

Human Development Report, Slovakia and Hungary

Roma, poverty, and social exclusion in Eastern Slovakia and Northern Hungary

Working Paper

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I. Introduction

The challenges facing the regions of Eastern Slovakia and Northern Hungary include ending poverty and overcoming social exclusion of marginalized segments of population. The Roma population represents the group which is amongst the most vulnerable, that means among those who are threatened by social exclusion and poverty. Many researches identified Roma in Slovakia as to be 'at-risk group' which social exclusion had a long-term character and which "despite improvements of their situation in the period of socialism, ... ranked for a long-time among the poorest because in their case the key factors in the reproduction of poverty – unequal life opportunities- were not eradicated" (Kusa 1997). In Hungary, Roma has been identified most likely to be long-term unemployed through an analysis of a Hungarian households being "...in the lowest income decile, of whom nearly half were poor..." (Andorka, Speder 1996, Kemeny, Janky Lengyel 2005). Roma as an ethnic group are mentioned explicitly in political documents and action plans of the Slovak republic, for eradication of poverty and exclusion. For example National Action Plan on Social Inclusion 2004-2006 identifies groups within the population which are the most vulnerable to poverty as "long term unemployed ... migrants, people with disabilities included people living in Roma communities". Also regional documents pay attention to these issues. According to the Development Plan of Eastern Slovakia, one of the strategic objectives is "to increase the employment rate as well as the employability of the marginalized groups of society" Within the priorities of social area there are formulated specific aims such as i) to improve labour market access conditions for the marginalized groups of inhabitants including the members of the Roma community, so that the percentage of those in the total number of registered unemployment drops by 15 percent until 2010 and ii) to improve qualification and skills of the marginalized groups of the society. Similar attention is paid to the integration of marginalized groups and the Roma population in Program of Economic and Social Development of Presov self-governing region for 2007- 2013.

In Hungary the North Hungary Operational Programme 2007-2013 identifies Roma also as the vulnerable and "the chances for life of the population in micro-regions inhabited by major Roma population is worsened by these areas mostly lacking towns, being areas covered by small villages which get depopulated" (NORDA, 2006).

The socio-economic conditions and the development challenges in the three different regions of Northern Hungary and Eastern Slovakia are sufficiently similar (see Chapter 2) that is why some common problems could be treated together.

The actual sample frequencies in the 2004 Vulnerable Groups Survey (VGS), designed and administered with the help of UNDP, are also in comparable magnitudes for the three regions of interest (Table 4.1). The survey used is rich in information concerning Roma and proximity non-Roma populations, and characterize the situation of the most vulnerable to poverty residents in those regions. Based on the VGS, indicators for Roma in Northern Hungary, Kosicky and Presovsky regions are presented in the following sections. As a substantial part of the survey sample was collected in the North region of Hungary and the Eastern regions of Slovakia, the computed indicators are based on statistically significant large sub samples, and are thus themselves statistically significant. As control group, the VGS provides data on non-Roma populations living in close proximity to Roma. Their sub sample is of much smaller size is therefore not statistically significant comparison group.

Table 4.1 Vulnerable group survey sample sizes

	Individuals	Households
Hungary	4,140	1,005
Roma in North Region	1,411	276
Slovakia	4,973	1,075
Roma in Kosicky Region	1,399	248
Roma in Presovsky Region	1,095	192

Source: UNDP Vulnerable Groups Survey 2004.

It is important to bear in mind that the data collected in the VGS reflect only vulnerable groups. These data are therefore not representative of two countries as a whole. The survey targeted only areas where estimated Roma population shares were equal or greater than national averages. Majority populations in the survey are likewise representative of communities living in closer proximity to Roma communities. The majority-in-proximity sampled may share some of their Roma neighbors' vulnerability determinants, and thus may be more vulnerable to poverty than national averages. Because of the interest in a small regional sub sample, the number of non-Roma observations is too small to provide meaningful information.

Another note to mention is that the surveys differ somewhat between the two countries, so it is not possible to merge two datasets. Whenever the questions are not the same, the Slovak and Hungarian regions were studied independently. In several subsections, Hungary and Slovakia are represented in separate tables. However, wherever possible, the tables compare jointly the similarities and differences of those regions and the Roma populations living there. Ideally the Roma indicators are compared to certain national benchmarks whenever available.

The regional indicators covered in this Chapter are grouped in the following sections: 1) poverty and inequality; 2) demographics and education; 3) housing and living conditions, 4) labor market situation, 5) income and earnings; and 6) mobility. Data are compiled from National Statistical Office of Hungary (HCSO) and the Statistical Office of the Slovak Republic (SOSR) for indicators on national and regional level, and from UNDP's Vulnerable Groups Survey (VGS, 2004) for data on Roma populations. Other specific sources used in this report are mentioned in footnotes.

II. Poverty and Inequality

On the whole, in the new EU member states, Slovakia and Hungary, poverty remains substantially lower than that of other, poorer, countries in Eastern Europe. However, even in these more prosperous countries, significant poverty pockets persist within some segments of the population. The unemployed, the poorly educated, rural populations and children are more likely to be poor. Roma minority populations represent one of the main poverty groups. They are both poorer than other population groups and they are more likely to fall into poverty and remain poor.

Poverty is a multidimensional phenomenon that goes well beyond low income or lack of material consumption. In the case of Roma, poverty is particularly multifaceted. Many Roma are deprived of the resources necessary for adequate living conditions, as well as access to opportunities and channels for participation. These problems are often interconnected.

II.1 Poverty indicators

In this section, the incidence and depth of poverty and the extent of inequality among Roma across the three regions is assessed and contrasted with that of the whole countries. Indicators on poverty and inequality are not yet widely produced by the national statistical offices of Hungary and Slovakia. Therefore, the various indicators which are available from international sources such as the UNDP, the World Bank and the European Commission were used. All sources report slightly different indicators or different values due to different base years and various datasets used for calculation. Overall, world wide Hungary and Slovakia rank very closely with Hungary showing slightly better indicators than the Slovak Republic.

Table 4.2 EUROSTATS poverty indicators

	Hungary	Slovakia
At-risk-of-poverty rate before social transfers	17%	28%
At-risk-of-poverty after social transfers	12%	21%
Relative at-risk-of-poverty gap	20%	39%
Inequality of income distribution (income quintile share ratio)	3.3	5.8
Dispersion of regional employment rates	9.4	9
Early school leavers	12.6%	7.1%
Long term unemployment rate (12 months or more)	2.7%	11.8%
Very long term unemployment rate (24 months or more)	1.3%	8.2%
Children aged 0 – 17 living in jobless households	13.2%	12.8%
People aged 18 - 59 living in jobless households	11.9%	10.8%

Source: Eurostats (See Box 1.1 in Annex for definitions)

Note: Indicators for Hungary are based on 2003 calculations, while for Slovakia, they are based on 2004.

EUROSTATS' indicators are broadly defined beyond the material consumption and resources (Table 4.2). At-risk-of-poverty before social transfers is 17% in Hungary and 28% in Slovakia. The system of social transfers in those countries manage to attenuate poverty but the indicators still remain relatively high – at-risk-of-poverty

after social transfer falls down to 12 % in Hungary and down to 21% in Slovakia. The relative at-risk-of-poverty gap is almost twice lower in Hungary signifying higher difference between individuals at the poverty threshold and those below it suggesting existence of pockets of extreme poverty. The other measure of inequality, income quintile share ratio, is almost twice higher in Slovakia, which suggests that there is a higher general inequality in the population, with rich people holding higher shares of the overall income. The shares of children and adults living in jobless households are very similar between the two countries. Lastly, the indicators related to employment differ substantially which reflect major structural differences between the labor markets in Hungary and Slovakia. Long term unemployment is more than 4 times higher in Slovakia than it is in Hungary.

Table 4.3 UNDP poverty indicators

	Hungary	Slovakia
Probability at birth of not surviving to age 60 (% of cohort) (2000 – 2005)	18.3%	14.9%
Long term unemployment (% of labor force) (2003)	2.5%	10.7%
<i>Population below poverty income line (%)</i>		
50% of median income (1999 – 2000)	6.7%	7.0%
\$4.00/day (1996 – 1999)	<1%	8%
<i>Share of income or consumption (%)</i>		
Poorest 10%	4.0%	3.1%
Poorest 20%	9.5%	8.8%
Richest 20%	36.5%	34.8%
Richest 10%	22.2%	20.9%
<i>Inequality measures</i>		
Richest 10% to poorest 10%	5.5	6.7
Richest 20% to poorest 20%	3.8	4.0
Gini coefficient	26.9	25.8

Source: UNDP HDR 2005, tables 4 and 15, pp 230 and 270.

