
CASE STUDY ON THE ACTUAL IMPLEMENTATION OF HEALTH-RELATED PROJECTS ASSISTED BY EU STRUCTURAL FUNDS

Project for Out-of-School Education and Employment of Disadvantaged
Young People in District III of Budapest entitled “With a Detour in Life”¹

Young People in Disadvantageous Situation

After 1989 approximately 1 million work places were eliminated in Hungary due to the breakup of large companies in heavy industry, assembly and food industry. At the same time, the majority of agricultural cooperatives, which used to employ more than 0.5 million people, were also dissolved and the number of employees in agriculture significantly dropped. The newly established companies could not offer jobs for everyone, so the high rate of unemployment among those with low education has become a permanent phenomenon. Long-term unemployment often concentrated in certain areas and within certain families, thus there are many families in which children have grown up without seeing their parents work. Unemployment in Budapest is lower than the national average; however, family members of the least educated also frequently experience long-term unemployment.

Unemployment and the accompanying poverty concentrates in particular regions, and many of them include low-prestige high-rise housing estates. In general, the high-rise housing estates are not considered slums as 25% of the flats in Budapest can be found in these blocks and several of them are prestigious neighbourhoods. In some blocks of flats, however, social disadvantages accumulate, not independently from the social background of the original inhabitants and their generally low mobility. Due to lack of jobs and entertainment facilities, living in these blocks of flats means further disadvantages for young people from low social status families. The venue of the project, Békásmegyér², is one of the poor and desolate neighbourhoods in Budapest.

¹ “Vargabetűvel az életben”

² Békásmegyér is a neighbourhood in Budapest, Hungary. It belongs administratively to District III. Békásmegyér is consisted of two different parts, a huge high rise housing estate in which the majority of inhabitants live and a traditional part with older houses.

Children from low social status families have more problems in school. These problems normally do not lead to drop-out from primary education as the Hungarian school system is interested in keeping students within the system. Students, in turn, are not equipped with the knowledge that would enable their admittance to secondary education and they do not even strive for it because of their problems in school and lack of motivation at home. So at the age of 18 these young people are supposed to find a job on a competitive labour market without the ability to adapt to formalised institutions and with no ambition. These efforts often fail or channel them to the non-formalised black labour market.

Regardless of geographical location, young people raised in state care face serious problems. They receive housing from the state till the age of 24, and then they usually struggle with housing and work problems without family ties and without adequate professional skills. They are very likely to end up in marginal situations.

The system of adult education is not fully developed in Hungary and instructors are not prepared for training students with “uncommon attitude”. So youngsters with hardly any success in school are likely to be driven out of the labour market for good and end up as regular drug consumers. They are the target group of “With a Detour in Life” project.

“Young people ... couldn’t get money, they couldn’t organise their own life, they weren’t able to do any work, they hated school – this is a well-defined circle. They dropped out of school somewhere for some reason and they couldn’t join back, but they didn’t find the possibilities or channels in social structure to get a new life or a certificate above the eight classes of elementary school. ... the disintegration of families, under-socialisation and all of their consequences. Then they joined ... peer groups ... or they organised such groups themselves, accompanied with extreme lifestyle and eventually small crimes and so on and so forth. And accepting everyday life ... how to put it ... as normal [was lacking]”
(Interview)

... many young people ... let me put it this way: many of them failed in the school system. They didn’t drop out, they even earned a degree, [but] they’ve remained so illiterate that they can’t take notes, they don’t have practical knowledge. We always test their level of knowledge and it’s disastrous. adding, distracting, multiplying, dividing is OK, but calculating percentage is the icing on the cake, but my favourite is the conversion of measurement units, which is the base of the basics. There are huge fails in it ... [and they don’t even understand] what they’ve read...
(Interview)

Those who were tolerated [in school] will generally ... produce problem behaviour because of learning problems. They don’t care what happens in school, they leave their stuff at home, they get grade 1³ for bad behaviour, they aren’t graded for their knowledge etc. ...
(Interview)

