthly wage for a male from the general population with a job is Euro 729, compared with Euro 403 for Roma men. The equivalent figures among women are Euro 566 and Euro 278 per month. This means that employed Roma men earn salaries that are only 55% of the salaries earned by the general male population. The corresponding figure for women, at 49%, is even lower.

22. **The vast majority of employed Roma are unskilled workers, and Roma mainly work in construction, public utilities and mining.** These characteristics clearly show that the lack of education among Roma translates into low-skilled jobs – if Roma find work at all. Hardly any Roma work in social services such as leisure services (3% of total), healthcare (2%), or education (2%).

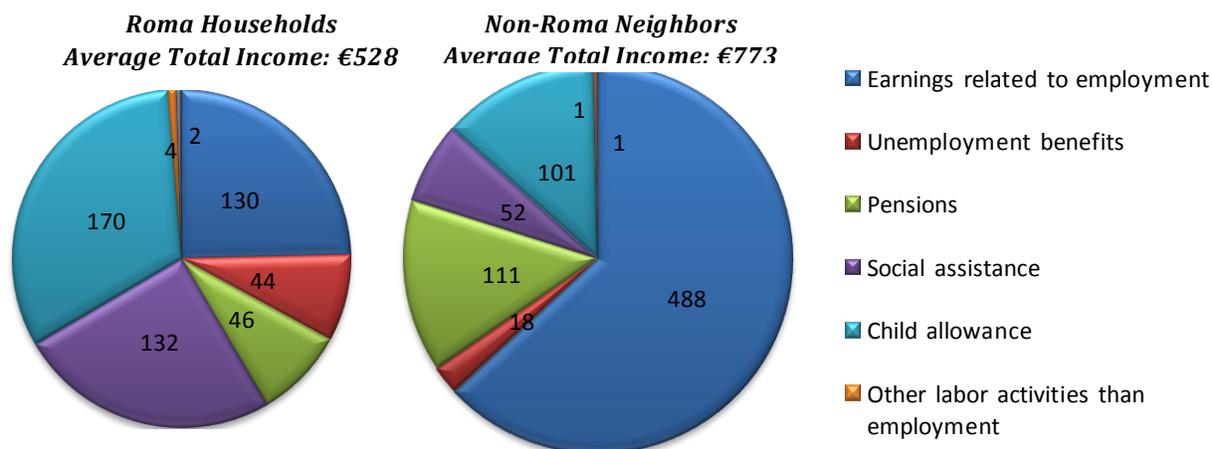
TABLE 1: OCCUPATION AND INDUSTRY OF EMPLOYED ROMA (A)

Occupation	%	Industry	%
Unskilled worker	58	Construction	25
Skilled worker	20	Public utilities	25
Semi-skilled worker	9	Industry or mining	19
Professional / Office worker	5	Trade / other commercial services	9
Civil servant	3	Agriculture and forestry	8
Owner of own business	2	Transportation	6
Landless worker	2	Leisure services (tourism, etc.)	3
Foreman, technician	1	Healthcare	2
Other	0	Education and science	2
		Other	1

Source: UNDP/World Bank/EC regional Roma survey (2011). ^A Sample restricted to employed subjects (age-group: 15-64).

23. **The average Roma household lives on about €528 per month, compared with €773 for non-Roma neighbors.** Whereas the total average household income for Roma is 68% of that for non-Roma households living nearby, once differences in household composition are taken into account, Roma household income is only slightly more than half (57%) the income of their non-Roma neighbors. Nevertheless, family benefits and social assistance prevent many Roma families from reaching even greater poverty levels.

FIGURE 4: COMPARISON OF INCOME SOURCES, ROMA AND NON-ROMA NEIGHBORING HOUSEHOLDS



Source: UNDP/World Bank/EC regional Roma survey (2011). ^A Figures are based on unconditional means for Roma and Non-Roma households in Slovakia. Missings are not included, meaning that 91% of the Roma sample and 93% of the non-Roma sample were taken into account when calculating averages. ^B Social Assistance includes: Maternity leave benefits, Poverty and Local assistance benefits, Stipends and Scholarships.

24. **Given their low employment- and wage levels, it is not surprising that child allowances and other family benefits are the largest source of income for Roma households, alongside social assistance and followed by employment income.** There are three main types of ‘protection-oriented’ social assistance programs in Slovakia: the Benefit in Material Need program (BMN), Family Allowances, and Disability Benefits. Of these three types, family allowances are the only universally available form of support. And, as highlighted above, about half of all Roma households receive BMN, and approximately two thirds receive child allowances and related family benefits. Yet, because Roma make up a minority in the overall population, two thirds of the households who receive the BMN are non-Roma (World Bank *Social Benefits Report*, 2012).

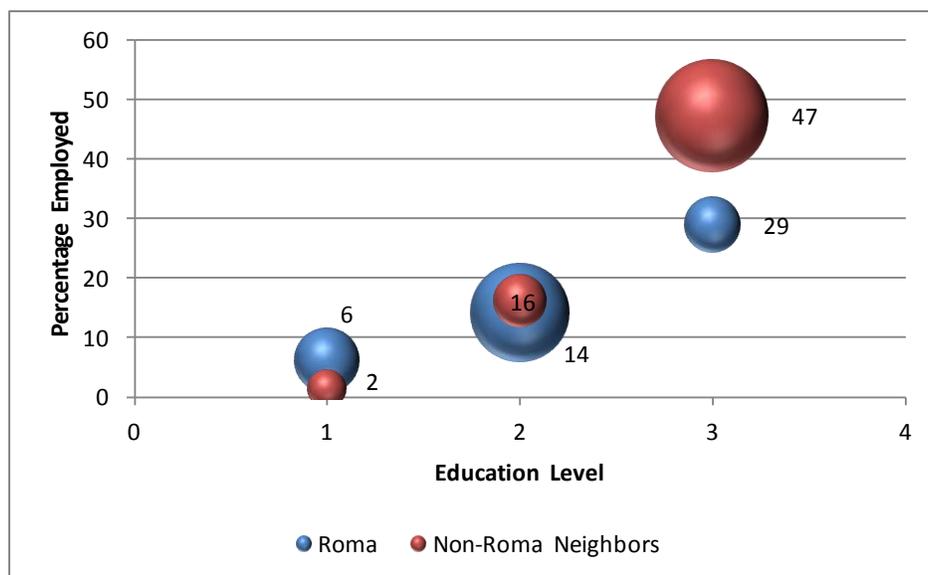
Box 3: The Perception Gap on Social Assistance in Slovakia

In Slovakia, many people believe that the unemployed do not really try to find work, and that social assistance is too costly to the state. “In the 2008 European Social Survey, one-third of Slovaks reported that the primary reason people live in need is because they are either lazy or lack willpower. In comparison, only slightly more than 10% of Norwegians report the same. (...) In the Slovak Republic, perceptions that the unemployed are not motivated to find work are particularly strong, with two-thirds of respondents claiming that the unemployed are not seeking employment. Furthermore, 40% report that social benefits make people lazy.” (World Bank *Social Benefits Report*, 2012)

However, unlike what is often assumed, social benefits do not pose a large burden on Slovakia’s state budget, and the most costly component is the universally targeted family benefit. Spending on social assistance is relatively low compared to most EU countries: The Slovak Republic spends about 1.8% of GDP on the three non-contributory benefits outlined above (World Bank *Social Benefits Report*, 2012). Family allowances, which are universal, absorb almost two-thirds of this amount. As such, the benefits received more exclusively by the poor, among which poor Roma households, only constitute a very small proportion of the total state budget. Moreover, empirical evidence on potential work disincentives arising from receipt of the BMN is inconclusive (World Bank, *Social Benefits Report* 2012: 6).

25. **Roma who achieve higher levels of education show a higher rate of employment, but employment does not improve with education as much as it does for non-Roma neighbors.** Employment rates for Roma and non-Roma are similar at lower education levels. However, the gap in employment rates becomes very large for those having completed secondary education: the employment rate for non-Roma neighbors in this group is almost double the rate for Roma. Moreover, as indicated by the size of the circles in Figure 5 below, most Roma never reach this level of education, whereas the vast majority of non-Roma neighbors do.

FIGURE 5: EMPLOYMENT RATES BY EDUCATION LEVEL



Source: UNDP/World Bank/EC regional Roma survey (2011); Education levels: 1= None or incomplete Basic (up to age 15); 2= Basic or incomplete secondary: vocational/technical; 3= Secondary or higher. The width of each circle reflects the proportion of the working age population having the education level in question as the highest level completed. For example: 6% of working age Roma did not go beyond incomplete basic education, whereas this holds for only 2% of working age non-Roma neighbors.

26. **Education level is a large and significant determinant of employment among Roma, but there is also evidence pointing to discrimination.** When comparing two individuals with similar background characteristics (including education level) but of different ethnicity, the Roma person is much less likely (approximately 16 percentage points) to be employed than the non-Roma. Discrimination likely plays a crucial role in these dynamics, which is consistent with the more qualitative evidence from field visits and from the regional survey where a majority of Roma report labor market discrimination, both when they look for work and on the workplace; among Roma who looked for work somewhere in the past 5 years, 78% report that they have experienced discrimination because of their ethnicity. 12% of non-Roma men report the same. Among those who already had a job in the past 5 years, the corresponding figures are 57% and 4%.

4.2 POLICY RECOMMENDATIONS

27. **Given the prevailing low skill levels and the extent of labor market exclusion (mainly among Roma, but also among very poor non-Roma), the Government may consider a more holistic approach to addressing unemployment and inactivity by offering complementary employment services.** The following recommendations to improve employment outcomes among the existing working age Roma population are geared toward three main objectives: (1) improving job search incentives; (2) improving efficiency of job search by allowing better matching of labor supply and demand; (3) improving skills; and, (4) invest in monitoring and evaluation of specific activation measures, and systematically share best practices across municipalities. However, given the extent and depth of the challenge to improve employment outcomes in the short-run, the report also strongly calls for a fifth

objective: (5) maintaining a strong safety net that continues to protect the poor and combines it with targeted measures that promote health and human capital investments, especially for children.

28. **Policy Measure 1: Improve job search incentives:** The current system of providing employment activation allowances to Roma to participate in unskilled menial jobs is not effective, because it generates disincentives to search for more permanent types of jobs and because it does not build skills that improve employability. Instead, the Government may consider providing in-work benefits that enable the poor to maintain a portion of social assistance for up to say one year after finding work as is being done in a number of countries. Moreover, the current lack of job search incentives for Roma women is likely to be linked to the large gap in pre-school participation. Hence, the Government could also improve job search incentives by investing in preschool enrolment and other daycare facilities for young children.

29. **Policy Measure 2: Improve efficiency of job search – better matching of labor supply and demand:** improving employment prospects also requires **adequately counseling and accompanying the unemployed**. In addition to regular counseling, the employment office may consider providing training on soft job search skills, including writing a CV, how to prepare for a job interview, and how to network. Furthermore, the **Government can play a key bridging role in enabling employers to identify prospective Roma employees** eager and able to work, by reaching out to non-State actors such as NGOs, and government entities well known within the local Roma community. The employment offices could act as a bridge between two sides of the market, and develop a jobs platform – in the form of, for example, a database and/or job fairs – where firms or government institutions looking to hire workers can communicate with entities that have good knowledge of local communities to get recommendations for specific job applicants.

Box 4: Linking Companies to Community Actors to Roma to Jobs; The US Steel Experience

Many Roma are eager to work, and while discrimination is a barrier to employment prospects, there are also employers interested in hiring Roma men and women, not only for corporate social responsibility reasons, but simply because they need good productive workers to contribute to their firms. Information about employment – and employee – opportunities can be a major barrier for such firms. To identify prospective employees, the US Steel factory in Kosice, for example, turned to a local church in Kosice with a strong presence in Lunik IX. In this case, church officials were able to form a bridge between the private company US Steel, which had no particular knowledge or expertise identifying motivated and skilled (in the formal but more often in the informal skill sense) Roma; The main soft skills sought after were eagerness to learn new skills on the job, and having obtained non-formal skills through previous work experience that would be relevant for US Steel.