Notes: The source of poverty line of \$4.00/day did not specified whether in PPP terms. The share of income and inequality measures for Hungary are computed based on a consumption survey in 2002, while for Slovakia these indicators are computed based on income survey in 1996.

The slightly different indicators released by UNDP depict similar situation between the two countries (Table 4.3). Hungary is ranked 35th in the world and Slovakia is 42nd within the High Human Development group. According the poverty line of 50% of median income Hungary and Slovakia do not diverge too much, with about 7% of the population. At the threshold of \$4.00/day, however, the population below the poverty income line is less than 1% in Hungary while it is close to 8% for Slovakia. This again implies that in Slovakia some pockets of acute poverty are contributing to the overall higher poverty rates. Nevertheless, the Gini coefficients to the two countries do not reflect major differences in the overall inequality distributions. In Slovakia the share of income of poorest 10% is only 3.1% vs. 4.0% in Hungary and the share of income of the poorest 20% is only 8.8% vs. 9.5% in Hungary, which suggests somewhat deeper impoverishment. On the other end, the richest 20% of Hungary hold among them 36.5% of the national income vs. 34.8% in Slovakia and

the richest 10% of Hungary hold 22.2% of the national income vs. 20.9% in Slovakia which suggest that the top quintiles in Hungary are richer relative to the top quintiles of the Slovak distribution. However, the overall inequality, measured by Gini index, is very similar between the two countries, which imply that large middle classes keep the inequality levels down overall.

The World Bank uses two poverty lines, an absolute and a relative, to compare poverty across countries: US\$2.15 purchasing power parity (PPP¹) per capita per day and \$PPP 4.30 per capita per day. Extreme poverty threshold, at \$PPP 2.15/day, which is most often used for low-income countries, is practically nonexistent in Hungary (Table 4.4). However, at the more appropriate level of \$PPP 4.30/day, the relative poverty rate in Hungary reaches 12%. Contribution to poverty seems equally from rural and urban areas, excluding the affluent capital, which is attracting the most highly educated and where better employment opportunities are available. It has been shown in the literature as well as confirmed by the data, that location has significant effects on income and welfare and thus on poverty.

Table 4.4 Hungarian poverty indicators according to the World Bank

	\$PPP 2.15/day	\$PPP 4.30/day
<i>Poverty indices</i>		
Poverty rate	0	12
Poverty dept	0	2
Poverty severity	0	1
<i>Contribution to poverty</i>		
Rural	35%	46%
Urban	65%	54%
Capital	13%	11%
Other urban	52%	42%
<i>Inequality indices</i>		
Gini coefficient (per capita)	24.96	
Share of the lowest 20%	10%	

Source: *Growth, Poverty and Inequality, World Bank, 2005.*

Data analyzed in this Chapter reveal a worrying picture of poverty among Roma in those regions with about two thirds of Roma households living in poverty there. In contrast, only a share of about 9-12% of the whole countries lives in poverty. Roma poverty there is also deeper – the shortfall from the poverty line of average Roma households in poverty is bigger than that of the whole countries, making it more difficult to get out of poverty (Table 4.5). The calculations using vulnerable households' data confirm the World Bank finding that in Hungary the fraction of people living with \$PPP 2.15 or less per day is quite small even among Roma in the poorer North region, only 4%. Poverty in Hungary, seems to be clustered around the upper threshold of \$PPP 4.30/day. In Slovakia, however, 2% of the whole population is below the \$PPP 2.15/day threshold, which suggests of the presence of extreme poverty there, in addition to 9% of relatively poor population. Focusing on Roma, the data shows a worrying picture of poverty in those regions: about two thirds of Roma

¹ The adjustment to PPP accounts for differences in price levels across countries.

are living in relative poverty. In North Hungary, as well as in Kosicky and Presovsky regions, more than 60% live below relative poverty line of \$PPP 4.30/day. Moreover, 28% of Roma in East Slovakia live with barely \$PPP 2.15/day which represents much higher concentration of extremely poor (in comparison with North Hungarian Roma).

The Gini index for Hungary is 24.96 while the one calculated only for North Roma is 26.10. Both numbers are of very similar magnitudes, which indicate that the overall low inequality in the Hungarian society is preserved even among the most vulnerable groups. The overall Gini index for Slovakia is 25.80, and for Roma alone in Eastern region – 26.75 in Kosicky and 29.31 in Presovsky regions. Those figures suggest that even among Roma, expenditure inequality remains similar to the national average or slightly above.

The numbers provided by the international sources show how official poverty statistics do not always capture the status of the poorest minorities – Roma fall out of the scope of typical household budget and labor force surveys which are used for the computation of those indicators.

Table 4.5 Poverty rates from Vulnerable Groups Survey

	Hungary	Slovakia	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
At \$PPP 2.15/day	0%	2%	4%	28%	28%
At \$PPP 4.30/day	12%	9%	61%	62%	58%
Gini index	24.96	25.80	26.13	26.75	29.37

Source: Growth, Poverty and Inequality, World Bank, 2005, Slovak Republic: Living Standards, Employment, and Labour Market Study, World Bank 2002, UNDP Vulnerable Groups Survey 2004.

The composition of poverty at the threshold of \$PPP 2.15/day shows 46% children below the age of 16 and 56% adults in Hungary (Table 4.6). The VGS confirms the characteristics similar to the Hungarian national averages. The number of children in a household has been shown to have a strong negative relationship with welfare (Revenga, Ringold and Tracy, 2002). As Roma households have on average more children than the rest of the countries, the number of children could be a contributing factor to the higher incidence of poverty among Roma households. Children of Roma families in the three regions are very vulnerable to poverty with 39-46% among them living below \$PPP 2.15/day. According the number of children the families with children constitute 60-86% of the poor families.

The survey data also exhibits significant benefits of education for Roma who seek to escape poverty. The huge problem of education is seen among Roma with 80-93% of the poor with at most primary education. However, those with secondary or more are barely 2-3% among the extreme poor. This points out to the importance of education, and particularly, the lack of it, as a possible determinant of poverty. Another observation is secondary special education contributing to poverty with as much as 28% of the poor. These numbers imply that completing secondary school has in fact adverse effects as it is inadequately adapted for the needs of pupils with disability and handicaps. Moreover, the Roma children face higher likelihood to end up in special classes which in turn leads to higher vulnerability to absolute poverty.

Table 4.6 Composition of poverty at \$PPP 2.15/day

	Hungary	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
<i>Age</i>				
0 – 16 years	46%	43%	46%	39%
17 – 65 years	56%	57%	53%	59%
65 + years	2%	0%	1%	2%
<i>Number of children in HH</i>				
No children	19%	14%	31%	40%
One or two children	24%	29%	60%	46%
Three	57%	57%	9%	14%
<i>Education</i>				
Incomplete primary	35%	14%	34%	45%
Completed primary	33%	79%	46%	39%
Secondary	5%	0%	2%	0%
Secondary special	28%	7%	18%	16%
Tertiary	0%	0%	0%	0%

Source: *Growth, Poverty and Inequality*, World Bank, 2005, *UNDP Vulnerable Groups Survey 2004*.

Additionally, for Slovakia the commonly agreed indicators for poverty and social exclusion adopted by the members of the European Union were computed (Table 4.7). The most common indicator, at-risk-of-poverty rate after social transfers, reaches 88% for Roma in the Kosicky region, while it is only 21% for Slovakia as a whole. Seven out of every eight Roma individuals are living below the poverty line of 60% of national median income. The relative at-risk-of-poverty risk gap, which measures the actual income gap of those below the poverty line, suggest that Roma are receiving less than half of that poverty threshold income level. In other words, on average, the poor Roma in these regions are clustered under the threshold. The last two indicators measuring population living in jobless households are quite alarming – as high as 93% of all Roma children live in jobless households in Kosicky region in comparison of 13% for the country as a whole. For adults, that share varies between 67% and 85% vs. 11% for Slovakia. Living in a jobless environment contributes to low incentives to invest in one's education and the lack of role models within the families could be detrimental for the upbringing of young Roma in Eastern Slovakia.