The other thing ... is lifestyle. If we look at the environment at blocks of flats, youngsters are trapped there, they have nowhere to go to, they have no living space, absolutely nothing. Most often they are out on the streets, sitting on benches, riding bikes, which is still better, or roller skating or

³ The worst grade in school, it means failure.

skateboarding ... but that's a different circle of cohesion. In fact they can't do anything and those who want to do something go downtown. So nothing happens out here, in Békásmegyer. They sit down, say hello, hang around. ... There are thousands of stories and I'll tell you only one. ... they broke into a newsstand in Római Part⁴ just to do something and then they threw the newspapers out ... just for fun. ... They don't know what to do and they don't know how to do this nothing.
(Interview)

The case study is based on one long interview carried out with one of the leaders of the “Detour Club-Workshop Association” and the project documentation consisting of several hundred pages. The list of the documents that we used is attached in the Appendix.

The Tenderers

“Vargabetű Klub-Műhely Egyesület” [Detour Club-Workshop Association] (hereinafter referred to as the Foundation) has dealt with the problems of young people in marginal situation since 1996. They have participated in the so-called transit employment programmes of the National Public Employment Foundation (OFA) from the beginning. For years they had been supported by OFA, together with seven other institutions, based on the quality of their earlier projects.

The establishment of the Foundation was initiated by few teachers and professionals who worked in the social field in District III. The founders thought that the existing institutional system did not provide solution for several problems of young people. Besides centring around transit employment projects, the Foundation was active in various other field of social work. They helped young people from the local area to build relationships and take steps towards the labour market through numerous informal programmes. Their evening and night ping pong games drew media attention so the Foundation received good reputation in the press as a social organisation carrying out drug prevention activities.

It is important to note that the Foundation gained experience in the field of European Union projects via experience exchange among European youth civil organisations in 2003. In 2003 they joined the EU Network project, which was aimed at preparing Hungarian civil organisations for the European Union environment. In this project they prepared a manual on transit employment and held several forums for local civil organisations on successful participation in EU tenders⁵.

The Foundation had been on good terms with the Local Government of District III. The Local Government let the Foundation use an abandoned kindergarten facility and it partly finances the transit employment programme of the Foundation (this was a similar, however a lot less intensive project

⁴ Riverside part of the district, mainly recreational area

⁵ Source: “Vargabetű Club-Workshop Association is 10 Years Old”

than the one analysed here and they run in parallel with each other). This relationship seemed to be growing worse at the time of preparing this interview.

The present project was implemented in a consortium. In addition to the Foundation there were six other participants in the consortium: Magyar Iparászövetség Oktatási Központ Alapítvány (Education Centre of Hungarian Entrepreneurs' Association); Local Government of Óbuda-Békásmegyér, District III of Budapest; DRAGÉP Építőipari Szolgáltató és Kereskedelmi Betéti Társaság (DRAGÉP Constructions Service and Commerce Limited Partnership Co.); Jégcsillag Diszkont Kereskedőház Kft. ("Ice Star" Discount Trading House Ltd.); Belvárosi Tanoda Alapítványi Gimnázium (Downtown Foundation Secondary School); Textilesekért Alapítvány (Foundation for Textile Industry). Moreover, numerous experts also took part in the project. During the implementation of the project, SPAR was substituted for „Jégcsillag Diszkont Kereskedőház”.

The Project and its Implementation

During the preparation of the project, both the tenderers and the issuer of the tender were aware of the complexity of the task, therefore – as advised by the issuer of the tender – a smaller programme on organisation development preceded the tender. No problems arose regarding this programme. By utilising their wide range of experiences from the field of transit employment, the Foundation put the future participants from different fields (training, employment, psychological and social care) in touch with each other. This step primarily aimed at creating a harmonised environment.

Why is organisation development needed for transit employment? It's a complex programme; the components are based on each other. If one is a good instructor or a good expert, he or she has to be socially aware of what's going on. He or she even has to know what happens in the project and where papers are, why they are there, and he or she also has to provide data.

Everyone has to co-operate with everyone else, and there has to be co-operation on this level as no one can say that he or she is bad person, it's not needed. Those who participate in the project are our children and we have to carry them forward until they can live independently, it's not a joke.