Similarly, other non-State actors, but also government social workers and community mediators could provide a bridging function for employment services. **Rather than having each individual firm identify a non-State actor or State actor with knowledge of the local communities, the employment offices could perform a bridge between these two sides of the market, and develop a jobs platform.**

30. **Policy Measure 3: Improve the employability of excluded Roma by strengthening skills:** This could be achieved through **employment attachments** and **second-chance education**. Given the extremely low education levels and lack of work experience among unemployed and inactive Roma, job search incentives must be combined with programs that build employable skills. This includes introducing a robust system of *second chance education*, as also recommended in the June 2012 European Council Country Specific Recommendations to Slovakia. To achieve this, apart from designing and

developing a network of second chance education provider, the current legislative restrictions would need to be amended. Second chance education may also build on creative solutions being undertaken in some municipalities to build sector specific skills through employment attachments or use of activation works to meaningfully build construction skills.. A special *focus on the social sectors* is particularly relevant to promote employment opportunities for women and to improve the perception of working Roma women.

31. **Policy Measure 4: Invest in monitoring and evaluation of specific activation measures, and systematically share best practices across municipalities:** The Slovak Government can improve the effectiveness of employment related interventions, and expand the outreach of the most effective ones, by systematically piloting and evaluating promising ideas and by investing more in knowledge sharing across municipalities. These evaluations may include so-called ‘randomized impact evaluations’, or ‘social policy experiments’, in which a subset of potential beneficiaries is randomly selected to receive the pilot program and then compared throughout the duration of the program with the “control group” to validate or adjust the adopted approach. The European Commission has been actively promoting such policy experimentation as particularly benefiting effective inclusion policies. The Danish employment evaluations provide a good best practice model⁶ in this regard. Furthermore, the Government of Slovakia could establish a knowledge portal of “good practices” of municipal activation measures that do exist in a number of municipalities in Central and Eastern Slovakia the World Bank team visited; they are just not known nationwide. One example for all is Spissky Hrhov where the mayor and municipal officials managed to turn a vicious cycle into a virtuous one to the great benefit not only of the Roma but the entire community.

32. In addition to improving employment prospects, the Slovak Government should maintain a strong safety net that continues to protect the poor and combines it with targeted measures that promote health and human capital investments, especially for children:

33. **Policy Measure 5a: Maintain a strong safety net that protects the most vulnerable.** Even with the current levels of family and social assistance support, poor families struggle to make ends meet. Continuing to provide these unconditional social *protection* benefits is therefore essential for protecting the most vulnerable families – Roma and non-Roma – from falling deeper into poverty.

34. **Policy Measure 5b: Include additional incentives for poor families to invest in incremental and targeted improvements in education, health, employment, and housing.** The support system of government transfers to the poor can have a stronger role in promoting specific household investments in health, education, employment, and housing that reduce long-term dependency. There is considerable rigorous international evidence from around the world indicating that targeted conditional transfers can lead to significant improvements in health- and education outcomes, and that through these mechanisms, they enhance productivity and reduce long-term dependency. The Mexican Oportunidades, Brazilian BOLSA Familia, and Chilean ‘Chile Solidario’ programs are among the best known among the international examples. Of course, such demand side initiatives should be matched with quality and accessible supply side programs. In the context of Roma in Slovakia, the Government may consider:

Incentivizing targeted investments in maternal health and early childhood development – from conception to age 8. This period is critical for the future development and prospects of children, since it bears long-term implications for people’s capabilities in school and on the labor market. The Government of Slovakia may consider providing financial incentives to poor pregnant women and to young mothers to a) attend pre-natal check-ups, b) have their children

⁶See www.ams.dk and www.jobindsats.dk

fully vaccinated, and c) attend information sessions on infant care, nutrition, the risks of smoking, and the use of health insurance.

Strengthening the existing program providing support to poor young families conditional on children participating in pre-school represents an additional potential measure in this regard. Disadvantaged families are currently exempted from paying kindergarten fees and are supported through subsidies for meals. However, qualitative research by the Slovak Governance Institute (2012) revealed that many mothers with children of preschool age lose their social assistance benefit in material need (dávka v hmotnejnúdzi) when they become a recipient of the parental allowance (rodičovský príspevok) after giving birth to a child. This is because their new income – i.e. including the parental allowance – exceeds the minimum subsistence level. As a result, they also lose eligibility for the pre-school subsidies. This, perhaps unintended consequence of the eligibility rules for the benefit being tied to the calculation of the Basic Material Needs Benefit threshold excludes among the most vulnerable families – the original target group of this benefit. With total expenses for the meals and fees paid at kindergartens ranging from approximately 20 to 50 Euros per child, preschool is then no longer affordable for many of these families.

Incentivizing secondary school completion, not early school leaving. Early school leaving rates among Roma are extremely high. To adequately address this challenge, the Government could consider making early school leavers under 20 years old ineligible for the current labor activation allowance, and instead provide a bonus to parents of vulnerable youth if children complete secondary education. This could also be linked to encouraging savings (see financial inclusion chapter): for example, including a matching grant component to the bonus if parents have saved a certain amount in a dedicated secondary education savings account. Again, rigorously evaluated examples from successful programs around the world could serve as inspiration for policy makers.

Incentivizing job search incentives. This can be used to promote job search while providing stability. See Policy Measure 1 above.

Incentivizing investments into improved living conditions, especially by the most vulnerable. The Basic Material Needs Benefit provides an additional payment to cover housing and utility costs. While approximately half of all households receive the BMN, approximately one-third (or 24,000) of all Roma households receive housing allowances. Families who do not live in formally accepted buildings with formal tenure (lease/ownership) are not eligible to receive housing benefits. Hence, the housing allowance program rules inherently exclude the neediest Roma families. The Slovak Government may consider (a) delinking eligibility for the housing allowance from formal residence status, or even developing a new subsidy program; (b) imposing conditions on receiving housing allowances in such a way that they can be used only for costs related to housing and utilities, and related expenses; and, (c) linking the housing allowance to household financial planning skills for self improvement of living conditions (i.e., link to financial literacy training, use of prepaid metered utilities such as gas, electricity and water).

5 FINANCIAL INCLUSION

5.1 ASSESSMENT

35. **Roma in Slovakia lack access to financial services.** Only 29% of Roma households in Slovakia have a current account, compared with more than three quarters (77%) of the general population. The precarious economic situation faced by most Roma coupled with a lack of access to saving methods helps explain why only very few Roma households (9%) have any savings at all, and even less households (5%) save in savings accounts. This situation is comparable to other countries in the region, as seen in Figure 6.

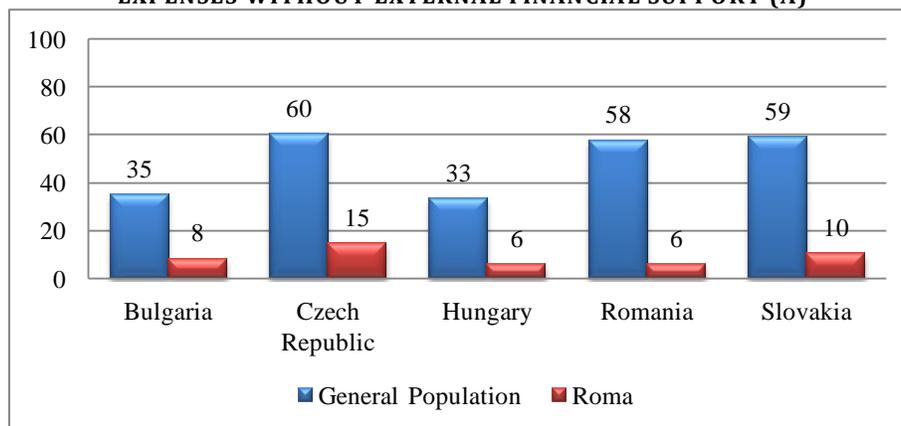
Table 2: Usage of Savings Accounts and Other Banking Services among Roma Households in Slovakia

Banking Services ^A	%	Savings	%
Saving Account	5	Household has Savings (%) ^B	9
Term Deposits	2	Number of Months the Household Could Rely on Savings ^C	3
Money Transfer Services	2	Household with Savings has a Savings Account (%) ^C	33
Debit/Payment Card	10	Home Ownership (%) ^D	73

Source: UNDP/World Bank/EC regional Roma survey (2011). ^A Figures refer to the percentage of Roma households making use of the indicated banking services. ^B ‘Savings’ include e.g. cash, bank deposits and highly valued commodity items like gold. ^C Conditional on household having some form of savings. ^D Measured as family- rather than household-ownership of the dwelling.

36. **Irregular employment incomes and low levels of savings translate into considerable economic insecurity.** Given the crucial importance of savings for households’ economic security, the fact that few Roma have savings and even fewer saving accounts, is an alarming finding. In fact, few Slovak Roma – 1 in 10 compared with nearly 6 in 10 among the general population – are able to face unexpected expenses without external financial support, and this is directly linked to the lack of savings that Roma families would otherwise be able to draw from.

FIGURE 6: ROMA HOUSEHOLDS HAVE A MUCH LOWER SELF-REPORTED ABILITY TO FACE UNEXPECTED EXPENSES WITHOUT EXTERNAL FINANCIAL SUPPORT (A)



Source: General population: EU SILC (2008); Roma: UNDP/World Bank/EC regional Roma survey (2011). ^A The figures represent the share of households reporting an adequate “Ability to pay for unexpected expenses without relying on loans or other external forms of financial support”.

37. **Related, Roma are also more likely to have arrears on utility bills than the general population.** 15% of Roma households in Slovakia is in arrears on utility bills, compared with 3% of the general population. This is lower than among Roma in neighboring countries, but the difference with the general population remains large, and in fact exceeds the gap between Roma and non-Roma registered in some of the other countries.

TABLE 3: ARREARS ON HOUSEHOLD MORTGAGES, LOANS AND UTILITY BILLS (%)

	Bulgaria		Czech Republic		Hungary		Romania		Slovakia		EU-27
	Roma	All	Roma	All	Roma	All	Roma	All	Roma	All	
Utility Bills ^A	38	32	34	2	46	0	29	23	15	3	1

Source: UNDP/World Bank/EC regional Roma survey (2011) for Roma household data, and EU SILC (Eurostat, 2008) for general population data; ^A Bills for any housing related utilities (e.g. electricity and water supply, heating or phone bills).

38. **Access to financial services is important, especially for the poor.** Poor households – including many of Roma households – need a broader range of financial services just as much as, if not more than, non-poor households. For example, poor people need careful financial planning to make ends meet with the limited resources, they need access to savings products to protect themselves against income vulnerabilities that arrive as a result of irregular employment, or they need savings to build up a down payment for a (micro-) loan to make home repairs.⁷

39. **The lack of access to and take up of savings instruments is mirrored in the (in)ability of the Roma to access microcredit. The potential group of Roma that can take advantage of microcredit and make productive use of it is small, as most Roma interested in becoming self-employed face significant barriers that limit access to credit.** These barriers include indebtedness, little employment- and professional experience, and very low levels of education: even when compared to that segment of the general population that is being refused credit. The recent social microcredit experience of the Hungarian Kiút program provides an important example in this regard. Hence, while microcredit can be an important tool for supporting a small group of existing micro entrepreneurs and a small group of starting entrepreneurs, a much larger group may be reached through more basic financial inclusion instruments.

40. **The European Commission (EC) has followed a narrow approach on financial inclusion geared towards basic bank account access, and focuses on ‘financial education’, i.e. citizens’ understanding of complex financial products.** In the case of the Roma, a broader approach toward financial inclusion would be more appropriate. In fact, given the extremely high Roma poverty levels, low levels of education, and general degree of marginalization, the challenge of achieving financial inclusion among Roma in Slovakia is comparable with that of achieving financial inclusion among citizens of lower middle income and lower income countries, rather than among the citizens of European countries in general. The ‘graduation approach’ provides an example of how this is done in other parts of the world.

⁷ For a discussion on microcredit vis-à-vis financial inclusion broadly, e.g. see an August 19, 2011 interview with Mr. Tilman Ehrbeck, the CEO of CGAP: http://www.cgap.org/gm/document-1.9.53154/Tilman_Ehrbeck_Transcript.pdf.