Table 4.7 Slovak poverty indicators according to the EUROSTATS

	Slovakia	Roma in Kosicky region	Roma in Presovsky region
At-risk-of-poverty rate after social transfers	21%	88%	85%
Relative at-risk-of-poverty gap	39%	49%	43%
Children aged 0 - 17 living in jobless households	13%	93%	86%
People aged 18 - 59 living in jobless households	11%	85%	79%

Source: Eurostats (see Box 1.1 in Annex for definitions), UNDP Vulnerable Groups Survey 2004.

II. 2 Expenditures overview

Another way how to assess the welfare is to measure the consumption in terms of expenditure. In some cases, such measures are considered better indicator of welfare than poverty rates based on income, as it permits a direct assessment of the ability of a household to meet its basic needs. Furthermore, studying expenditures allows for particular spending habits to emerge which are consequence of efforts to cope with insufficient resources. Therefore, in this section the analysis of expenditures is included as well.

Note that households with similar expenditures but of different size and composition will have different individual allocation. Large families are more likely to have greater expenses but not necessarily per capita. Because poverty measures are very sensitive to household composition, the calculations are based on per equivalent adult expenditures² (where expenditures are adjusted for both the size and composition of the household).

Annual household expenditures are used as the main measure of household welfare. Table 4.8 shows average annual per capita expenditures, in Euros PPP for cross-country comparison, by main categories. Overall, the average annual expenditures of a Roma household in the North Region are 56% of the national Hungarian average. For Roma in Eastern Slovakia, the situation is even worse, with average annual expenditure of only about 40% of that of an average Slovak household. As a consequence of higher incidence of poverty, Roma have lower average expenditure than the national averages, and devote a higher proportion of total expenditures to food purchases and a lower proportion to education, health care and consumer durables.

Table 4.8 Average annual per capita expenditures (Euros PPP)

	Hungary	Slovakia	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
Food	950	868	923	530	567
Housing maintenance	673	695	358	210	200
Transport	681	305	45	50	53
Clothing / Shoes	204	246	207	88	98
Medicine / Healthcare	231	69	104	60	50
Domestic products	206	171	109	82	74
Cigarettes / Alcohol	202	102	191	87	90
Entertainment	293	252	12	2	2
Total	3,442	2,709	1,934	1,108	1,135

Source: Statistical Yearbook of Hungary 2003, table 5.11, p.128, Statistical Yearbook of the Slovak Republic (table VI.1-2.), UNDP Vulnerable Groups Survey 2004.

Note: Annual amounts are converted in Euro PPP using exchange rates from OECD and ECB.

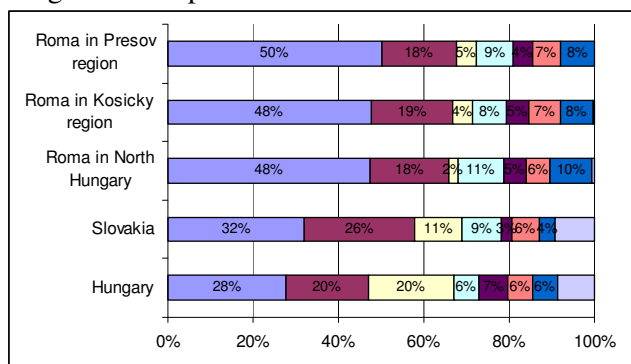
² OECD equivalence scale uses weight 1 for head of household, 0.5 for any additional adults and 0.3 for any children below the age of 15 years old.

The main expenditure category is food, and average spending seems slightly lower in Slovakia than in Hungary reflecting structural differences in food prices. Roma households in the North which are spending on average only 3% less than the national average. For this reason, it could be asserted that Roma households in North Hungary do not suffer malnutrition. Nevertheless, as their total incomes are far smaller, their food share becomes much larger. On the other hand, Roma in Kosický and Presovský regions are consuming about a third less than the Slovak averages and their food expenditures are 61-65% of the national average, which suggests that Roma households consume smaller amounts of (as well as cheaper) food. Such average magnitudes may be concealing cases of malnutrition.

The next two largest expenditures, in Hungary, are on housing maintenance and transportation. Housing maintenance, which includes rent and utilities, exhibits a considerable difference. Roma households in the North region spend on average EUR PPP 358 vs. 673 nationwide, only about half of the Hungarian average. For Roma in Kosický and Presovský regions, the amount they spend on housing falls even lower to 29% of national average. Part of these differences may be explained by their, often, large outstanding payments in housing, electricity and water (see Figure 4.1). Another explanation lies within their homeownership characteristics (see section 3). As for transportation costs, Hungarian households spend, EUR PPP 681 annually while on the other extreme, an average Roma household in the North region spends a mere 7% of that amount. Roma in Kosický and Presovský regions spend similar amounts. One important explanation is the (lack of) purchases of vehicles, fuel, and accessories, which are made mainly by middle- to upper-income families. Indeed, in the survey, only 1% of all Hungarian vulnerable households report owing a car.

The other categories exhibit regional differences as well. When it comes to expenses on clothes and shoes, alcohol and cigarettes Roma in the North region spend as much as national averages, and about half as much on medicine and health care and domestic products. Roma in Eastern Slovakia seem to spend more on medicine and healthcare, about 80% and alcohol and cigarettes, about 87% relative to Slovak national averages. As for clothing and shoes and domestic products they spend about 38% and 45% of the national averages. More notably, the actual amounts per capita and shares in total expenditures are much higher for cigarettes and alcohol than those for medicine and healthcare, which has a direct implication on their poorer health.

Figure 4.1 Expenditure shares



Source: UNDP Vulnerable Groups Survey 2004.

Figure 4.1 presents the shares of the main expenditure categories. Looking more closely at average expenditure shares for different categories, spending on food (a commonly used proxy for welfare) clearly stands out. Expenditures on food weigh more heavily on Roma household in all of the three regions. Next, by importance, are the categories of housing maintenance, clothing and shoes, cigarettes and alcohol. When those households become better-off, it should be expected their expenditure shares in transport, medicine and healthcare, and entertainment to reach the national averages.

Expenditure patterns show the poverty status of Roma households, with high shares of expenditures on food. But they also outline the contours of the poverty cycle Roma are caught in: the smallest shares of their household budgets devoted to education make it more difficult for young Roma to escape poverty. They spend similarly low shares on health care and consumer durables. Moreover, given the larger numbers of children in Roma households, these low shares of expenditures on health and education underscore the Roma communities' vulnerability and thus contribute to their perpetual poverty trap and state dependence.

Many households who are vulnerable to poverty face great difficulties in covering their utilities bills, such as water, electricity, and heating and they cumulate unpaid bills for several months. The average outstanding utility bills sometimes amount to more than 175% of their total monthly expenditures. National sources do not provide information on such indebtedness; however it seems that Roma households are in more critical situation concerning outstanding payments for water, electricity and housing-related payments. The magnitudes often make prospects for breaking this circle of outstanding payments unrealistic. The severity of the problem is also confirmed by the low share of expenditures on housing and utilities Roma households have, seen from the previous section. Many Roma households spend less on housing and utilities simply because they cannot afford paying regularly their utility bills – despite the threat of being cut off from the electricity or other utilities supply.

Table 4.9 Outstanding utility bills

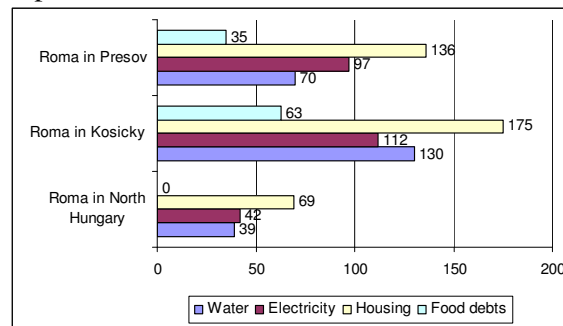
	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
<i>Fraction of households in arrears</i>			
Water	19%	9%	3%
Electricity	14%	15%	7%
Other overhead	11%	8%	4%
Food debts	n.a.	8%	2%
<i>Average amounts per capita in arrears (Euros PPP)</i>			
Water	114	212	98
Electricity	80	154	190
Other overhead	350	291	195
Food debts	n.a.	103	44

Source: UNDP Vulnerable Groups Survey 2004.

The fraction of households in arrears are the highest for Roma in the North, 19%, mostly in water, then electricity and lastly in housing. For Roma in Eastern Slovak regions, electricity represents the highest burden. According to the actual average amounts though other overhead costs, such as heating, telephone, etc. are the highest for Roma in North Hungary reaching on average EUR PPP 350 per capita (Table 4.9). Surprisingly, the fractions of households who are in arrears among Roma in Eastern Slovakia appear to be lower than those in North Hungary, but their average amounts (as shares of household income) are relatively much larger.