(Interview)

Organisation development seems professional from an outsider's perspective. In parallel to organising, participants were recruited. During the process, they met with the possible participants several times and the final 24 participants were selected from a much wider circle of applicants. A catch-up training started (employing an external expert) after a competency test for the participants. It aimed at the acquisition of skills (basic skills that participants often lacked) that are required for entering vocational training.

We said that we'd form a staff that we trained and we managed a team together that was able to carry out this task. We analysed the first part of this, it seemed difficult and things like that, but we came up with a good idea. We said that we went for ISO qualification. After that we could say it wasn't for us –

at least it was easier for me as the leader that I could say so –, it was the ISO that required that... All the processes were regulated from then on. We could blame ISO and no one was hurt – it was a very important element. We had an external ISO developer it was a process that accompanied the entire project and the colleagues had to accept its additional administrative burden, even though we had several documentation for the transit and we had to make them compatible with ISO.
(Interview)

However, administrative and financial problems started to emerge at this stage.

When the project started, we had to pay for a lot of external experts, the colleagues, the young people etc., and if we hadn't had money for three months that already would have meant 8-9 million Forint. So financing it liquidly was a horror from that time on. We could solve it somehow, so we made it this way or the other.

.....
We didn't get money for three months, we had no salary.

.....
..... There was no one in charge to tell us what to do. So we worked by ourselves from that time. We worked the way we used to work.
(Interview)

Later, the project carried out theoretical and practical training for four vocations (mason, sewing worker, grocery store shopkeeper and quick service restaurant seller). Participants took an examination at the end of the training. The Foundation helped them in finding jobs and stabilising them at their work place. During the entire length of the project, psycho-social support was provided for the 24 participants at both individual and group level in order to help them adapt to the school-like training, meet the requirements and familiarize themselves at the work place. Moreover, numerous individual social and psychological problems had to be solved.

Smaller problems occurred concerning the professional part of the project that were regarded as “natural” by the Foundation. Financial and regulatory problems, however, accompanied the entire length of the programme. Moreover, these problems – as we will see later – did not cease to exist after the termination of the programme.

And then, well, the state didn't deal with this last 20%, but not only this one, but also during the project; the technical term, we renamed advance payment to afterpayment. We should have accounted for the advance payment when we hadn't received the money yet. So it was nonsense. I said it was impossible. We worked in such a situation when it was practically impossible.
(Interview)

For me as the project leader the whole project was about that we had money and we didn't have money. Practically everything was about it. Professional work was minimal.
(Interview)

And because of the financial stress, less time was left for... professional work and its control... less time was left for the control of the project than necessary. And the cause of everything was that regulation for the issuers of the tender and the managing organization wasn't good. This problem accompanied the whole project and we couldn't do anything about it.
(Interview)

Regarding the details of project timing, the preparatory phase was planned to take place in February and March 2005 – in fact, it took place one month later. The main task would have been recruiting and selecting participants, gauging their capacities, channelling them to the different tracks of the upcoming training accordingly, and involving companies that later would offer practical training. It passes almost unnoticed in the interview with the programme leader that one consortium member and some, already committed instructors quit the programme because of the delayed start that was caused by the supporting organization. It was easy to find new co-operating partners; however, this episode must have drained energy from the Foundation in vain.

The programme for May 2005 focused on compensating for the disadvantages of 24 young people in knowledge and learning methods. In the meantime, problems resulting from their vulnerable social situation and their personal crisis situations were also dealt with (such as throughout the whole programme).

There were [drug problems], also during the project, but it was manageable, usually at weekends. Mondays were always risky because of the party drugs, weekend, parties, etc. . So it was hard to get up on Monday... we were paying attention to what state they were in when they arrived and we handled it from this respect. But it was always an issue. Even if it wasn't topical, then we turned it into one. Because we had to keep it in mind. And what is it with this topic? It was always there, continually... Some of them used substances regularly, sometimes even on weekdays, but regularly at weekends. But usually only light ones, weed or glue sniffing, or I don't know what, something like this...