Box 5: “Graduation Approach: From Basic Needs to Microfinance”

The *CGAP-Ford Foundation Graduation Program* is a global effort to understand how safety nets, livelihoods, and microfinance can be sequenced to create pathways for the poorest to graduate out of extreme poverty. The graduation model targets poor households facing extremely high economic insecurity. Ten pilots are taking place in Haiti, India in three places (with Bandhan, SKS, and Trickle Up), Pakistan, Honduras, Peru, Ethiopia, Yemen, and Ghana. The pilots involve diverse institutional forms, economic contexts, and cultures. The pilots are implemented through partnerships between financial service providers, nongovernmental organizations, and government units. Several of the pilots are measuring the program’s effects on people’s lives through rigorous randomized impact evaluations and qualitative research.

The Graduation Approach addresses at first the most obstructing barriers that poor households face to accessing financial services. The initial focus on savings illustrates the latter’s crucial role in facilitating a successful transition to self-employment. The approach is built on five core elements: targeting, consumption support, savings, skills training and regular coaching, and an asset transfer. Once the most immediate needs are addressed, households are encouraged and assisted to save, allowing the household to build assets and instilling financial discipline. Only in the final two steps, ‘business skills training’ and the transfer of in-kind assets, does the purpose of self-employment come into play. The asset transfer is included to jump-start small businesses, increasing the chance of a successful transition to self-employment.

Sources: GCAP Graduation Program Overview; Hashemi and De Montesquiou, 2011. CGAP: Haiti Chemen Lavi Miyo Program.

41. **To promote financial inclusion, the June 2012 draft Financial Inclusion Action Plan of the Slovak Republic identifies several goals. These have been formulated on the basis of the financial inclusion chapter of the NRIS:**

Goal No. 1: Improve financial literacy. This entails providing marginalized Roma communities with information on financial services, and supporting basic and advanced financial education and training in marginalized Roma communities.

Goal No. 2: Improve access to financial services, with a focus on access to savings and savings facilitation.

Goal No. 3: Increase the protection of marginalized Roma communities against loan shark activities and illegal practices of credit companies. This entails using systematic terrain work, education in financial literacy and a comprehensive revision of criminal law, as well as financial measures aimed at customer protection.

Goal No. 4: Support the development of microfinance programs in marginalized Roma communities with a view to supporting micro-, small- and medium enterprises (MSMEs) and self-employed individuals. This entails supporting the growth of MSMEs using EU tools such as the ESF and the ERDF.

5.2 POLICY RECOMMENDATIONS

42. Building on the Action Plan Goals 1-4 and the World Bank Reference Framework (see Box 6 below), the Financial Inclusion analysis conducted by the World Bank for this report supports these

policy goals. In particular (1) financial literacy and debt management training, (2) savings facilitation, especially targeted savings, and (3) a system of inclusive government payment services, are recommended as important policy measures:

43. **Policy Measure 1: Expanding basic financial literacy and debt management training.** Excellent examples from around the world are plentiful, but Slovakia can also build on locally implemented initiatives that can be scaled up; for example, the financial literacy training with a successful track record implemented by ETP Slovakia. The financial education course developed by ETP Slovakia aims to teach clients to use their finances wisely as well as to help them escape from the trap of debts and to give them a new beginning. The first module („Don't Be Afraid of Money“) is for entry-level program participants, children and youth. In this module, the client learns basic knowledge and information about financial management, household budgeting and not spending money beyond means. The second module consists of 6 volumes and is targeted at the graduates of the first module. This program is conducted in groups in community centers.

44. **Policy Measure 2: Improving access to financial services with a focus on savings facilitation, and linking savings activities with human development outcomes.** For example, the Government could support households open up *targeted* education- or housing savings accounts, in which households are encouraged to save with an explicit purpose. International evidence suggests that targeted savings are successful in raising overall savings. Several locally implemented initiatives can be adopted and scaled up, such as ETP Slovakia's "Individual Development Account", which provides incentives to save for housing improvements. Slovakia can also adopt international models, such as the "Kindergarten-to-College (K2C)" savings initiative used in the USA, in which parents are provided with incentives to save for children's education. Initiatives like these can be linked to social protection transfers like the Benefit in Material Need and family benefit programs.

Box 6: “Financial Inclusion Strategies Reference Framework” (World Bank, 2012)

In June 2012 The World Bank published a Reference Framework as a resource for preparing new financial inclusion strategies. This Framework highlights that: “Financial inclusion is emerging as a priority for policymakers and regulators in financial sector development, with an increasing number of countries introducing comprehensive measures to improve access to and usage of tailored financial services, informed by a fast-growing body of experience and knowledge. More than 60 countries have initiated financial inclusion reforms in recent years.”

According to the Framework, “A comprehensive strategy promotes not only the adoption of financial products and services, but also the ability of customers to take full advantage of them. Informed and financially educated customers will benefit more from financial services— for example, through a better understanding of what type of financial product best suits their individual needs, and more accurately assessing risks associated with that product.”

The Framework consists of six sections.

- (1) A discussion of the key components that define financial inclusion strategies;
- (2) Financial inclusion data, including potential ‘core financial inclusion indicators’;
- (3) Recommendations on the institutional structure to support financial inclusion strategies;
- (4) Options for the public sector (policy and regulatory reforms, financial infrastructure, public interventions);
- (5) Private sector responses;
- (6) Support frameworks for design and implementation from development agencies.

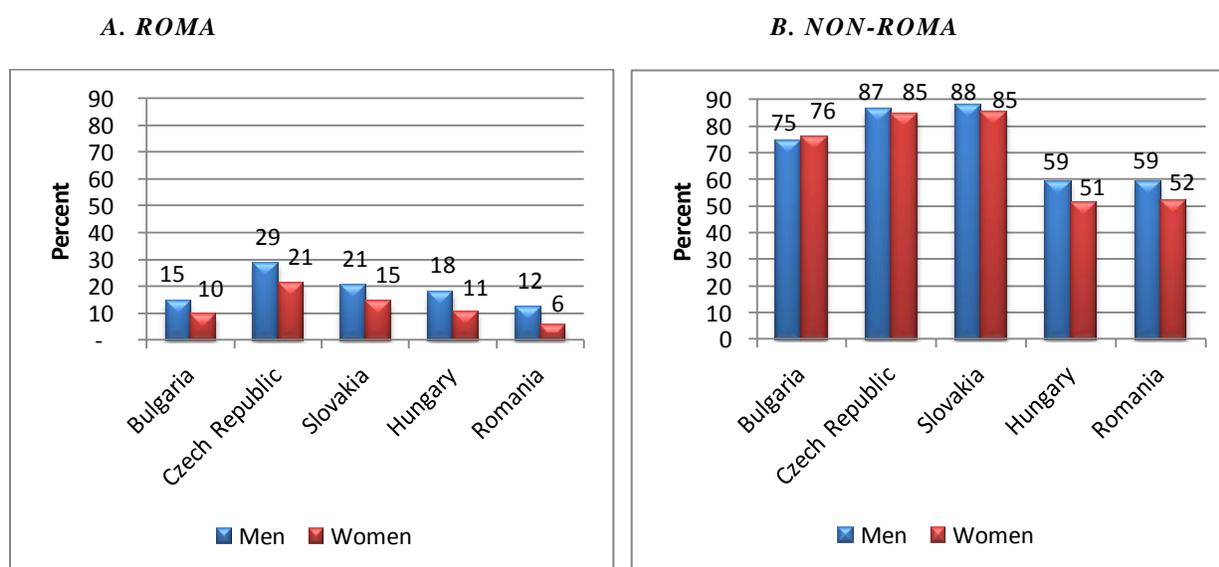
45. **Policy Measure 3: Taking advantage of government social protection payment systems to promote financial inclusion.** The Government can play a significant role in incentivizing financial inclusion of Roma by transferring various benefits to accounts that beneficiaries – Roma and non-Roma - open in commercial banks. Providing stable monthly inflow from the social benefits into these accounts may be an important tool for the Government to agree with banks on the provision of low cost “no frills” bank accounts for the poor. There are many experiences from around the world that Slovakia can draw from to put in place a good - non-stigmatizing - system of E-payments to replace cash payments to poor households. See, for example: www.worldbank.org/paymentsystems. This website includes a report titled “General Guidelines for the Development of Government Payment Programs” (World Bank, 2012), which presents a set of comprehensive guidelines that can assist governments and other stakeholders in designing and operating efficient government payment programs.

6 EDUCATION

6.1 ASSESSMENT

46. **Roma’s educational achievements continue to be far below those of non-Roma, regardless of how these are measured.** There is a large gap in preschool access, Roma children are much more likely to be streamed into special schools for mentally disabled children or into special classes in regular schools, and rates of secondary school completion and performance on standardized tests are much lower. In some cases, such as streaming children into special schools, the trends are also getting worse over time.

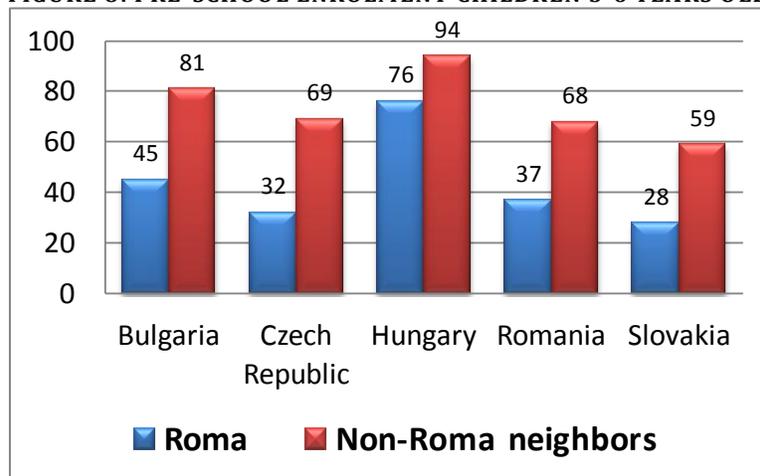
FIGURE 7: SECONDARY SCHOOL COMPLETION RATES AMONG ROMA AND NON-ROMA NEIGHBORS, AGE 25-64 (A)



Source: UNDP/World Bank/EC regional Roma survey (2011). ^A ‘Secondary school completion’ is defined as having completed either a vocational/technical or a general secondary school program, or a higher level of education. Sample restricted to age group 25-64.

47. **Inequalities start early in life and continue throughout schooling.** Only 28% Roma children aged 3-6 is enrolled in pre-school, less than half the rate of non-Roma neighboring children of the same age. This rate is lower than Roma preschool enrolment rates in Bulgaria, Czech Republic, Romania, and especially Hungary, where 76% of Roma children attend preschool. In fact, Roma children in Hungary are more likely to be in pre-school than non-Roma neighboring children in Slovakia. Enrolment in primary education is high and similar to that of non-Roma, but there is an enormous gap in secondary school completion as shown in Figure 7. Also, the limited number of schooling hours offered by the Slovak system are a particular disadvantage for vulnerable pupils like Roma children who have limited out-of-school learning opportunities.

FIGURE 8: PRE-SCHOOL ENROLMENT CHILDREN 3-6 YEARS OLD



Source: UNDP/World Bank/EC regional Roma survey (2011)

48. **The extremely low enrolment rates in preschool among Roma are particularly concerning, since a large body of international evidence underscores the importance of early intervention –from conception to age 8– on child development.** Early childhood development programs are particularly beneficial to children from disadvantaged backgrounds. As Nobel laureate economist James Heckman argues, “investing in disadvantaged young children is a rare public policy with no equity-efficiency tradeoff”⁸ In other words, investing in early childhood development for the poor is a win-win situation, benefiting both the poor and the non-poor. A new review of the scientific literature by the highly respected international journal *The Lancet* (October 2011) similarly concludes that “[...] unless governments allocate more resources to quality early childhood development programmes for the poorest people in the population, economic disparities will continue and widen.”⁹ Indeed, the regional Roma survey data show discrepancies in learning outcomes between Roma and non-Roma, already at the age of 5-6: that at the age of 5-6 years old, 31% of Roma children can read at least four simple popular words compared with 45% of non-Roma neighboring children, and 66% recognize the symbols for the numbers 1 through 10 compared with 90% of non-Roma neighboring children.

⁸ Heckman and Masterov 2007.

⁹ Engle et al. (2011) “Strategies for reducing inequalities and improving developmental outcomes for young children in low-income and middle-income countries”. *The Lancet*, 378 (9799): 1339 – 1353.