Figure 4.2 outlines the severity of indebtedness of households as a share of average total monthly expenditures. Roma in all three regions rely on debt with Roma across the border in Slovakia, particularly in Kosicky region being most indebted in all categories. Share of housing liabilities reach up to 175% indebtedness for Roma in the Kosicky region, followed by 130% water and 112% electricity arrears. As shares of monthly expenditures, overhead costs such as heating and telephone bills, remain the main burden to Roma families. In the case of Slovakia, the survey asked additional question on food indebtedness, which occurs rarely but represents a substantial share of total household monthly expenditures which points to the few cases of extreme poverty facing risks of malnutrition.

Figure 4.2 Outstanding payments as share of monthly household expenditures



Source: UNDP Vulnerable Groups Survey 2004.

There are three additional categories of expenditures, which are not included in the monthly break down usually reported by national sources. In the VGS, households were asked about their annual expenditures on consumer durables, healthcare and education. These are fair indicators of individual well being, beyond satisfying the subsistence needs while providing families with means for sustainable development. Unfortunately, comparing these expenses with national averages is quite problematic as these three general questions on expenditures do not correspond to the classifications used in the national household budget surveys due to incompatibility in methodology. One thing is however clear from the data, few Roma households spend too little on consumer durables – this was also confirmed by our previous analysis on possession of usual household appliances. For example, the Hungarian average expenditure amount on consumer durables is about EUR PPP 288, which includes purchases on motor vehicles. For Roma in the North, who are spending positive amount, the average expenditure is 85% of that national mean, even though most of the households do not possess a car, not even other common household appliances. A second observation is the very lower expenditures on education supplies (such as text books and other school supplies) and its negative implications

for successful completion of grades and obtaining diplomas. Lastly, Roma, in all three regions spend much lower amounts on health care, medicine and doctor visits with vulnerable Roma households in the North spend 65% of the national averages.

Two additional questions from the Hungarian survey (those are missing for Slovakia), were asked based on a qualitative self-definition of households. From those who had children in school, 43% of the Roma in the North region said that they were not able to pay the cost of education for their children. When asked whether there were schools within reach where the children could continue their studies, only 2% claim that there are no schools within reach. This clearly indicates that poverty induced financial difficulties constitute significant obstacles to education which could in turn lead to a poverty trap for young Roma.

III. Demographics and Education

Other determinants of poverty, according to UNDP publication (2006), include number of children in the household, education and skill level of the household head. Therefore Section III. focuses on demographics and education of Roma in North Hungary, Kosicky and Presovsky regions.

III.1 Demographic structure of the population

Roma birth rates have historically been high across Eastern Europe, as they reflect the Roma demographic characteristics and reproduction behaviors. Roma families have traditionally been large as they place highest value in having children. However, Roma demographics are not just about population growth: they have substantial labor force and other socio-economic consequences for the current and next generations.

Table 4.10

	Hungary	North region	Roma in North Hungary
<i>Distribution</i>			
Children (0 – 14 years)	17%	16%	43%
Younger adults (15 – 39 years)	34%	36%	38%
Older adults (40 – 59 years)	27%	27%	15%
Elderly (60 + years)	22%	21%	4%
Average age	n.a.	n.a.	22.3
<i>Ratios</i>			
Children and elderly per 100 adults	59	62	88
Children per 100 adults	25	27	81
Elderly per 100 adults	34	35	7
Number of elderly per 100 children	137	128	8
<i>Number of household members</i>			
1	26%	25%	4%
2	29%	29%	12%

3	20%	20%	13%
4 +	25%	26%	71%
Average household size	2.6	n.a.	6.5

Source: Hungarian Micro-Census 2005, UNDP Vulnerable Groups Survey 2004.

The demographic structure in the North region is not very different from national averages (Table 4.10). However, focusing at the Roma populations in the North, the composition changes dramatically in favor of the young – 40% are children under the age of 15 and only 6 are elderly of 60 years or more. The number of elderly per 100 children is 137 for Hungary and 128 for the North region alone. In the case of Roma in the North, the picture becomes even younger. The ratio of elderly per 100 children is a mere 8 which confirms their much higher average fertility rates and shorter life expectancies. This is important to keep in mind when forecasting Roma future labor force.

Table 4.11 Demographic indicators

	Slovakia	East Slovakia	Roma in East Slovakia
<i>Distributions</i>			
0 – 14 years	19%	22%	42%
Male, 15 – 59 years	33%	32%	27%
Female, 15 – 54 years	30%	30%	26%
Male, 60 + years	6%	6%	2%
Female, 55 + years	12%	11%	3%
Average age	37.1	n.a.	22.4
<i>Number of household members</i>			
1	n.a.	n.a.	3%
2	n.a.	n.a.	10%
3	n.a.	n.a.	9%
4 +	n.a.	n.a.	78%
Average household size	n.a.	n.a.	5.7

Source: Slovak Population census 2001, UNDP Vulnerable Groups Survey 2004.

In the same way, the distribution of households by size in the North region does not differ too much from the country as a whole – slightly lower fraction of single member households and slightly higher fraction of households with four or more members. For the vulnerable groups, the situation is very distinctive – individuals rarely live alone but rather in large households, with on average 6 or more members. In table 4.11, the age distributions is computed for the entire Eastern region (Kosický and Prešovský together), in order to match the indicators from the Population census. Similar to the case of Hungary, Slovakia's poorer eastern region is populated by younger than average people who live in much bigger households. One direct implication with respect to budgetary consequences is that fewer Roma rely on the state for pension benefits while a majority depends on social assistance for child and unemployment benefits. In both countries, similar to the EU as a whole, the majority populations are aging and the sustainability of the national pension schemes for future

generations depends on high current fertility. Roma minorities seem a budgetary burden today but in the future they may be the principal contributors to the welfare systems in order to support the elderly majority populations. The average age in Slovakia is 37 years old while among Roma in East Slovakia and North Hungary it is only 22.

III.2 Educational attainment of the population

Table 4.12 presents the educational attainment of the population, which is the most important determinant for assessing the human capital level of the labor force and their prospects of working their way out of poverty. Data on educational attainment of the entire Slovak population is not published by the census and therefore Roma data is compared to the educational attainment of Hungary.

Education in both countries is mandatory for young children and adolescents – in Hungary up to the age of 18, while in Slovakia it is compulsory for the first 9 years regardless of actual age, or up to about the age of 16. For this reason, in both countries, even among Roma in the three poorer regions, most of the population has completed at least some primary school – about 94% of all Roma in Eastern Slovakia vs. only 63% of Roma in North Hungary. The fraction of highly educated individuals drops sharply after primary school with about 12-17% of Roma completing at least secondary school and almost no one with university qualifications.

The education attainment is shown in the literature to be perfectly correlated with potential earning power of the individuals. The lower educational attainment suggest that even if all Roma find employment, their labor income will still reflect their lower skills and thus will confine them in a low-income subgroups of the population. Having few professional qualifications and diplomas makes it more difficult for them to move up the professional ladder even if they cumulate several years of experience and makes them less preferred (for employment or promotion) than other individuals who hold various certifications and degrees.

Table 4.12 Educational attainment of population

	Hungary	North region	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
No schooling (10 + years)	0.7%	0.8%	11.0%	3.6%	3.1%
Completed at least primary school (15 + years)	88.8%	86.2%	63.1%	94.3%	94.0%
Completed at least secondary school (18 + years)	38.2%	33.2%	17.1%	15.9%	12.4%
Completed tertiary education (25 + years)	12.6%	9.3%	1.1%	0.0%	0.0%

Source: Hungarian Population Census 2001, UNDP Vulnerable Groups Survey 2004

The problems directly related to lower educational attainment, such as poor employability and low income generating potential, are likely to persist in the near future due to the dire situation of the Roma children and adolescents today. Aggregate enrollment rates in 2004 compared to the national indicators show the clear

phenomena of poverty trap. First, enrollment rates in primary school are close to 100% for Roma in North Hungary and are as high as 119% for Roma in Presovsky region reflecting mandatory schooling which unfortunately does not guarantee successful level completion. Secondly, sharp drop in enrollment rates occurs in secondary schools and at university level. In Hungary and Slovakia where 94-97% of all children at the age to be in secondary school are actually attending only merely 14-18% of the corresponding Roma are attending high schools. This disturbing fact should be preoccupying the authorities. As for tertiary level, there are practically no Roma university students in any of three regions. The main channel for poverty alleviation through accumulation of human capital seems ineffective and thus can maintain parts of the population in poverty for generations ahead. The low enrollment rates in higher education reflect low adaptation of this population to the requirements of a changing labor market and destines many of them rely on the state welfare or may force them to enter a grey sector in order to provide for their subsistence(see Table 4.13).