(Interview)

The selection of the venues for practical training had also been timed to take place at this time.

In the first “project progress report”, the Foundation clearly indicated the problems that resulted from delays and missed payments:

“Signing the support contract of the project suffered considerable delay; consequently, we postponed the initiation of the whole project by one month, as authorized through ESZA Kft⁶. Accordingly, we had to rewrite the whole project schedule. So the project starts on 1 March 2005 and it ends on 30 November 2006.

- *Remedial development work lasted longer – owing to the one-month delay in the initiation of the project, some teachers had less time to work on the project because of the maturity exams so remediation lasted until June instead of 30 May.*
- ...
- *Due to financing problems (the advance payment did not arrive) salaries were not paid, investments and the procurements of supplies did not take place.*
- ...
- *The long time that had passed since tendering, as well as the uncertainty surrounding contracting, the initiation and the implementation of the project (delayed contracting, news*

⁶ ESZA Kft: Management Organisation

about financing etc.) deepened the uncertainty of the staff and resulted in several changes in the planned human resources.”⁷

For the majority of the four professions in question (mason, sewing worker, grocery store shopkeeper and quick service restaurant seller), theoretical and practical training dominated the following months. The summer period was especially challenging: many young people found it hard to accept that “holiday” was restricted to a one-week river trip, organized by the Foundation.

Among other difficulties, social problems are also worth mentioning. Handling the very hard housing situation of many young people. Some lived on the street, some lived in temporary shelters, or in temporary shelter and on the street, and friends etc. etc. We had to deal with it all the time.

(Interview)

And their outbreaks. By outbreaks I mean that during the first three-four months of the project – there are diagrams to show where the tension is and there are periods with peak burden and how to deal with them. But there were times when we couldn’t do it because summer is an especially hard period. They’ve got used to it in their own environment that there was no school during summer etc., we don’t work then, and they didn’t care. And they brought this attitude with them. And there is no such a thing as holiday here. We stopped for one week during summer... But nothing else, because we had to work hard the whole time, because we needed to develop, because we had to do external employment after the first three months. They worked, than they returned, etc. Some of them couldn’t take it ...

(Interview)

There was a couple, they were dating ... and ... they disappeared for three or four days. ... We were looking for them everywhere.

... and finally... Policemen caught them in a city in Western Hungary because... oh, and the girl was less than 18 years old... and they issued a nationwide arrest warrant to find her, as she was lost, they didn’t know where she was.

And when they called me at about 11 p.m. from the Police of that town, that they had found them ... no, it was 10 p.m. ... They told me that they would be kept in pre-charge detention for the night and something was going to happen in the morning, they would be transported to some institution or I don’t know where... And how could we bail them out? Ok, so someone should go to get them. Ok, I’ll go. I told Lisa, I called her, she was our psychologist, how are you, we should go to there for the kids. How much time do you need to get ready? 15-20 minutes. All right, I’m going. And I left everything behind, everything, and I went there. I don’t know when, around half past twelve or one o’clock we bought them food and then we came home.

(Interview)

In the end, 23 of the young people who participated in the programme took the apprentice exam in May 2006. In the following months the Foundation tried to find a job for them or help them in this process. Summer posed a problem again – and not because of the “holiday” attitude of the young people. Companies were less willing to employ them during the summer because it was easy for them to find young employees during this period. Despite the fact that the majority of the 23 project participants were mostly employed between June and November 2006, their employment was not always long enough according to the “project indicators” or – also on the basis of the previously mentioned indicators – they changed jobs too often. From the perspective of the indicators, the

⁷ Project Progress Report, 3 June 2005

programme was considered successful in the case of 15 participating young people⁸. The short impact study, reflecting a different approach (and written by external experts)⁹, found positive attitudinal change for each and every participant and the internal evaluation of the Foundation also found that the programme was undoubtedly successful.

... Yes, there was a brake also here that no more than two job changes were allowed. I didn't understand why. I still don't understand it. Because they say that they would be like migratory birds and they wouldn't get employed. But if they change several times in the beginning, in the first two or three months, and then stays there, why isn't it ok? One person wasn't accepted as successful outcome because of changing jobs four times.