49. **Preschool has high returns in general, and for Slovak Roma children in particular.** The recent World Bank (2012) study *"Toward An Equal Start: Closing the Early Learning Gap for Roma Children in Eastern Europe"* finds that Slovak Roma children enrolled in preschool are much more likely to recognize numbers, the alphabet, and simple sentences in Slovak, while Roma adults who attended preschool as children are/were: much less likely to enroll into special school (by more than half), much more likely to complete secondary school (by more than half), and less likely to be on social assistance (by 20%).

Box 7: Policies behind high preschool participation in Hungary

Preschool enrolment among Roma (and the poor more generally) in Hungary is considerably higher than in Slovakia, and than in other neighboring countries. There are some important differences between the Hungarian- and the Slovakian preschool system:

- In Hungary, kindergarten was, until recently, optional from the age of 3 and compulsory from the age of 5. However, the new education law, passed in December 2011, calls for compulsory preschool from age 3. The mandatory primary school entry age is 6 years, although children may stay in kindergarten for an extra year, until turning 7, if needed.
- Public-sector kindergartens charge no tuition, although they charge a compensation for extra services not included in their basic tasks, such as meals, excursions and extracurricular activities. Non-state kindergartens may charge fees.
- To improve access for the poor, meals have been provided free of charge to children of families receiving a supplemental child protection allowance. Furthermore, since 2009, parents of disadvantaged children have been encouraged through subsidies to enroll their children as early as possible. The so-called "kindergarten subsidy program" grants disadvantaged families a twice a year subsidy of 10 000 HUF (approximately 35 Euro) per child aged 3-4 years, conditional on the child attending pre-school regularly.
- The eligibility criteria for subsidies are based on 'multiple disadvantages' (a legal category, it includes low education of the mother and means testing by the local notary).
- Financing of preschool is provided through a combination of central government funding (30-40 percent), parents (10 percent), and municipal governments (the rest). Parents' fees are lowered or cancelled completely for those with low incomes.
- Municipal financing has been a challenge for poor municipalities. It is possible for them to contract with private and voluntary sector providers, and services are almost entirely public.
- NGOs, like the Roma Education Fund, have done extensive door-to-door campaigns reaching out to parents.

To address the shortage of preschool places, the Government issued specific calls for proposals in 2009, partly for the improvement of school education and partly for the development of kindergartens and kindergarten-related projects in the 33 most disadvantaged micro-regions. These fell under the scheme of infrastructure development within the Regional Operational Programme, funded by the European Regional Development Fund, ERDF. Nevertheless, lack of physical space and personnel in preschools was a constraint in many instances for further enrolment expansion by Roma.

50. **Special school attendance in Slovakia is on the increase, and so is school segregation.** Over one third (36%) of Roma children are reported to be in all or mostly Roma classes, and 12% of Roma pupils are reported to be in special schools. While only 6% of Roma over the age of 30 attended special schools, the rate stands at 11% among pupils who are currently of schooling age: in other words, in the space of approximately a generation, Roma's attendance rate of special schools has more or less doubled. Having many children that do not need it attend special education is expensive for the society, and hurts learning and labor market chances of the individual children. Moreover, Roma children placed in special education can do well in regular classes if provided with appropriate support, as evidenced by a recently

published study on the performance of Roma pupils (originally placed in special schools in the Czech republic and Slovakia) in mainstream schools in the United Kingdom.

TABLE 4: TRENDS IN THE NUMBER OF (SPECIAL) SCHOOLS AND STUDENTS

	2008-09	2009-10	2010-11	2011-12
Basic Schools:				
No. of basic schools	2,237	2,224	2,216	2,202
Pupils in basic schools	462,715	448,371	439,675	434,477
Special Schools:				
No. of special schools	233	236	244	239
Pupils in special education	28,328	28,543	28,948	28,828

Source: UIPS

51. **Individual background characteristics explain in large part the gaps in educational outcomes for Roma- as compared to non-Roma children.** Having poor and uneducated parents - or parents who went to a special school-- represents an enormous burden that is not easy to overcome, regardless of personal aspirations. For example, the average Slovak Roma family with children aged 3-5 years old has 1 children’s book. This suggests that policies and programs aiming at improving Roma educational outcomes should try to compensate for the lack of material- and human resources in children’s families. Of course, policies and programs aiming at actually improving the socioeconomic status of Roma parents should complement such efforts.

52. **Measures to fight prejudices on all sides are necessary because without them any well-intentioned policy may be doomed to failure.** In addition to doing something to compensate for deprivation in the children’s background, education policies need to be inclusive, combat stereotypes, and address low expectations that some teachers have about Roma children and that some Roma parents and children have about the schools.

53. **When it comes to Roma education, the present system of no pre-school education combined with streaming Roma children to special schools or classes is a “lose-lose proposition”.** Failing to invest in Roma education dooms large numbers of Roma to unemployment or extremely low-paying jobs and deprives the Government of substantial fiscal revenues. In addition to rethinking the basic premises of Slovak education to make it more inclusive, this suggests that incremental improvements could be possible with minimal additional cost by redirecting expenses toward services that have been shown to be effective in Slovakia and in other countries in improving educational outcomes for marginalized groups.

6.2 POLICY RECOMMENDATIONS

54. **To address the Roma education gap, Slovakia can build on positive policy experiences from other countries that have sought to address large education gaps of minority groups, Roma and non-Roma.** The full report highlights several of these international policies and programs. Recommendations to improve educational outcomes can be grouped in three areas, with a priority focus on investing in infants and young children: (1) increase access to quality pre-school, moving toward compulsory preschool from age 3 onwards, and improve home parenting; (2) promote integrated regular

primary schooling for all; and, (3) address early (secondary) school leaving. The Slovak program to put in place community centers can – if designed and resourced sufficiently - perform an important role in reaching these 3 goals.

55. **Policy Measure 1: Increase access to quality pre-school, moving toward preschool attendance from age 3 onwards, and improve home parenting.** Given the well demonstrated high returns to early childhood development and the very large gap that exists between Roma and non-Roma children in Slovakia, this should be a high policy priority area. To close the pre-school gap, the evidence suggests that a combination of awareness raising for parents, strengthening home parenting, strengthening the (social) connections between kindergartens and parents, improving physical accessibility (in some specific communities), and strengthening demand-side financial incentives would be particularly effective. All poor parents (with consideration for a broader definition of vulnerability than the one that is currently in use) should be given sufficient subsidies on condition their children attend pre-school regularly. Children could also be offered free school meals and poor families could be offered fee waivers for preschool. Putting in place these measures will enable pre-school to be made compulsory for at least two years, but preferably from as early as age 3 onwards.

56. **Policy Measure 2: Create the position of Roma school (or community) mediator.** Roma school mediators can act as intercultural mediators. Intercultural mediators are employed in several European countries with significant non-European immigrant populations to facilitate these populations' communication with public authorities and the local population, as well as to improve their access to public services. The work of Roma school mediators can support Roma children's integration in school and facilitate relations with the families. Because of the nature of their responsibilities, Roma school mediators should come from the local Roma community. This would ensure that they speak the local version of Romany and have a deep understanding of the local culture. As in other areas, legislative changes may be needed to adjust the currently rather rigid qualification requirements, given the current low level of formal education in the communities that would most benefit from having a community mediator.

57. **Policy Measure 3: Provide school-based education services beyond regular classroom teaching – teaching assistants and tutors.** Both international and Slovak experiences confirm the effectiveness of engaging teaching assistants at improving educational outcomes for children from disadvantaged backgrounds. The position of teaching assistant was introduced in Slovakia in 2000 with the title of *Roma Teaching Assistant*. These assistants were given responsibilities in both cultural mediation and academic support. The number of teaching assistants has been growing since then, but it could grow considerably faster. And, just like in the case of mediators, it is necessary to review the criteria for their funding and recruitment. A way to increase the number of teaching assistants at a limited cost would be through the use of students. Allowing students, including those in pedagogy and from the social academy, to do their internships as teaching assistants, as is done, for example, in the USA, would allow students to gain useful practical experience and diminish the burden on teachers and hired teaching assistants. Furthermore, hiring high performing recent secondary Roma graduates to provide tutoring services can be a cost-effective way to support poor pupils, generate employment experience for the recent graduates themselves, and create a role-model effect.

58. **Policy Measure 4: Provide educational support and opportunities outside regular school hours -after school and summer programs.** Slovakian children in general spend relatively little time in school, to the detriment of disadvantaged children in particular. Extended school hours, as well as after school- and summer programs present an opportunity to compensate for the current lack of out-of-school learning opportunities and a home environment which may not be conducive to learning. Several

countries have opted for equalizing extra-curricular opportunities by also using their schools increasingly as community centers.

59. **Policy Measure 5: Provide added incentives that make a difference - cash transfers conditional on certain educational achievements.** Conditional cash transfers (CCT) programs grant poor families financial resources in exchange for specified verifiable actions, such as sending children to school or taking them to regular health check-ups. If properly tailored to the dynamics of Roma education in Slovakia, CCT can be a powerful instrument to help close the education gap between Roma and non-Roma children. Because this gap is small during the years of compulsory education, it would be unwise to use scarce public resources to encourage attendance during this time. Instead, CCT programs could focus on upper secondary school, where the gap between Roma and non-Roma becomes much larger, and where the risk of segregated schooling is much reduced. The amount of transfers should be set at a level that realistically covers the total cost of attendance, including all direct costs (books, supplies, transport, etc.) as well as opportunity costs (e.g., the labor activation grant).

60. **Policy Measure 6: Promote integrated regular primary schooling for all; move rapidly to close most special schools and abolish special classes in standard schools.** Keeping children who do not suffer from a severe mental or physical disability in special classes and schools is a waste of public money and a violation of the children's rights. In addition, there is convincing evidence that Roma children placed in special education can do well in regular classes if provided with the appropriate support. The money presently spent on special schools can be used to support mainstreaming, but additional funding is likely to be needed. As special schools are gradually closed or are transformed into regular schools, staff can be redeployed and trained to provide special services in an integrated setting. The new membership in the European Agency for the Development of Special Education would facilitate the transition.

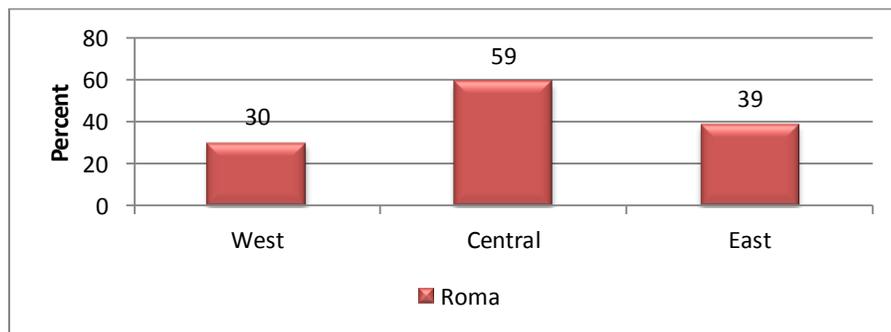
7 HOUSING

7.1 ASSESSMENT

61. **The population of Roma in Slovakia is large and growing more quickly than the social housing provision.** There are about 320,000 people or 72,000 families and the population is estimated to grow at about 1.8% per year, which means about 1,200 new Roma families are formed each year. For the 30% of Roma households who live in ruined buildings / slums, this growth rate means about 360 new households each year, which is significantly more than the major state housing program for Roma households, the low-standard social housing construction program, which has averaged 290 units annually from 2001 to 2010.

62. **Many Roma live in segregated areas, despite the fact that nearly three quarters would prefer to live in mixed areas.** 42% of Roma households live in a settlement where the dominant ethnicity is Roma. In Central Slovakia, this ratio is nearly six in ten. Ethnic segregation is stronger among Roma households living in ruined buildings/slums than among those living in other types of housing with nearly six in ten Roma households living in ruined housing/slums also living in predominantly Roma communities.