Table 4.13 School enrollment in 2004

	Hungary	Slovakia	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
Primary school	98%	99%	98%	117%	119%
Secondary school	97%	94%	14%	16%	18%
Tertiary school	60%	36%	2%	1%	1%

Source: World Development Indicators, UNDP Vulnerable Groups Survey 2004

Note: Rates are computed as total number of pupils enrolled over the number of children of age to be enrolled in particular level.

The high enrollment rates in primary school, mentioned above, are partly explained by mandatory schooling in both Slovakia and Hungary. On the other hand, among Roma children in Eastern Slovakia enrollment rates are boosted much above 100% which may be due to older children returning to school in order to complete their primary degree. The recent social reform took place in Slovakia in 2004 in order to better motivate this finding. One of the aspects of the reform consisted in cutting child care benefits almost by half while introducing stipends for low-income children conditional on attending school as incentives to increase their enrollment and eventually their educational attainment. The presence of conditional transfers for poor families' parents in addition to free lunches and book supplies provided at school, partly explains the particularly high enrollment rates among Roma children in Slovakia for primary education. Even though the reform provides financial incentives for secondary and tertiary schools as well, their enrollment remains low as it may be too early to account for any positive impact.

In both countries, attending secondary schools and especially universities requires successful completion of primary school. High drop out rates, interruptions from school for long periods of time and not fulfilling all requirements for obtaining final diploma are all clear causes (in addition to the obvious financial ones) for Roma children not to continue their higher educations. Rather than low "Roma value of education" main explanation about the enrollment rates lies within objective grounds. Various systematic forms of direct and indirect discrimination and excessive isolation in schools nowadays contribute for Roma parents' lower incentives to send their

children to school. One in three Roma children, attending school, are not in the correct grade suggests that they are unable to complete the school curriculum, are often repeating grades and are stigmatized as “losers” which implies poor prospects of these children upon reaching working age. One in four Roma children is set apart in a special school for disabilities with little prospect to acquire the minimum necessary for continuing at secondary or university level.

The low level of qualification of Roma in terms of lower level of completed schooling has direct implication of their employability. Their low qualification does not depend alone on lack of motivation but is largely caused by the shortage of funds, discrimination as well as inadequate adaptation of the school system to meet their particular needs. Low enrollment rates and low educational attainment thus leave individuals unprepared for the labor market, especially in an economy where no low skill jobs are being created, and highlight the budgetary consequences in supporting the welfare of these groups for the future. Public policy should address these systemic factors that reduce access to education can therefore reduce discrimination (for example providing Roma children with adequate preparatory pre-school classes could dramatically increase their chances of coping with the school material and thus decrease the probability of dropping out or ending up in a special school). The same applies for other factors like improving the Roma families’ income opportunities, which would result in decreased involvement of children in the household economy and income generation and would improve their ability to prepare for school (UNDP 2003).

IV. Housing, Living Conditions and Health

Material deprivation, pitiable housing and living conditions as well as poor health are correlates of poverty.

Housing and living conditions have direct implications on consumers’ behavior and on construction industry prospects, among others. In growing economies, as households’ income increases, a direct impact is observed in home improvements and rising living standards. Given that Roma families have a low starting point, as a consequence of well-targeted public policies, much progress is to be expected in this area.

The questions on housing from VGS were designed to match the information provided by latest Censuses on general dwelling characteristics in both Hungary and Slovakia (Tables 4.14 and 4.15) and provides with a good baseline comparison. Question on “features of household’s living conditions” shows that 34% of Roma households in North Hungary live in old houses in relatively good condition, and 36% live in dilapidated homes or slums. Only about 13% live new houses in good condition and 11% of them live in flats. Moreover, from those who lived in dilapidated houses or slums, most have lived in the same settlements 15 years ago, which clearly underlines how permanent those poor living conditions have been for these Roma households. Similarly, Roma in Eastern Slovakia live in poor conditions with 18% of Roma families living in shacks, i.e. dwellings, which were not initially built for housing and 7 % live in wooden houses, 59% are living in brick houses and 16% are living in a flat in an apartment building.

The sometimes unclear property ownership, as a consequence, prevents the improvements of the housing conditions – individuals are unable to maintain and invest in buildings and local infrastructure. Those who do not own their land/home are limited in their ability to make needed improvements to their homes. On average, 95% of Hungarian households are direct owners of their home or through a relative. In the North region as a whole, that fraction remains similar but it falls to 69% for Roma there. By opposition, the Hungarian census reports 3% of property owned by municipality or local government, while in the VGS close to 30% for Roma in the North report living in a “property of the self-government/state”. This adds to the insecurity and discomfort as well as to the precarious living conditions of many Roma families. The transition process has created problems with the legal status of Roma housing, in part because poverty rights were often not clearly defined during communism. Some Roma were evicted from state-owned apartments when housing subsidies were withdrawn, properties were privatized, or returned to prior owners. Many Roma are living illegally in dwellings, either because they had no choice but to squat or because the property rights on their buildings were transferred following the transition (OSCE 2000). In other cases, poor Roma have intentionally become squatters. These developments have seriously limited access to social services, as residency and ID papers are frequently required for social assistance benefits, health care, and education.

Table 4.14

	Hungary	North region	Roma in North Hungary
<i>Total surface of dwelling</i>			
Less than 29	2%	2%	17%
30 – 49	15%	12%	30%
50 – 79	42%	42%	29%
80 +	41%	44%	23%
Mean size	78 m ²	80 m ²	60 m ²
Average sq. meter per capita	31 m ²	31 m ²	14 m ²
<i>Number of rooms</i>			
1	11%	9%	40%
2	41%	42%	39%
3	32%	34%	19%
4 +	16%	15%	2%

Source: Statistical Yearbook of Hungary, 2003, table 6.1, Hungarian Population Census 2001, UNDP Vulnerable Groups Survey 2004.

Mean size of homes, again, does not differ very much between the national and regional averages but for the vulnerable groups it decreases from 80 to 60 square meters in the North region. In addition, after controlling for bigger household sizes, the average square meter per capita is less than half for Roma in the North in comparison to national averages, only 14 vs. 31 square meters. This suggests that the often large Roma families live in twice as small dwellings than the average Hungarian. The survey data show that Roma living quarters are smaller than others, have larger households, and are consequently more crowded. Almost 80% of all

Roma household in the North regions live in one or two rooms vs. only about 50% nationwide, while 71% of them have more than four household members vs. only 25% for Hungary as a whole.

Assessing the level of comfort, in all indicators – access to piped water, flush toilet, piped gas and sewer systems - the Roma families are far behind the Northern regional and national averages. Lack of water, gas, electricity, and public services, such as waste collection, contribute to the deterioration of many Roma neighborhoods and to the emergence of ghettos. Another consequence of unclear property ownership is prevention to legal access to water and electricity. Houses are often constructed with makeshift materials and they do not comply with basic construction and safety standards. Lack of garbage collection also seriously affects living conditions and creates health problems for residents. Additionally, lack of garbage collection perpetuates negative stereotypes about poor hygiene among Roma. Many families lack access to running water, only 55% of Roma in the North region. As a consequence, poor health conditions are linked to the inadequacy of the water supply – only 45% have flush toilet or bathroom inside their home. Many Roma complained that their drinking water was contaminated and caused diseases among their children. In Hungary as a whole 91% of the population reports having access to sewer system and 89% have bathroom at home. For Roma in the poorer North region, only 33% have access to sewer system and 45% have bathroom at home.

Table 4.15

	Slovakia	Kosicky	Presovsky	Roma in Kosicky region	Roma in Presovsky region
<i>Housing features (averages)</i>					
Living space (m ²)	56.1	59.1	57.9	51.9	52.3
Rooms	3.2	3.4	3.3	3	2.5
(m ² /person)	17.5	15.9	17.3	13.2	11.7
People/room	1	1.1	1	2.8	3.1
<i>Share of households</i>					
Central heating	76%	75%	77%	3%	4%
Bathroom or shower	93%	92%	93%	34%	34%
Automatic washing machine	61%	61%	58%	10%	16%
Personal computer	12%	10%	12%	2%	1%
Car	39%	40%	39%	9%	11%

Source: SOSR Population census 2001, UNDP Vulnerable Groups Survey 2004.