(Interview)

The programme was constantly monitored by the controllers of ESZA Kft. and they did not find any major deficiencies. Supervisions after the project ended, however, found several deficiencies: the “irregularity report”¹⁰ lists them on 146 densely written pages and formulates about 55 objections regarding the selection of young people, the type of employment contracts, the inventory of objects used for the practical training and the filing of invoices. This report suggested the withdrawal of the total amount of support that the Foundation had received.

The details of the report were later clarified. Finally ESZA Kft. dropped almost all of its objections, except for one about the lack of official registration of three young people as unemployed prior to joining the project.

During the last 10 minutes of the supervision on the spot, our fate was practically sealed.

(Interview)

The Foundation had verbally negotiated with the Labour Office regarding these young people and the Foundation had been informed that it would be sufficient if the Labour Office issued an unemployment certificate for the three people and it was not necessary to register them because they would join the employment programme of the Foundation (namely, they would not be eligible for unemployment benefits and this is the usual goal of registration). The participation of these three people in the programme was not accepted as legitimate; therefore, the support allocated for them (approximately HUF 10 million) was not paid to the Foundation.

In the meantime, due to the late payment of instalments, the Foundation had to request for a bank loan to cover its expenses. As the support was cut back, they could not pay back the loan. The bank, which

⁸ Project Final Report, 28 February 2007

⁹ Impact Study: Component Study Summarizing the findings of “Training Efficiency” and “Social Status” Studies, “Vargabetűvel az életben (With a Detour in Life)” HEFOP 2.3.1.-1.-2004-08-0001/2.0 Project, prepared by the Expert of the Local Government of District III

¹⁰ Irregularity Report, 14 November 2008

had been friendly with the Foundation at the beginning, did not accept the suggestions of the Foundation for solving the problem and even introduced harsher loan conditions. Therefore, the debt grew significantly. The bank initiated the collection of debt against the Foundation that did not possess (and had never possessed) any valuable items. Finally, the bank received HUF 500,000 from selling the movables of the Foundation. By the time of preparing this case study, the Foundation was deep in debt and had not found out how to operate further.

... This was a ‘we won and we died’ kind [of programme]. Financially the project failed. I think professionally it was successful.

(Interview)

There is no future like Vargabetű¹¹. Maybe there will be but not at present. Because we don’t know what will happen to the organization. If we won’t be able to come up with at least one million forint turnover next year – and this amount has to actually appear on the invoices – then the organization will be wound up in the meantime.

(Interview)

The Operation of European Social Fund in Hungary and General Problems Regarding Labour Market Programmes

Problems perceived in the “With Detour in Life” programme could affect the majority of projects financed by European Structural Funds. We will review these problems in this section. Remarks are categorised into three groups: problems related to the directing-monitoring authorities; problems related to local governments and other non-market actors; and finally, problems related to market actors.

Regarding ESZA Kft., this case study highlighted the apparent asymmetry in the position of the two key players of the tendering system. Tender documentation and administrative requirements prescribed by the monitoring authority challenge all applicants to a great extent. For instance the tender for the present project was 53 pages long with 21 different types of appendices, separate ones for all members of the consortium in many cases, which means 50-100 annexes in total. “Progress” reports were required every three months and they were similarly lengthy and detailed. Programmes were obviously “over-administered”. The relationship between the monitoring authority and the Foundation had been decent in the beginning. When learning the plans of the Foundation, the monitoring authority suggested launching an organisation development “pre-programme”. Both parties seemed to be satisfied with the result of this “pre-programme”. Later, their relationship grew worse. For a long period, the monitoring authority failed to comply with its monitoring tasks or carried out them only superficially. It did not react to the problems included in the progress reports and the

¹¹ Vargabetű is the Hungarian short name for the Foundation

instalments always arrived late. The problems that emerged during the inspection on the spot were partly due to fact that some requirements were negligently defined by the authority. As a result, one part of the already allocated amount was not paid to the Foundation. There is no forum for solving problems between the tenderer and the monitoring authority; therefore, the faults of the monitoring authority basically remain unpunished.