FIGURE 9: ROMA HOUSEHOLDS LIVING IN PREDOMINANTLY ROMA COMMUNITIES



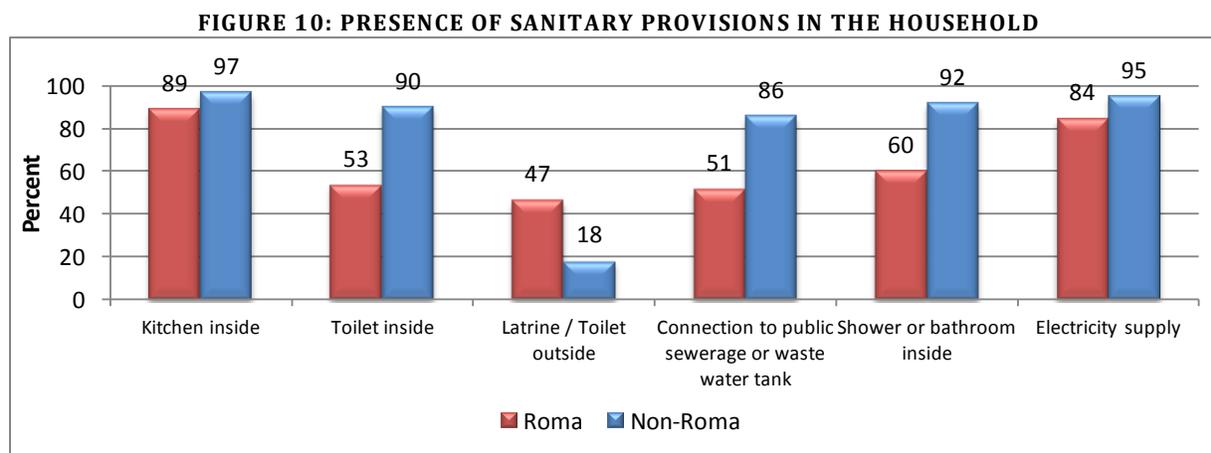
Source: UNDP/World Bank/EC regional Roma survey (2011).

63. **Housing conditions for Roma households are much worse than for nearby comparable households.** An estimated 21,000 Roma families – or 30% of all Roma households - live in the worst conditions, i.e., in ruined houses or slums¹⁰ as identified by the 2011 regional Roma survey enumerators, while this is true for only 4% of comparator households. Disaggregated by income level, Roma households in the lowest income segment are significantly more likely to live in ruined buildings/slums than Roma households with higher income. In addition, Roma families are much more overcrowded than non-Roma families, with 45% of them living in dwellings with more than 2 people per room, compared to only 9% of their non-Roma neighbors. Not surprisingly, poorer Roma live in smaller units with fewer rooms –the poorest third live most often in just one room, the richest third in two rooms. The overcrowding measures are especially important when taking into account household size because Roma households are much larger: Roma have access to 14 square meters per household member on average,

¹⁰ This definition draws from Cities Alliance. See <http://www.citiesalliance.org/About-slum-upgrading>.

whereas among the general Slovak population, each household member has an average of 28 square meters (EU-SILC, 2008).

64. **Access to basic sanitary provisions is particularly low.** Only about half of Roma households have indoor sanitation (toilet, bathroom, sewage connection) while about 90% of nearby non-Roma families have these amenities (see Figure 10). The poorest Roma families are least likely to have access to indoor sanitation. Similarly, about half of Roma households do not have access to drinking water indoors (as compared with 12% for non-Roma households). Collection of solid waste is particularly problematic, with one forth of Roma households reporting irregular or no collection. Most Roma households use wood for cooking and heating, rather than gas, electricity or other means, which are most used by non-Roma households.



Source: UNDP/World Bank/EC regional Roma survey (2011).

65. **The Slovak Government has relied on two main policy tools to promote housing inclusion:**

- **Construction of “lower-standard” social housing**—these units are small and unfinished in order to reduce costs and increase affordability; however, the average annual rate of construction (290 units per year) has not been sufficient to even keep up with natural increase among the Roma population living in ruined houses/slums; population growth estimates show that this would require approximately 360 new units every year.
- **The housing allowance, which is an addition to the Basic Material Needs Benefit.** The housing allowance has much better reach than the program to build low-standard social housing; however, the program rules inherently exclude the most needy Roma families. Specifically, potential beneficiaries need to be living in a unit with a legal address, which means the unit must be in an area designated for residential use where land tenure is clear and where the building complies with local building codes.

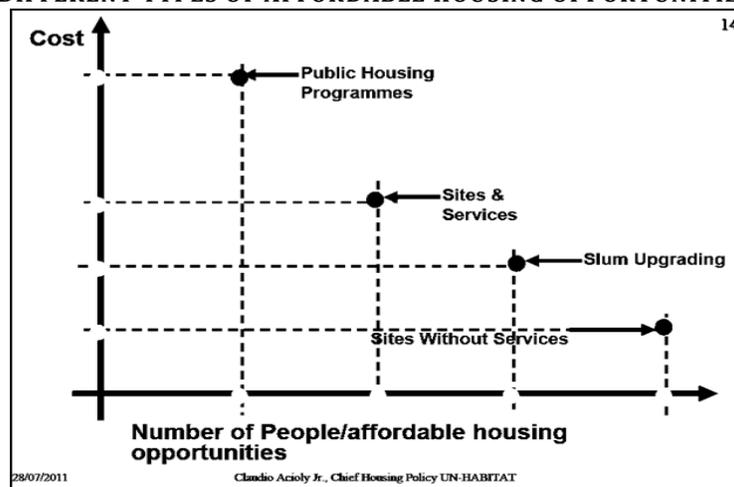
66. **Although the central Government has focused on social housing and housing allowances, a much broader variety of policies have been piloted at the local level.** These have included supporting families to get proper land titles, sometimes by using NGO-provided loans to cover the registration fees, which households can then pay back because legal title grants access to housing benefits and other address-based allowances that increase household incomes. Other examples of local interventions can be found in savings incentives and small loans to assist households to insulate doors and windows, install proper heating, or improve access to potable water. Together these kinds of interventions support the physical and social inclusion necessary for effective reincorporation of excluded Roma households into the broader communities and societies. The largest impacts are seen when local authorities are strongly committed.

Box 8: Local initiatives to build skills and community infrastructure at the same time.

For example, some mayors in Eastern Slovakia have taken advantage of the municipal works activation scheme, which provides allowance to people receiving the BMN in return for work. Most often this work consists of low skill work like street sweeping. Some mayors, however, have realized that with some on the job training in basic construction skills, the municipalities can cheaply improve municipal infrastructure *and* at the same time provide unemployed Roma receiving the activation allowance an opportunity to learn employable skills. Inspired by such examples, ETP in collaboration with Habitat for Humanity started the “Sharpen Your Skills” course. In Hodejov, for example, a Community Center was renovated whereby most of the technical labor was provided by local citizens, who were trained by project tutors. The course consists of a theoretical and a practical part where participants learn to recognize various building materials, use of construction tools, and working methods. The tutors carefully explained and then demonstrated each component.

67. **The recently produced NRIS includes a broader range of interventions ranging from tenure security, to provision of basic physical services/infrastructure, small-scale and incremental housing improvements, social housing construction and the extension of the housing allowance scheme.** These broader goals are very similar to how global thinking on slum upgrading evolves: governments no longer focus on providing new public units as the sole or even the main intervention as the costs are too high and the number of beneficiaries too few (see Figure below). Instead, slum dwellers are engaged actively in planning and implementing community improvements in terms of basic infrastructure, in order to formalize/legalize slum areas and the land plots, to strengthen community social and economic inclusions, and to support housing improvements. It is this combination of tenure security combined with a community-driven approach to physical, social and economic services within the community that results in the most effective slum upgrading projects. Community and housing improvements are usually incremental and take place over a number of years.

FIGURE 11: TRADE OFFS BETWEEN COSTS PER DWELLING AND NUMBER OF BENEFICIARIES FOR DIFFERENT TYPES OF AFFORDABLE HOUSING OPPORTUNITIES



Source: Claudio Acioly Jr., Chief Housing Policy UN-HABITAT, Presentation on Housing Sector Profile, July 28, 2011.

68. **Since June 2010, an amendment to the ERDF regulations (Article 7) has made it possible to use EU Structural Funds (ERDF) to improve housing conditions for marginalized communities in both urban and rural areas, including the replacement of existing housing.** Two conditions on the use of these funds is that (a) they must be part of integrated approach, that is, a combination of various social measures alongside hard infrastructure investments, and that the new construction does not increase segregation.¹¹ Furthermore, during the European Commission High Level event organized in Slovakia in May 2011, the Commission encouraged Slovakia, especially given the very bad housing conditions of many Roma communities to experiment and pilot housing interventions, combining ERDF and ESF funds. At the time of drafting this report, a new pilot scheme that would have targeted social housing provision via new “regular” local and integrated social housing construction had been stopped. The pilot should have been a demonstration for the absorption of ERDF Structural Funds for housing for marginalized groups.

7.2 POLICY RECOMMENDATIONS

69. The recommendations recognize the desirability of incremental approaches that will reach larger number of poor Roma households sooner with the expectation that improvements will be gradual and take place over a period of time. This will require broadening the range of tools (projects and programs) available to the government and thus to go beyond social housing and housing allowances. The recommendations here are organized in two broad areas: (1) improving conditions – in situ - for the worst off Roma living in slum areas, and (2) helping poor families move into better housing.

70. **Policy Measure 1: Focus on improving living conditions for poor households in situ (i.e., upgrading).** The main challenges for improving living conditions within a poor community include a lack of legal status of land, building and people, lack of infrastructure, poor quality of housing, limited

¹¹ http://www.euromanet.eu/upload/86/94/Guidance_note_Housing_interventions_art__7_2_ERDF.pdf

social capital within the communities, physical isolation, and lack of economic opportunities. Specific recommendations for improving living conditions in situ include the following:

Policy Measure 1a: Facilitate legal inclusion

- Provide technical assistance to municipalities to support regularization of informal areas through incorporation of informal areas into city/village plans
- Allow residents to legally register where they live regardless of type of structure
- Encourage municipalities and NGOs to undertake steps toward titling and tenure security. For example, help households register in cadastre, formalize a lease, privatize public land, facilitate land purchase from private owner or land swapping among owners, etc.

Policy Measure 1b: Improve access to basic services

- Access existing programs, such as the State Housing Development Fund for the provision of public utility infrastructure, to provide basic infrastructure to poor communities (where feasible)
- Support families in managing their utility (and other) debts and in regaining access to existing services
- Involve beneficiaries in infrastructure upgrading, which builds ownership, creates job opportunities, and develops skills.

Policy Measure 1c: Improve support to poor residents to make home improvements

- Provide financial literacy and home improvement training and materials to permit residents to plan for and improve their homes including energy efficiency improvements.
- Delink eligibility for housing allowance from formal residence status or develop a new subsidy program aimed at the poorest
- Consider limiting housing allowances so that they can be used only for costs related to housing and utilities, and related expenses.
- Increase availability of micro-finance for home improvements, and assess the experience with using housing allowances to secure repayments of microloans for housing improvements.

71. **Policy Measure 2: Help poor families move into better and integrated housing.** A large number of Roma households live in very difficult conditions, which in many cases will mean creating the opportunities to move into different dwellings. For example, households living in formal apartment buildings that become uninhabitable, overcrowded families, or new households that are being formed. Moving into new housing is challenging since there is a very limited supply of affordable housing: the relatively small number of private rentals are largely informal, landlords may discriminate against Roma families, and the supply of affordable social housing remains below the level of new household formation.

Policy Measure 2a: Diversify government programs to enable poor households more choices than just low-cost social housing to access better dwellings:

- Create incentives to use vacant housing in integrated areas (rent or ownership)
- Expand the availability of private formal rentals (requires revising the legal framework)

- Provide strong social support for Roma families transitioning to new neighborhoods, for receiving majority communities, and in many cases anti-discrimination campaigns
- Redesign the housing allowance so it can be paid directly to landlord

Policy Measure 2b: Involve families in the construction of new homes, which can be more cost effective than building final finished units

- Provide families with well located land sites and building materials
- Provide technical assistance to the families in construction

72. In addition to these specific recommendations, there are also several cross-cutting recommendations:

- Make sure different Roma inclusion programs are synchronized horizontally for a common goal (i.e. across different housing programs but also programs in education, employment, health, etc., or commingling ERDF and ESF funds)
- Recognize up front the need for sustained and long-term interventions to reach long-term goals using incremental measures
- Target the poorest communities and work with them on their problems; this will require revisiting subsidy programs to make sure the poorest households are being reached
- Seek integrated approaches
- Support desegregation (i.e., physical, social and economic inclusion)
- Apply community development type approach with skilled community worker assigned to targeted communities
- Improve community targeting by taking advantage of (a) the poverty map being produced by the National Statistics Office and the World Bank that will show small area poverty estimates of Slovak communities, regardless of ethnicity, and (b) the Slovak Roma Atlas being updated by UNDP (see the Monitoring and Evaluation section for details).