Similar is the depiction of the living conditions of low-income Roma minorities in Eastern Slovakia. The average living space and the number of rooms per household are slightly smaller for Roma in Kosicky and Presovsky regions in comparison with the country as a whole. However, due to their bigger family size, the space per person decreases to as low as 11.7 square meters per person for a Roma in Presovsky region while the number of people per room there is three times the national average. The degree of poverty is seen very clearly among the ownership of basic amenities: only

4% of Roma households in Eastern Slovakia report having central heating vs. 76% in the entire country, 34% with bathroom or shower inside their home vs. 93% for Slovakia.

According to home ownership, only about 10% of all Roma households in Slovakia there are living in municipal or state owned dwellings. Table 4.16 also shows access to three additional facilities, in line with the Millennium Development Goals. In terms of access to piped water and piped gas, and availability of flush toilets inside their homes, Roma in Eastern Slovakia seem equally deprived as Roma in Northern Hungary and intervention in that area is essential in order to prevent major health risks.

Table 4.16

	Hungary	North region	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
<i>Ownership</i>					
Property of a private person	95%	96%	69%	90%	89%
Municipal/state ownership	4%	3%	30%	9%	10%
Other	1%	1%	2%	1%	1%
<i>Facilities</i>					
Piped water	89%	86%	55%	50%	49%
Piped gas	69%	65%	17%	17%	14%
Flush toilet	86%	80%	45%	33%	35%

Source: UNDP Vulnerable Groups Survey 2004.

Ownership of consumer durables (Table 4.17) among Roma household give details about their daily household chores – the lack of common household appliances constrains Roma women and girls to spend their time in traditional housework and childrearing. Ownership of car is quite unusual and only a few of Roma households possess a personal computer or telephone lines, both in North Hungary and in Eastern Slovakia, which limits further their likelihood in finding and keeping employment, as well as it restrains the learning tools available for their children.

Table 4.17 Consumer durable goods stock (% of reporting households)

	Hungary	Roma in North Hungary
Car	44%	11%
Refrigerator	75%	81%
Washing machine	70%	80%
Television	96%	93%
Personal computer	18%	3%
Mobile phone	71%	37%

Source: Hungarian Statistical Yearbook 2003 (table 5.12), UNDP Vulnerable Groups Survey 2004.

Poverty in Roma settlements is closely linked to regional economic conditions, proximity of the settlement to jobs or public services, and the degree of ethnic integration or segregation of the settlement. From the survey it seems that Roma live

in much higher concentration with other Roma. Some of the explanation is purely economic as Roma rely much more on other family members and relatives for all sorts of needs – from help in case of emergency to financial assistance, thus proximity is more efficient for such cooperation. Non-Roma populations, on the other hand, have greater access and rely more heavily on official providers for such services – banks, hospitals, etc. Other explanations may include religious differences and language barriers, but these are not obvious from the vulnerable group survey. Roma religious identification is very similar to the Non-Roma, so this may not be an important determinant for their concentration in settlements. As for language barriers, only very few households use primary language as Romany/Gipsy there are no significant language barriers apparent from our survey either.

Another important component of welfare is health status. Roma have generally worse health than non Roma and is attributed to unhealthy lifestyle factors including poor diets and smoking and poor housing conditions. The prevalence of transmissible diseases associated with poor living conditions is found higher among them, especially in more isolated settlements and are associated with overcrowding at home, unsafe water supply, lack of waste disposal and proximity to environmentally contaminated areas – all characteristics of Roma living conditions. Other factors linked to deteriorating health status are insufficient clothing and high alcohol consumption and inability to purchase common medicine supplies, as we saw in the expenditure section.

V. Labor Market Situation

Weak labor market competitiveness and the effects of discrimination are widely perceived as major causes of the poverty and exclusion experienced by Roma. Indisputably, employment is the principal source of the income needed to escape poverty. Yet, Roma are facing inadequate employment opportunities for various objective and subjective reasons. Among Roma low-skilled jobs predominate and are associated with low incomes, poor job quality and weak social and employment protection. Those differences with national averages in unemployment and the type of employment influence the sources and level of Roma income. Roma have limited opportunities to reenter the workforce, so unemployment rates, and particularly long-term unemployment, for Roma are often exceptionally high.

Roma have historically had connections to traditional occupations. But few of these connections still exist and development policies to revive them seem unsuccessful and undesirable. During communism, Roma were most frequently employed in manufacturing industries, because of their lower education. During the post-transition period, they were the first to be laid off and then they faced restricted employment opportunities.

The most important sources of measuring unemployment are national labor force and household surveys. These surveys ask about economic activity in general and can reflect both informal and formal employment. On the other hand, in the vulnerable group survey questions pertaining to labor market differ somewhat between Hungary and Slovakia. In the case of Slovakia, the questions match the country's labor force survey very closely, while not for the case of Hungary. In this report are presented in

the same tables both countries, the regions of interest and the Roma populations there in particular. The actual comparison between the two countries should be done with caution.

A main conclusion and policy recommendation is to modify the currently welfare system to promote job creation for Roma rather than provide them with financial aid alone, as this weakens them and makes them more dependent on social assistance, decreases their self-respect and motivation.

V.1 Labor market overview

The Table 4.18 presents the global overview of the population by economic activity and the most common ratios. In Hungary 51% of the population is employed vs. 40% in Slovakia. The situation of Roma in the North region of Hungary sharply falls to only about 17% being employed and is comparable to Roma in the Eastern regions of Slovakia, 17-20%. On the other hand the fraction of unemployed individuals in the population is 3% in Hungary and 9% in Slovakia. Unemployed individuals among Roma in Eastern Slovakia remain the same range, 6-8%, while that fraction reaches 45% of the Roma population in North Hungary. This is partly explained with the differences in definition of unemployment and the methodology used in the survey. Most of those unemployed Roma in North Hungary are actually economically inactive as they may have been without a job for a very long time. Indeed, the fraction of economically inactive population is about 75% for Roma in Eastern Slovakia much higher than the national average of 51%.

Table 4.18 Labor market overview

	Hungary	Slovakia	North region	Kosicky	Presovsky	Roma in North Hungary	Roma in Kosicky	Roma in Presov
<i>Distribution by economic activity</i>								
Employed	51%	40%	45%	37%	39%	17%	20%	17%
Unempl.	3%	9%	5%	11%	10%	45%	6%	8%
Econom. inactive	46%	51%	50%	52%	52%	38%	74%	75%
<i>Ratios</i>								
Unempl. rate	6%	17%	10%	22%	20%	73%	23%	30%
Empl. rate	51%	40%	45%	37%	39%	17%	20%	17%
Particip. rate	54%	49%	50%	48%	48%	62%	26%	25%

Source: Statistical Yearbook of Hungary 2003, tables 4.2 and 4.19, pp 86 and 107, Statistical yearbook of SR 2004, regional data 2003, UNDP Vulnerable Groups Survey 2004.

The most common ratios additionally clarify the labor market overview. Again there are large differences between Roma from North Hungary and East Slovakia which are due to methodology used. The unemployment rates among Roma in Kosicky and Presovsky regions range between 23 and 30%, which may be lower than what is usually estimated and is much lower than that of North Hungarian Roma. These

unemployment ratios remain quite high in comparison with the national averages – 6% for Hungary and 17% for Slovakia. Some of the explanation lays in the fact that many people are not counted as unemployed but as economically inactive. Many Roma lack regular jobs and high unemployment rates may indicate involvement in the informal sector. In addition, many people are classified as working/employed because they have worked on a farm owned or rented by a member of their household, either working on land or other farm tasks, or have cared for livestock belonging to a household member (this is about half of all who are working). As can be seen in the income section later, those individuals have no labor earnings even though they are counted as working.

In previous studies, Roma unemployment rates were often projected to be close to 100%. The dataset provided in vulnerable groups' survey allows for the unemployment rates of Roma in Eastern Slovakia to be pinned down quite precisely. It reveals to be much lower than usually expected Roma unemployment rate. That is not something to rejoice about but it clarifies more on the actual problem – Roma are not simply unemployed, they have exited the labor force. Instead the analysis and policy recommendation needs to focus on the low employment and participation rates. Employment rate among Roma in Kosicky and Presovsky regions are as low as 17% and their participation rate are less than half in comparison with the national average. Participation rate for Roma in North Hungary is 62% which is fueled by high unemployment; however, the employment rate is only 17%.