The relationship of the Foundation with non-market actors –the local government and other governmental or local governmental bodies – was diverse. In the beginning, the ties with the local government were close: it supported the Foundation financially and let it use some unused buildings for their activities. These facilities are still used by the Foundation; however, it does not receive any more financial support from the local government. This amelioration may be due to external reasons (e.g. cutting down on local governmental resources). Besides good relationships (e.g. with the family support service), relationship with the Labour Centre, which could be considered a competitor in a particular sense, was rather tense. Perhaps it is a general phenomenon that already operating organisations, possibly not without their own problems, are jealous of the very active and innovative new organisations in their field. New, well-managed and expanding organisations, such as the Foundation, often face the antipathy of the older organisations with similar activities. It would be highly important to establish co-operation and partnership among new and older actors of the field. It is not favourable that employees of “competing” organisations participate in the evaluation of projects.

The success of labour market programmes greatly depends on the relationship that they can establish with market actors, namely, with employers. Programmes often achieve their goals by concluding agreements with non-market actors or participants are employed in the “own field” of the project – the Foundation also did so when it offered a training place for the participants in its own café. In this programme, however, market actors played the dominant role due to their extensive relationships with the Foundation. In the case of market actors, there is no inherent need for employing people with health problems, even though the state urges them by economic means. The participation of market actors in the training, however, is unambiguously beneficial for the participants of such programmes. As it has been demonstrated, delays in the programme and late payments often distracted market actors from participation.

Relationship with the market raises a question about the quality of tendering conditions. Can we expect a regular employment career and very few interruptions from the participants of such programmes (as a success indicator of the programme) when the labour market does not work this way? Refusing certain characteristics of the labour market (e.g. wide-spread informal employment) can be considered rightful. However, disregarding other characteristics (such as the commonly applied probation period) detaches outcome indicators from real life. It is recommended that the present

indicators, which are easily measurable but do not fit to the real world of employment, should be substituted by other indicators that are more suitable for detecting long-term effects.

***Appendix:
Documents Used for the Case Study***

Interview with an informant of reference of the Foundation, 2011, 2 hours, 26 pages

“Vargabetű Association is 10 Years Old”, publication of the Association for the anniversary, Vargabetű, Budapest, 2006, 80 pages

Tender Documentation for the Tender “HEFOP (Human Resource Development Operational Programme) /2004/2.3.2-1/, 1. Alternative Labour Market Training and Employment of People in Disadvantageous Situation”, February 2004, 58 pages

Appendix A/2 to the Tender: Action Plan and Schedule, February 2004, 17 pages

Appendix A/4 to the Tender: Budget Plan

Appendix A/19 to the Tender: Target Group Analysis of the “Vargabetűvel a hátam mögött” (“With a Detour behind my Back”) Project and Description of the Project Context from a Labour Market Perspective (Requirement Analysis), 8 pages

Project Progress Report, 3 June 2005, 45 pages

Financial Reports of the Project (Excel files)

Final Report of the Project, 28 February 2007, 34 pages

Impact Study: Component Study Summarizing the Findings of “Training Efficiency” and “Social Status” Studies, “Vargabetűvel az életben (With a Detour in Life)” HEFOP 2.3.1.-1.-2004-08-0001/2.0 Project, prepared by the Expert of the Local Government of District III, 13 November 2005, 5 pages

Report on infringement proceedings, 14 November 2008,

“Report on the Preparation of Employees for the Target Group in Transit Programme VI”, written by a Clinical Psychologist, Budapest, 29 August 2005, 3 pages

“Report on the Preparation of Employees for the Target Group in Transit Programme VI”, written by a Clinical Psychologist, Budapest, 30 November 2005, 4 pages

“Technical Report on the Psychosocial Sub-Programme”, written by a Sociologist and a Social Worker employed by the Local Government of the III. District of Budapest, 29 August 2005

“INFORMATION (on Employment Rights and Responsibilities)” for Project Participants, April 2005, 2 pages

Vargabetű Association: Technical Report, Remedial Classes, May 2005, 3 pages