8 HEALTH

8.1 ASSESSMENT

73. **Health services in Slovakia are free of charge, health insurance coverage is nearly universal, and most of the population, including Roma, live within a few kilometers from a health facility. Yet Roma suffer worse health than the non-Roma population.** Previous literature on the health status of Slovak Roma points to a higher burden of infectious and chronic disease. This is generally supported by self-reported health outcomes in the regional Roma survey and focus group discussions that were conducted. Furthermore, research estimates have shown that poor health translates into life expectancy among Roma that is much lower (an estimate of 15 years for Slovakia) than non-Roma. This is consistent with the regional survey finding that only 2% of Slovak Roma are older than 65. Three complementary reasons help explain this poor health status.

74. **First, the very poor living conditions described in the housing chapter are obvious contributors to infectious disease, diarrhea and respiratory disease among children.** Recall that housing conditions for Roma households are much worse than for nearby comparable households. About 30% of Roma households live in a ruined house/slum, while this is true for only 4% of comparator households. Only about half of Roma households have indoor sanitation (toilet, bathroom, sewage connection) while about 90% of nearby non-Roma families have these amenities. One in four Roma households reports irregular or no collection of solid waste. And, half of Roma households use wood for cooking and 85% use wood or coal for heating, substantially more than the use by non-Roma comparator households.

75. **Second, a high burden of chronic disease is consistent with high risk behavior such as high smoking rates, both for men and women, poor diet and low levels of physical activity, as well as a high rate of teen pregnancy.** For example, more than 60% of Roma adults smoke regularly, compared to about 27% of the general population, and 40% among non-Roma neighbors. The smoking prevalence among Roma women is three times higher than that among Slovak women nationally. Yet, there are very few examples of campaigns directed at preventing smoking among Roma, health diets etc. Roma women reportedly also continue smoking during pregnancy, which will also contribute to poor reproductive health outcomes. Furthermore, many Roma women have children early. According to data from the UNDP (2010) survey of the Slovak Roma population, among women aged 15-19, 19% has given birth. Among women aged 20-24, 64% has given birth. At the same time, practically all women give birth at the hospital, providing an excellent opportunity for awareness creation about infant and child care, family planning, and reproductive health.

76. **Third, poor health outcomes can be caused by ineffective use by many Roma of the available health services.** The regional Roma survey finds that most of the population, including Roma, live within a few kilometers from a health facility, and most Roma report being satisfied with the health services received. Still, 45% of Slovak Roma does not seek health care when they actually need it. Half of those that do not seek needed care say it is unaffordable to them. In follow-up interviews with focus groups, including health workers and some Roma community members, the financial barrier was explained; money needed for transport could be prohibitively expensive for a Roma family. Another 20% wants to wait to see if the affliction improves by itself. Respondents also indicate that medication is often too expensive and forego treatment as a result. In part this may reflect that many do not understand the benefits of health insurance, and instead incur high out of pocket expenses or do not see a doctor for

relatively minor check-ups. As a result of misunderstandings and ‘waiting to seek care’, the use of emergency services and ambulances is very high, and costly to both the health system and the patient. Roma Health Mediator programs address these by assisting Roma in getting health insurance cards and explaining the use as well as accompanying them to seek health services. However, these programs are small scale and their sustainability is uncertain.

77. **The recently approved Slovak Roma Inclusion Strategy includes a strong focus on improving the health of Roma.** Much emphasis is given to improving access through the active involvement of local governments (ZMOS), the NGO community, and expanding the piloted Roma Health Mediator programs. The policy recommendations below are consistent with the overall Strategy recommendations, and aim to (a) highlight more specific programs and priorities areas, and (b) provide a number of complementary entry points that are important to consider.

8.2 POLICY RECOMMENDATIONS

78. Recommendations to improve health outcomes can be roughly grouped into (1) measures promoting more effective use of existing health services, measures to expand health knowledge and awareness, or a combination of both; and, (2) measures that use entry points outside the immediate health system to promote greater health among Roma.

79. **Policy Measure 1: Measures promoting more effective use of existing health services, measures to expand health knowledge and awareness, or a combination of both:**

80. **Policy measure 1a: Expanding the RHM program and improving its quality through the use of rigorous evaluation methods.** There are 3 ongoing RHM programs, two of which are implemented by NGOs with the help of the Open Society Foundation, and the being implemented by the Ministry of Health. All 3 programs differ in concept and have different levels of success. None has been evaluated. Undertaking a serious evaluation of the program(s) is needed to understand their effectiveness, and investigate whether they sufficiently address priority areas such as child and maternal health issues, including antenatal care and vaccinations, and address key barriers ranging from particular risky behaviors such as smoking, especially during pregnancy, to use of health insurance.

Table 5: Roma health mediators role and the corresponding health impacts

<i>Roma Health Mediator Role</i>	<i>Health Impact</i>
Documentation and insurance information; encouraging doctor visits	Manage chronic diseases in adults through regular check-ups/preventive care Early detection and treatment of chronic disease
Vaccination coverage	Reduce infant and child mortality Community-wide protection from mass vaccination
Education sessions on ante-natal care and reproductive health	Improved pregnancy outcomes Reduce LBWs Family planning
Health and hygiene education	Reduce infectious diseases
Inclusion/integration	All indicators

81. **Policy measure 1b: Better use of existing entry points within the health system – in particular ante natal care and birth delivery - to promote greater health knowledge and awareness, as well as access to services, among Roma.** Birth delivery, but also ante natal care visits are two crucial periods during which Roma women can be reached and given information. Most births already occur at the hospital which substantially reduces mortality risks for both mother and child. Together with antenatal visits, they allow an opportunity to discuss many elements of reproductive health, family planning, teenage pregnancy, breastfeeding, and post-natal care with the new mother and family-members. However, these needs to be well implemented with trusted health workers and messages adapted to the Roma culture and needs, therefore more coordination between the two is important.

82. **Policy measure 1c: Exploring changing health provider payment systems and linking payments to results,** i.e. coverage of Roma population and regular check-ups could be considered. A range of countries is applying results based financing in the health care sector, and these systems have shown good results.

83. **Policy measure 1d: Promoting the use of mobile and wireless technologies can open up many opportunities ranging from making appointments, providing reminders, as well as reminding patients about prescription renewals or vaccinations.** Send test results and ensuring treatment compliance are also among the possibilities. Also called M-health, this is becoming increasingly common. In addition, clients can ask questions about prescriptions and file complaints in a very accessible manner. In many countries, health call centers are being evaluated as successful. Cell phones among Roma are common; 65% of SK Roma households have "mobile phone or landline" (compared to 93% of non-Roma neighbors) and this percentage is likely to grow in a more and more connected world. 'Innovations for Poverty Action' (IPA) is testing mobile phone messaging with software that reads sms messages out loud, which is helpful for illiterate people. Good examples can be found on ante-natal care in Bangladesh, nursing care in Saskatchewan in Canada for aboriginal populations.

84. **Policy Measure 2: Using entry points outside the immediate health system to promote greater health among Roma:**

Improving Health through the Education System

85. **Policy measure 2a: Preschool offers not only education benefits, but can also offer many opportunities for health, promoting early childhood development broadly.** Educating hand-washing and other basic hygiene can be part of the curriculum. Preschools can offer an information channel for vaccination campaigns and follow up, if relevant de-worming, de-lousing and other hygiene-related efforts, and they offer support for parenting education such as encouraging parents to read to children and instill healthy behavior, including nutrition.

86. **Policy measure 2b: Schools offer excellent opportunities to educate on health.** Children are excellent channels to get through to parents and experiences from other countries show that children can influence for example what parents choose to eat, change hygiene behavior (demonstrated by Slovakia's own Peer Program). During the middle school years, it is very important to reach young adolescents with messages and information on fertility, family planning, HIV/AIDS and STIs in general. The Roma Peer

program is an excellent start and could be expanded through schools and as encouraged in the education chapter as after-school programs.

87. **Policy measure 2c: Promoting sports, especially among youth.** Playing sports not only improves health; it also offers opportunities for social engagements, pride in community, and again a venue to learn. Especially reaching an often difficult to reach group, adolescent and young adults with crucial messages about the risks of teenage pregnancies, drugs, risk of chronic disease and health lifestyles.

Improving Health through the Housing and Infrastructure Sector

88. **Policy measure 2d: Improving infrastructure to promote access to clean water, and reduce waste and indoor air pollution.** The large majority of Roma do not have proper access to clean water and even fewer are connected to adequate sewage and waste collection facilities. The consideration of improving personal hygiene behaviors through education and awareness through the RHM programs will not be sufficient if there is not coordination with the local government infrastructure on water and sewage systems. It is also recommended to look into temporary solutions that worked in other countries such as a successful project in Kenya and Haiti which distributed chlorine dispensers to households as a start, while more permanent connections to infrastructure are being built. As mentioned in the chapter on Housing, the poverty map and Slovak Roma atlas being produced can support proper targeting of these.

Improving Health through the Social Protection System

89. **Policy measure 2e: Linking social assistance and family benefits to results by making cash transfers for certain health outputs.** A majority of Roma receive social assistance and family benefits of which a portion or additional funds could be linked to actual results, so-called Conditional Cash Transfers. Parents or even communities would receive additional cash for having their children vaccinated on time, attending health education sessions and getting adequate pre-natal check-ups for example. There are other examples of results and a number of countries have very positive experiences with these types of programs. The Bolsa Familia in Brazil and the Oportunidades in Mexico described in the social protection and employment chapter and in the education chapter are among the first and largest and have been extensively evaluated. Another large and successful program is being implemented in Indonesia, the PNPM-Generasi program.

9 MONITORING AND EVALUATING ROMA INCLUSION

9.1 ASSESSMENT

90. **Monitoring and evaluation are critical for results on Roma inclusion.** Monitoring and Evaluation (M&E) provides a toolkit for performance measurement with a view to enhancing the effectiveness of policy interventions, to ensuring greater transparency and accountability, and to ultimately supporting governments' efforts to deliver on their commitments to the inclusion of Roma. The introduction of results-based M&E ensures that policy efforts are well managed internally, and that lessons are captured in time and disseminated to all stakeholders and partners to provide continuous feedback for adjustments if necessary. Results-based M&E is also the cornerstone of demonstrating the results of funding.

91. **The April 2011 EU Framework for National Roma Integration Strategies¹² calls upon EU member states to include strong monitoring and evaluation components.** This was underscored during the recent December 2011 conference on the topic organized by the government of Slovakia in partnership with the World Bank, as well as UNDP, the Open Society Foundation, the European Commission, the Slovak Governance Institute, and the Poverty Action Lab Europe (J-PAL).¹³ A similar conference was organized in Bulgaria in January 2012. Both conferences highlighted several well-established monitoring and evaluation tools, and there are encouraging international collaborative efforts to promote and use these tools to achieve results for Roma inclusion..