One explanation for Roma low employment rate is their demographics – Roma are mostly young with more than 40% of them younger than 15 years old, who are supposed to be in school. The other crucial explanation is that unemployed Roma have exited the labor force and are discouraged to search for jobs, therefore, development policies need to focus on increasing their employability and creating incentives for individuals to re-enter the labor force. Current government policies, as for example in Slovakia, are already targeting the low employment rate and have implemented social reforms in 2004 by introducing lower personal income tax and more active labor market policies. Results of these are still to be measured in the near future. Another issue is whether such policies are enough to address the systematic socio-economic problems of Roma minorities.

Undeniably, education remains the major factor for improving ones labor market outcomes. In Eastern Slovakia, Roma employment rates increase by education reaching 100% for the very few university graduates (Table 4.19). Education affects positively also participation rates. Not surprisingly, unemployment rates fall steadily with more schooling confirming the returns on education. The unemployment rate for Roma in Presovsky region with only basic education is 41% but it drops down to 13% for those with secondary education and 0% for tertiary. The above mentioned effects of education on labor market ratios are preserved for Roma in Northern Hungary.

Table 4.19 Economic activity ratios by education

	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
<i>Unemployment rate</i>			
Primary	79%	28%	41%
Secondary	46%	19%	13%
Tertiary	0%	0%	0%
<i>Employment rate</i>			
Primary	14%	30%	24%
Secondary	45%	50%	54%
Tertiary	50%	100%	100%
<i>Participation rate</i>			
Primary	65%	42%	41%
Secondary	83%	62%	62%
Tertiary	50%	100%	100%

Source: UNDP Vulnerable Groups Survey 2004.

Of course, education here is too broadly defined and many subtle differences distinguish Roma from non-Roma for a given school level. The actual acquired qualifications and diploma as well as the particular fields of schooling are what matters on the labor market. Cumulated skills and years of uninterrupted working experience, as well sound health, are drivers for successful market outcomes. Other factors which might account for lower performance of Roma on the labor market include lack of information among them of available employment opportunities, lack of physical access to suitable positions, and discrimination against Roma workers. The existing barriers to employment and spectrum of available occupations explain some of the difference in wages for Roma with equivalent level of education.

The second most important determinant of labor market outcomes is age as a proxy for cumulated experience (Table 4.20). In the framework of usual life cycle, labor outcomes, such as employment and participation rates, exhibit a hump shape function with age – increasing until the peak of mature age and then slowing decreasing towards retirement age. In case of Roma, both employment and participation seem to increase up to about 30-39 age group, which corresponds to the prime age for physically intensive occupations, and then gradually decrease. However, age alone does not absorb much of the problems due to a weak start of their working life with very poor initial human capital.

Unemployment rates by age show a serious problem among most young, 15-29 age group as those individuals are not attending school, are therefore lacking advanced skills and have not cumulated yet much experience. There are also incidences from the datasets of children working at the age of 15 which limits their opportunities to cumulate additional skills and knowledge because of not attending school. They are particularly vulnerable to poverty for the reason that as they grow older, being unemployed and not attending school will leave them with too few options to compete

on the labor market. Unemployment rates for 15-29 years old Roma in Kosicky and Presovsky regions vary between 23 and 36% but reaches 80% for Roma in North Hungary. For Roma between 30 and 39 years old the situation seems to worsen. Roma are more likely to be laid off and to find themselves in between jobs. Adding to this fact, their lack of skills and scarce experience makes it even more difficult to be employed with age. This is a direct consequence of their lower school enrollment and attainment coupled with not being able to find jobs corresponding to their minimum skills.

Table 4.20 Economic activity ratios by age

	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
<i>Unemployment rate</i>			
15 – 29 years	80%	23%	36%
30 – 39 years	67%	38%	37%
40 – 49 years	68%	16%	25%
50 + years	61%	14%	18%
<i>Employment rate</i>			
15 – 29 years	12%	32%	21%
30 – 39 years	26%	30%	34%
40 – 49 years	20%	40%	36%
50 + years	13%	34%	34%
<i>Participation rate</i>			
15 – 29 years	63%	42%	32%
30 – 39 years	78%	48%	54%
40 – 49 years	63%	47%	48%
50 + years	34%	39%	42%

Source: UNDP Vulnerable Groups Survey 2004.

V.2 Unemployment profile

According to the International Labor Organization (ILO) definition, in order to be considered unemployed, a person must be: a) without work; b) willing and able to work; and c) actively seeking work. The survey data used for Hungary reflect a broader definition of unemployment, in which discouraged workers are treated as unemployed. The so defined unemployment rates are far higher among Roma than in the whole countries (more than twice as high as for Roma in Eastern Slovakia). This is partly due to the survey design but also reveals distinct phenomena: some people consider themselves as unemployed even though they have recently worked while others do not define themselves as unemployed but would be so classified according to the criteria used here. Since, for many, unemployment is associated with the absence of a regular job, those involved in informal or irregular employment may define themselves as unemployed even though they may be engaged in some sort of work – which is captured in the case of Roma in Slovakia. Regardless of the overestimated unemployment in North Hungary, East Slovakia numbers still remain relatively high.

Next the profile of the unemployed will be detailed in order to understand better their characteristics and to address their vulnerabilities. Both countries report the main distributional characteristics of the unemployed by duration, age and educational attainment. In Hungary, the unemployed are more or less equally distributed between short and long term unemployed, 24% for 1-3 months and 37% for more than a year. In Slovakia, as the unemployment rate is a little higher, also the distribution is a little skewed, with 61% of all unemployed for a year or more. In that respect, the distribution of unemployed Roma in the three regions is similar to that of Slovakia as a whole with 67-73% of them being without a regular employment for a year or more. 20% of all unemployed Roma in North Hungary have never had a job in their life (Table 4.4).

Table 4.21 Unemployment profile

	Hungary	Slovakia	Roma in North Hungary	Roma in Kosicky	Roma in Presovsky
<i>Duration</i>					
1 – 3 months	24%	14%	10%	6%	9%
4 – 6 months	16%	9%	6%	5%	5%
7 – 12 months	23%	15%	14%	16%	19%
1 year or +	37%	61%	50%	73%	67%
Never worked			20%		
<i>Age groups</i>					
15 – 29 years	n.a.	41%	52%	43%	46%
30 – 39 years	n.a.	23%	25%	36%	28%
40 – 49 years	n.a.	23%	16%	12%	18%
50 – 59 years	n.a.	13%	7%	8%	8%
<i>Highest educational attainment</i>					
Primary (incomplete)	3%	23%	36%	75%	88%
Primary (completed)	30%		52%		
Secondary	61%	73%	12%	25%	12%
Tertiary	6%	4%	1%	0%	0%

Source: Statistical Yearbook of Hungary 2003, tables 4.11 and 4.12, p.94, Statistical yearbook of the SR, 2004, p237, UNDP Vulnerable Groups Survey 2004.

Similarly by age, Roma in Eastern Slovakia are matching the age distribution of average unemployed Slovak with 43-46% between the age of 15 and 29. North Roma show particularly high concentration of unemployed adolescents, both boys and girls, representing more than half of all unemployed Roma there. These young individuals do not attend school and also are not working for wages. In summary, overall, the unemployed Roma in all three regions, are very young, more than 3/4 are less than 39 years old. Main explanation is the demographic composition in that area – more than 80% of the population there is less than 39 years old with poor education.

Weak educational background is often cited as a key contributing factor to the high levels of Roma unemployment. By distribution across education level, in Hungary as a whole about 33% of the unemployed have at most primary education and 61% of the unemployed have at least some secondary education. The main explanation of this relatively educated unemployment is the fact that the educational attainment of the Hungarian population as a whole is relatively high. While in Hungary as a whole, the unemployed remain relatively educated, the most vulnerable in the North region, as well as in Eastern Slovakia, 88% of them have at most primary education, which make them very unappealing for employers to hire and thus more likely to remain on the dole longer. Similarly, in Slovakia, only 23% of the unemployed have primary while this rate reaches 88% for unemployed Roma in Presovsky region.

V.3 Employment profile

As the issues with unemployment definitions have been established, it seems more appropriate to focus analysis and policies on the employment figures. Moreover, the employment numbers are comparable across the three regions of interest.