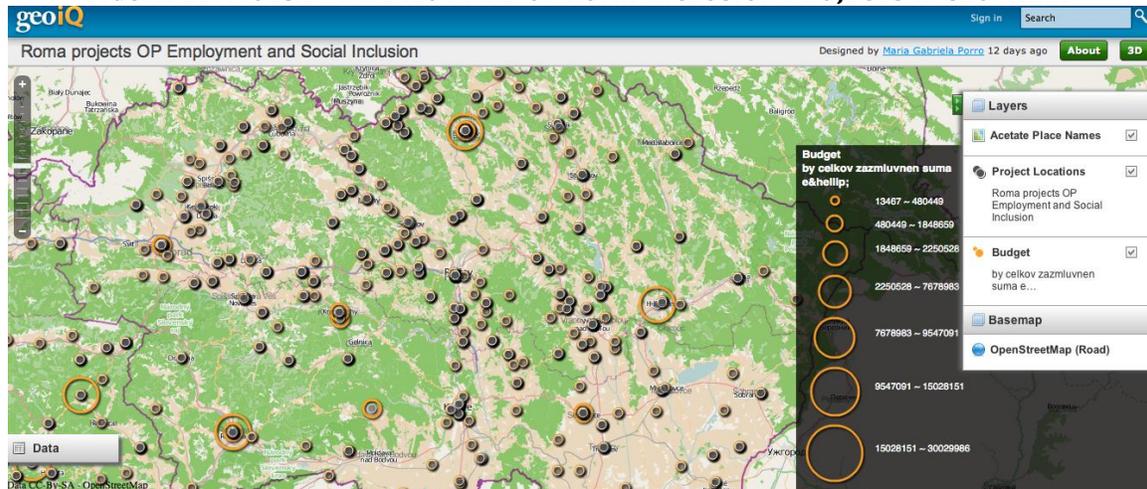
9.2 POLICY RECOMMENDATIONS

92. **Policy Measure 1: Take advantage of the Slovak poverty map being produced and the Slovak Atlas of Roma Communities to improve targeting of inclusion programs.** Throughout 2012-2013, the World Bank and National Statistics Office of Slovakia will develop a map of the poorest communities in Slovakia. The experience of the recent crisis map of the least developed microregions by the Government of Hungary and the Open Society Institute shows that such maps can be used to increase the allocation of EU funds towards the poorest regions, including poor and predominantly Roma communities. Furthermore, UNDP will update Roma Atlas in 2012-2013 as part of its work with the Ministry of Labor. In addition, the World Bank team developed a pilot map (below) showing all Roma related projects under the ESF OP on employment and social inclusion. The Slovak Government can consider using these tools to improve targeting, monitor results, and provide transparency to Slovak citizens on use of funds.

¹² COM(2011) 173 Final: *An EU Framework for National Roma Integration Strategies up to 2020*. http://ec.europa.eu/justice/policies/discrimination/docs/com_2011_173_en.pdf

¹³ Slovakia December 2011 Conference, <http://go.worldbank.org/YAA3HUQT40>; Bulgaria January 2012 Conference: <http://go.worldbank.org/H715FNC250>

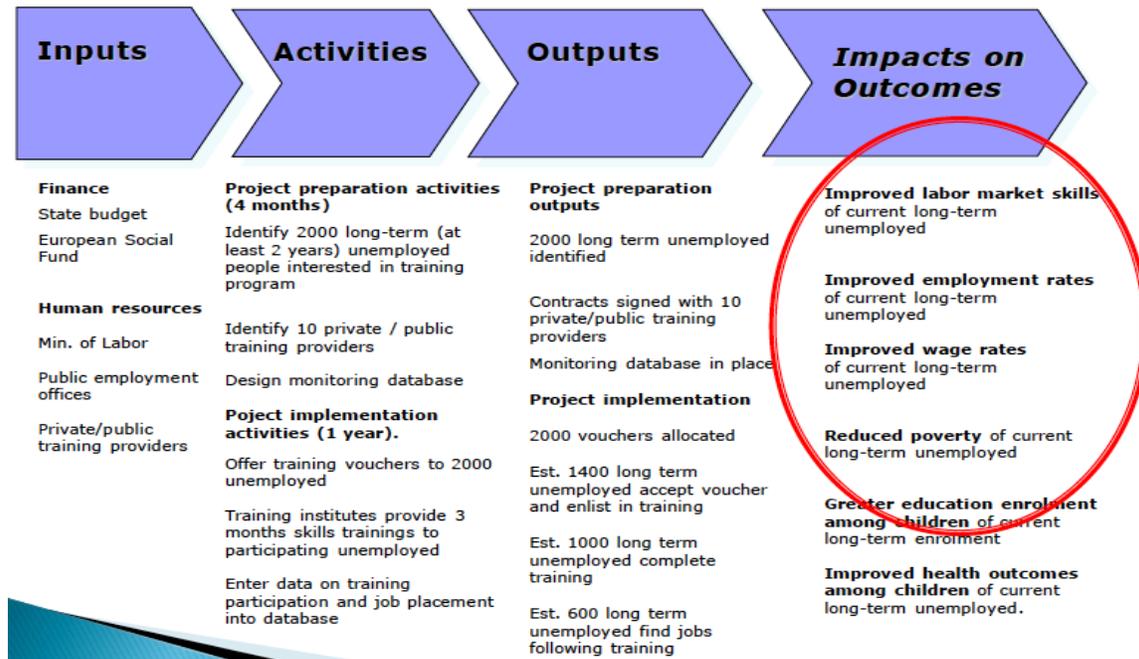
FIGURE 12: MOLSAF-WB PILOT MAP OF ROMA INCLUSION PROJECTS IN SLOVAKIA



93. **Policy Measure 2: Bi-annually expand the EU-SILC survey implemented by the Statistical Office of the Slovak Republic to include extra households from the poorest communities in Slovakia.** Collecting regular and detailed household information on poverty, employment, education, housing, health, finance, discrimination, etc. essential to monitor progress and build policies on sound evidence. The nationwide sample of the annual EU-Survey on Income and Living Conditions (SILC) – which collects similar information - can be expanded, for example bi-annually, to include extra households from the marginalized communities identified through the poverty map. The government can allocate EU structural funds to implement this booster, which would cost approximately Euro 250,000 per round.

94. **Policy Measure 3: Ensure that the programs being financed have results frameworks in place that clearly define inputs, activities, outputs, and impacts.** There are basic tools — results frameworks — which clearly articulate how a project envisions that inputs (financial and human resources) will translate into specific activities that will in turn lead to specific — monitorable — outputs (e.g. number of unemployed who have received job training), which in turn will contribute to achieving the ultimate desired impacts (results). Systematically requiring these for Roma integration programs will improve the results focus and enable program monitoring.

FIGURE 13: EXAMPLE OF RESULTS FRAMEWORK



95. **Policy Measure 4a: Undertake rigorous impact evaluations to learn what program works best.** In many cases, there are different ways of implementing the same policy – e.g. what is the appropriate Euro level of a conditional cash transfer that seeks to encourage parents to enroll their children into preschool? Or, is job counseling as cost effective as a subsidized traineeship? Does earmarking of savings accounts for, say, education purposes, increase savings? Social policy experimentations – also called prospective randomized impact evaluations - provide rigorous evidence that answers these types of questions. They are being implemented by governments and organizations around the world, and promoted by the EU PROGRESS facility. A good example is the Danish Labor Market Authority (LMA), which so far has completed 4 randomized control trials, 2 evaluations are ongoing, and a new one on the employment impact of ‘social mentoring’ is planned starting August 2012 serving particularly vulnerable groups.

96. **Policy Measure 4b: The Slovak government can consider building an inexpensive ‘municipal best practice’ online knowledge portal.** Various mayors and civil society organizations in different municipalities in Slovakia implement very innovative ideas to promote Roma integration. Many mayors may be interested in addressing similar issues in their communities but do not know where to start. A municipal best practice database, enforced by a small regional team of experts, can help the spread of innovative ideas. This ‘best practice’ database can be part of an integrated knowledge portal which also includes the poverty map, the Slovak Roma atlas map, and a mapping of the social inclusion projects. To make the knowledge portal both inexpensive to operate and to keep up-to-date, it may be a dynamic website whereby local user can upload information.

10 EU FINANCING FOR ROMA INTEGRATION

10.1 ASSESSMENT

97. **Although Slovakia explicitly identified support to marginalized Roma communities in the 2007-2013 programming period as a “horizontal priority: Marginalized Roma Communities (MRC)”, little money has been spent.** An indicative allocation of about 200 million EUR to support this priority through a “comprehensive approach” was earmarked. The *comprehensive approach* has been expected to be delivered through selected *Local Strategies of Comprehensive Approach* (about 150 out of over 230 were selected) which are in turn expected to be financed through six separate Operational Programmes: (1) Regional OP, (2) OP Employment and Social Inclusion, (3) OP Education, (4) OP Environment, (5) OP Competitiveness and Economic Growth, and (6) OP Health. However, as of May 2012, only about Euro 11 million out of the earmarked Euro 200 million had been used to finance any projects from the local strategies, with an additional approx. 5 million Euro of calls outstanding at the time of this writing.

98. **Several factors explain the low number of projects and low absorption of funds under the local strategies funding for Roma inclusion:**

- (1) **Preparing high-quality projects with potential to achieve real impact and positive outcomes for the marginalized Roma communities is a key constraint.** Despite the generous allocation by the European Commission of 4% of ERDF and ESF for technical assistance (TA), little, if any, resources have been used to help prepare Roma inclusion projects on the ground.
- (2) **The architecture of the current Roma integration funding scheme is overly complex.** The MRC priority is a “horizontal priority”, with no specific allocation or funding source, and it covers a number of OPs. The *Local Strategies of Comprehensive Approach* have a notional allocation of 200 million Euro, but as this funding is expected to come from six separate OPs, there are six different Managing Authorities, each with a separate set of incentives, to deal with. Incidentally, in the Slovak original, the “comprehensive approach” is called “complex approach”. The name is particularly fitting in this case.
- (3) **The coordinator of Roma integration, the horizontal priority MRC, and the local strategies, is the Office of the Plenipotentiary. It has neither the official authority, nor direct access to resources, nor staffing capacity to carry out the coordination task effectively.** Due to this lack of authority or standing vis-a-vis the Managing Authorities in the individual ministries, it is exceedingly difficult to plan any coherent and integrated actions targeting the Roma communities. Due to the insufficient staffing and budget, it does not have capacity for carrying out analytical work, policy development and active outreach.

10.2 POLICY RECOMMENDATIONS

99. It is important that Slovakia takes advantage of the opportunities offered by Structural Funds in the next programming period 2014-2020 to reduce the various gaps between the Roma and the majority population, focusing on integrated actions that make a difference in areas where large Roma communities experience segregation and severe poverty. To improve on the current system of using the Structural

Funds to take advantage of the new EU financing for Roma inclusion, Slovak Government may consider the following policy measures:

100. **Policy Measure 1a: Develop one 2014-2020 Operational Programme for Roma Inclusion and finance it jointly from the European Social Fund (ESF) and the European Regional Development Fund (ERDF)** Under this option, the current coordinator, the Office of the Plenipotentiary, would become a Managing Authority (body in charge of an OP), as indicated in Figure 14 below. Or,

101. **Policy Measure 1b: Alternatively, Roma inclusion could become a separate Priority Axis within a larger Operational Programme, again jointly financed by the ESF and the ERDF** (see Figure 15). Under this option, the Office would become an “intermediate body” (body delegated by a Managing Authority to be in charge of a specific priority axis).

102. **Policy Measure 2: Take advantage of the EU Structural Funds to strengthen the capacity of the Office of the Plenipotentiary** to design, promote and manage inclusion policies and manage a Structural Funds programme. The Structural Funds themselves can contribute to building this capacity through the substantial amounts available from the EU budget for technical assistance (up to 4% of OP allocation).

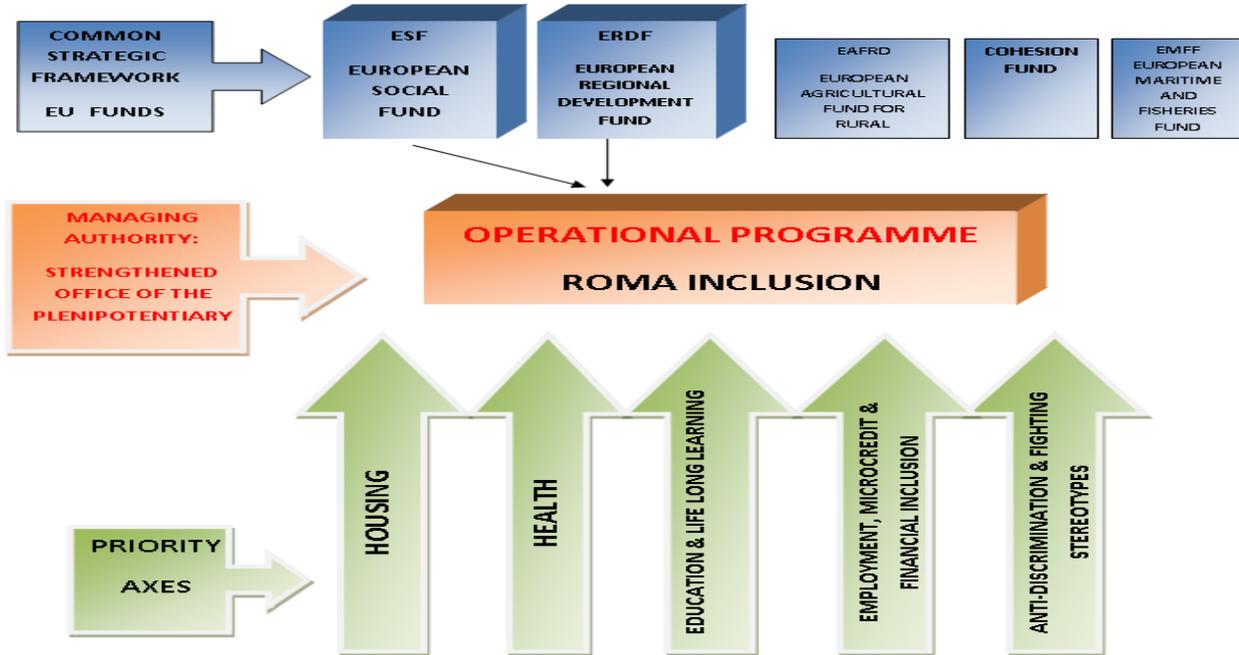
103. **Policy Measure 3: Take advantage of the EU Structural Funds’ technical assistance resources to assist the local communities and municipalities develop high quality proposals with appropriate evaluation built-in up front.** Again, the Structural Funds themselves can contribute to building this capacity or hiring technical expertise elsewhere through the substantial amounts available from the EU budget for technical assistance.

104. **Policy Measure 4: Simplify the use of ESF and ERDF, especially for locally led initiatives and small projects, often implemented by NGOs.** Already in the current programming period, the Commission greatly simplified use of funds for small projects under 50,000 Euros where the beneficiaries no longer need to keep certain complicated accounting measures; once approved, all that projects need to demonstrate is the implementation of the proposal; no other reporting is necessary. Such simplification will be applied also in the next programming period. Several countries have taken advantage of such a simplified process, but not all countries. Slovakia would be well advised to apply these leaner procedures to small local development initiatives that cannot have the necessary capacity to implement full Structural Fund financing management and reporting system.

105. **Policy Measure 5: Develop a system of payment/reimbursement for project promoters of small projects (beneficiaries of small grants) that does not unduly penalize them.** Since the Structural Funds reimburse expenditure ex post, countries often reimburse projects promoters also that way. This can complicate or completely prevent implementation for smaller NGOs or even municipalities that lack sufficient cash flow to pay for expenditures up front. Fortunately, the Commission gives Member States yearly payment advances, and these can be passed on to final beneficiaries. Some countries routinely do so. For projects implemented in poor parts of Slovakia, including Roma communities, it would be important to use this advance and provide up front financing.

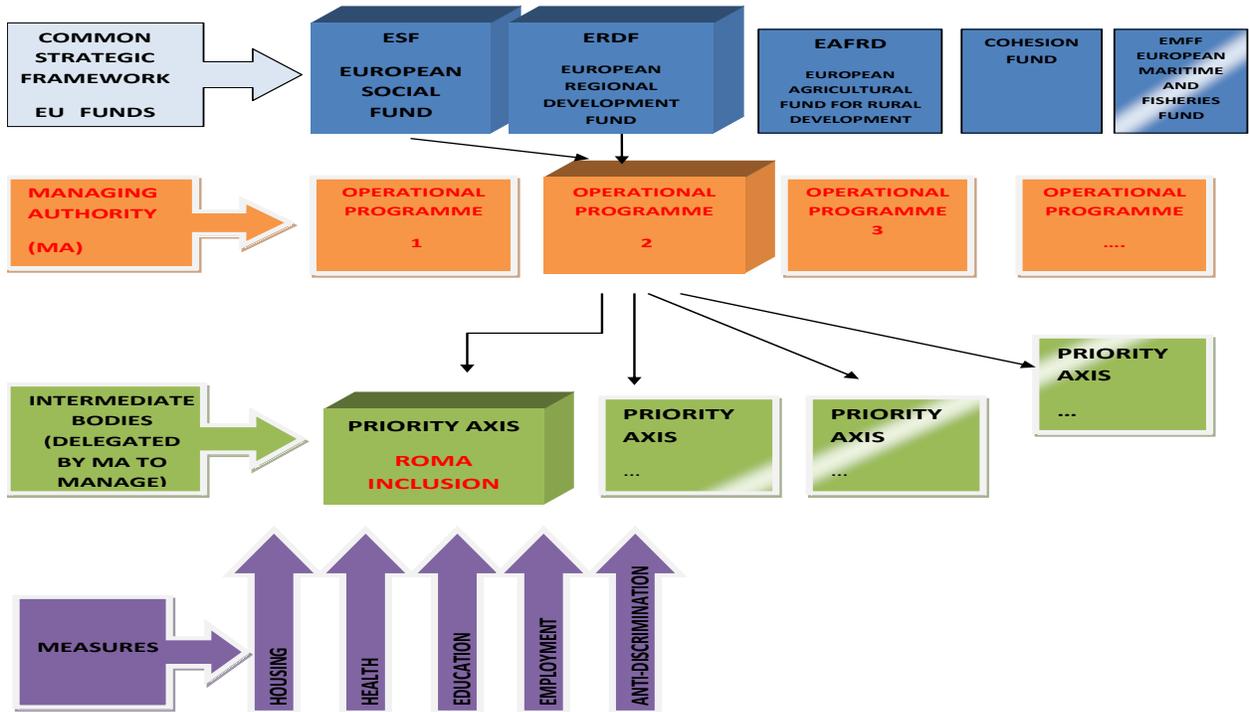
106. **Policy Measure 6: Use the poverty map that will be prepared for targeting Structural Funds financing** to target inclusion projects to the most needy communities.

FIGURE 14: DEDICATED OPERATIONAL PROGRAMME ON ROMA INCLUSION



Picture No. 1 – Dedicated Operational Programme on Roma Inclusion

FIGURE 15: ROMA INCLUSION AS A PRIORITY AXIS IN A BROADER OPERATIONAL PROGRAMME



Picture No. 2. Roma Inclusion as a Priority Axis in a broader Operational Programme

11 OVERALL POLICY CONSIDERATIONS

107. **Detailed diagnostics and policy options by sector should not overshadow the need for a holistic and integrated approach to addressing the needs of Roma inclusion, requiring ministries to coordinate reinforcing actions.** In addition to sector specific findings, this report highlights important linkages between each of these areas and stresses the need for close coordination among different sector ministries. For example, the linkages that exist between poor housing conditions and poor health, or the linkages that exist between social benefit reforms and activities by key line ministries; for example, early childhood education can be promoted by informing parents about its benefits through the use of Roma mediators and teaching assistants, but also by putting in place targeted social protection benefits that support all poor and vulnerable parents financially if children attend regularly preschool. Conversely, stimulating demand for pre-school through the benefit system needs to be complemented by infrastructure investments to expand pre-school facilities in those communities that are currently lacking these. Or, targeted social protection benefits can be made available on condition that mothers participate in pre- and post-natal check-ups, fully vaccinate their children, and participate in counseling on early childhood development and nutrition, thus also requiring coordination between ministries. Or, changing the eligibility criteria for housing allowances to include the poorest and restricting use of the funds for home improvements should be complemented by training activities how to make basic home and energy efficiency improvements. In short, it is important therefore that policy measures in the different areas are designed to reinforce each other. Many of the policy measures suggested offer opportunities in this sense.

108. **Most policy recommendations attempt to draw and build on programs and policies already in place in Slovakia,** including good examples and best practices the World Bank team came across during its field visits which are not known nationally. In some cases, putting in place incremental and reinforcing policy measures can be achieved by modifying existing policy measures such as reforming the system of allowances –labor activation, kindergarten and housing --that already exist as part of the BMN program of social assistance; or, by addressing the financial incentives that currently exist for municipalities to invest in special education, and instead provide incentives to invest in integrated regular schooling; or, by ensuring that the ongoing expansion of social workers will lead to an increase specifically in counseling on early childhood development and nutrition. In other cases, the World Bank team recommends expanding and further improving promising initiatives that are currently small scale such as the Roma Health Mediator (RHM) program, or the home improvement and financial literacy training courses provided by, for example, ETP Slovakia.

109. **No policy measure can fully succeed if strong prejudices among parts of the majority population against the Roma are not addressed simultaneously.** To illustrate, in 2010, the World Bank carried out 222 qualitative interviews with government and civil society officials in Bulgaria, Romania, Czech Republic, and Serbia. Respondents were asked to share their view of commonly held perceptions among the general public. According to more than three-quarters of these officials in each of these countries, a commonly held perception by the general public is that Roma are "lazy, lack will power, and prefer to live off social assistance". Many people with whom the World Bank team met in Slovakia similarly mentioned that these views are common, consistent with the 2008 European Social Survey finding that two-thirds of respondents claim that the unemployed (regardless of ethnicity) are not seeking employment and 40% report that social benefits make people lazy. On the other hand, results from the regional Roma survey indicate that the vast majority of Roma wish at least a secondary education for their children, and value lower paid, secure and full time employment over social assistance or over irregular employment with more freedom. Yet, it is easy to see that a typical employer would not be keen on hiring

a Roma, no matter how successful might have been policy measures to improve Roma education and health outcomes.

110. **Tackling Roma stereotypes is a vital component of inclusion strategies and need to be an integral aspect of any measure as well as a goal in itself.** Beliefs shape behaviors and therefore determine both political outcomes and practical day-to-day decisions in applying policies and implementing programs. Even in the absence of the measures advocated in this report, there are examples of mayors who have been able to transform the lives of Roma in their municipality –at the same time improving the lives of all their constituents - because they challenged stereotypes, forged partnerships with others also willing to challenge stereotypes (e.g., social workers, school officials, psychologists), thus creating a virtuous circle. Communication can have a significant impact on people’s beliefs and behaviors, in particular through targeted campaigns of communication to change behavior (CCB), which apply a marketing approach to address social issues.¹⁴ The Slovak Government should join forces with civil society, media experts, and international organizations in determining a roadmap for a comprehensive and creative communication campaign aimed at fighting stereotypes and encouraging acceptance. For example, the Open Society Foundation has a long history of supporting Roma inclusion programs in Slovakia and elsewhere, including projects to fight stereotypes. The European Roma Grassroots Organization (ERGO) has implemented a number of programs tackling stereotypes across Europe forging partnerships with municipalities and creatively using (social) media and sports. And, the Roma Education Fund has been working closely with teacher training colleges to create greater awareness among college students of the challenges facing Roma children in school and foster interest in contributing personally to closing the gap by seeking placement in schools with many Roma children. The Slovak government can take advantage of these and other such campaigns.

111. **Successful implementation will also require strengthening capacity at all levels, from policy coordination to implementation of projects on the ground, and this implies building stronger partnerships between regional and municipal bodies, and between public, civil society, and private bodies.** The Office of the Plenipotentiary for Roma Communities has started developing the necessary capacity. It has prepared the National Roma Integration Strategy in a professional and consultative manner. This capacity can be captured and built upon – regardless of who will politically oversee the Office – and substantially expanded. In doing so, Slovakia can also build on international experiences with integrated approaches to addressing the most vulnerable such as the Chile Solidario program. The sizable allocation of technical assistance under the structural funds (4% of total ESF) can be deployed to finance capacity building. For example, knowledge sharing and technical assistance to local actors such as municipal governments requires strong regional level capacity; or, leveraging the knowledge and experiences of promising NGO initiatives requires building stronger public-private partnerships whereby, for example, NGOs with a proven track record are financially supported to work with municipal and regional bodies to scale up promising initiatives.

¹⁴ CCB has been used widely and successfully to encourage environmentally responsible behaviors, as well as in preventive health campaigns, for example, to promote basic hygiene and responsible sex. Its use to promote social cohesion and mutual acceptance (e.g., in ethnically divided contexts) is growing and shows very promising results.