Roma who are employed are most commonly working in industry and services (Table 4.22). Interestingly enough, their predominant sector varies with the regions. For example in Kosicky region most employed Roma work in the services industry and secondly in agriculture and forestry, which is not traditionally typical for Roma populations. This is most likely due to the more available jobs in services and the scarce employment opportunities for them in manufacturing and mining there. On the other hand, over 53% of all working Roma are employed in manufacturing and construction in North Hungary. This is consistent with pre-transition employment patterns, when Roma were most frequently employed in low-skilled jobs in industry, including manufacturing and mining. Lastly, Presovsky region shows the least concentration of Roma in services.

These different sector concentrations lead to a hopeful interpretation that Roma employment responds to the regional industry distributions and are not confined to be in a single sector where they are most vulnerable to structural changes. However, relative to the national Hungarian and Slovak averages they are still underrepresented in the services. Fewer Roma reported working in education, social services and public administration. The low levels of Roma employment in these areas may limit access to these services, including education and health care, as there are few Roma who can bridge cultural barriers and facilitate interactions between Roma and non-Roma service providers. Also for all three regions, the share of Roma working land is much higher than the national averages, which has clear implications for their wages. Given these considerations and their low skills, it is less likely that the sector distribution will change much unless more unskilled jobs are created in the services in the short term and improving access and accumulation of education in the medium term.

In immediate consequence of choice of sector is the relative wage income. The higher than average concentration of Roma workers in manufacturing and construction, in agriculture and forestry, and in the same time their underrepresentation in the driving services sector results in lower monthly gross earnings. In Hungary as a whole, for example, average monthly gross earnings in

manufacturing, mining and electricity were 7% lower than national average; in construction 32% lower; services are reported by subgroups separately (retail, banking, education, etc.) almost all of them above national average.

Besides the sectors of activity, the types of employment influence the sources and level of Roma income. Only 2% of all employed Roma in North Hungary work as private entrepreneur vs. 10% in the country as a whole, which reflects some major structural differences in access to information, funding and markets. Access to local capital may be crucial explanation for Roma self-employment and entrepreneurial activities. Microfinance has grown rapidly with the transition helping households absorb structural shocks and increase self-employment (Forster et al. 2003). At the other extreme, the share of Roma private entrepreneurs in Eastern Slovakia is 21% which is double the national average there. This could be a consequence of recent beneficial policies promoting small- and medium-sized enterprises there. A consistent monitoring and overtime analysis is needed in order to assess the medium term implications and whether those policies address permanently Roma problems. Moreover, in the case of self-employment considerable benefits may appear only after a certain period of time. Encouraging Roma to be self-employed and create jobs for themselves is one way to provide with channels for poverty alleviation.

Also many Roma reported working in jobs without a permanent contract. Roma were more commonly employed in jobs with either no contract at all, or contracts of less than one year. This likely reflects the large share of Roma who are active in the informal sector. Even among Roma who reported that they were not employed, nearly twice as many Roma claimed to be doing some kind of side work. These patterns indicate a higher level of vulnerability of Roma in the labor market.

Table 4.22 Employment by sectors and status

	Hungary	Slovakia	North region	Roma in North Hungary	Roma in Kosický region	Roma in Presovský region
<i>Distribution by industries</i>						
Agriculture and forestry	5%	6%	4%	10%	39%	35%
Manufacturing and construction	31%	38%	36%	53%	18%	37%
Services industries	64%	56%	61%	37%	44%	29%
<i>Employment status</i>						
Employee	82%	90%	86%	97%	79%	79%
Private entrepreneur	10%	10%	9%	2%	21%	21%
Other	7%	0%	5%	1%	0%	0%

Source: Hungarian Micro-Census 2005, Statistical yearbook of the SR, 2003, UNDP Vulnerable Groups Survey 2004.

The general demographic trends of Roma populations affect their employment profile, as seen in the age groups breakdown – in Hungary and the North as a whole, a quarter is less than 29 years old and 30% of the employed in their “prime age”, i.e. 40 – 49 years old (Table 4.23). For Roma in the North region, the age distribution is more skewed to towards the young. Employed there are slightly younger, on average, with 35% below 29 and only 20% in the 40 – 49 years range. Among employed Roma in Eastern Slovakia, there is similar concentration of young workers, 45% of all employed Roma in Kosicky region are less than 29.

Distribution by education of employed individuals: as with the unemployment profile, the distribution of employed across education level in Hungary and the North as a whole is very similar to the population profile, with 61-65% of employed individuals with at least secondary education. This share is only about 35% among the Roma in the North. By contrast, 1% nation wide of all employed has less than 8 years of schooling, while this share is up to 15% among Roma in the North, which makes them exposed to high risks of losing their job. Furthermore, there is an immediate implication of the education level on the wages those people earn. Under the assumption that earned wages correspond to educational level in terms of acquired human capital or skill level, it is expected that the Roma average labor income should be much lower than that of the national/regional average. Indeed, the average monthly gross earning in the North region is 13% less than the Hungarian average.

Table 4.23 Employment profile

	Hungary	Slovakia	North region	Roma in North Hungary	Roma in Kosicky	Roma in Presovsky
<i>Age groups</i>						
15 – 29 years	27%	26%	25%	35%	45%	36%
30 – 39 years	25%	27%	26%	33%	18%	22%
40 – 49 years	30%	31%	32%	20%	20%	24%
50 – 59 years	17%	16%	16%	12%	12%	15%
60 + years	2%	1%	1%	1%	4%	3%
<i>Highest educational attainment</i>						
Primary (incomplete)	1%	5%	1%	15%	65%	61%
Primary (completed)	20%		18%	47%		
Secondary	61%	80%	65%	35%	35%	39%
Tertiary	18%	14%	16%	4%	0%	1%

Source: Hungarian Population Census 2001, Statistical yearbook of the SR, 2003 p220, UNDP Vulnerable Groups Survey 2004.

Overall, in the three regions of interest, due to Roma lower educational attainment, 61-65% of the employed have at most primary education and consequently their earning potential will be lower in comparison with the national averages. However, educational attainment of the employed Roma shows some positive effects – the distribution is not just mimicking the Roma populations as a whole. More than a third of the employed have completed at least secondary school while among Roma as a whole it was about half of those rates. In other words, educated people are twice as

likely to be employed. In the long run a development priority must be improving Roma educational attainment in order to close their income gap.

VI. Income and Earnings

This section concentrates on the actual sources of income and earnings and points out the similarities and differences between Roma in three regions of interest. For comparison purposes all amounts are computed in 2004 Euros PPP. Unfortunately, national and regional numbers on income are not widely distributed by the statistical offices. HSCO and SOSR are reporting only aggregate income, social benefits, and transfers for the countries as a whole but not on individual level. In summary, the specific social welfare systems in place in Hungary and Slovakia are perfectly reflected in the social assistance profile of Roma in the three regions. Inter-country differences in eligibility reflect contrasting program design and eligibility criteria across the two countries. The 2004 social reform in Slovakia, for example, is an important factor for some results that were found.

Social protection benefits are important sources of income for all households in the three regions. For Roma, state transfers comprised about half of total household income. Because of their different characteristics, Roma and non-Roma tend to rely on different benefits (UNDP, 2006). Roma are more frequently eligible for, and receive, child allowances, unemployment benefits and social assistance benefits. These benefits are typically linked to larger family sizes, and greater likelihood of being poor and unemployed. In contrast, pensions are less important for Roma, because they are less likely to have a contribution history and be eligible for benefits and due to the smaller share of elderly within the Roma population.

The distributions of households by number of earners, individuals aged 15 years old or more who were employed in the previous month, in all three regions depict an alarming picture (Table 4.24). Even though the definitions of active earner differ between the two countries the trends there coincide – most vulnerable households do rely on the state. Among all Roma households from North Hungary 63% have no adult earners. In Kosicky region as many as 89% of all Roma households rely on other than labor sources. The high concentration of households with no active earners is in line with the morose unemployment situation of Roma minorities depicted previously. These households consist of unemployed or economically inactive individuals and consequently rely on income from other sources such as social assistance for unemployment, childcare and pensions. Between 4 and 9% of Roma households consist of two adults earning income.

As expected, the average annual household income increases with the number of earners. An immediate implication for policy is to create incentives for more people to become active earners in order for their family income (and wealth) to increase. As for the magnitudes, Roma in Eastern Slovakia seem to receive half of the amount Roma in North Hungary both on a household and on an individual level. This disparity reflects major structural differences between the two countries and do not contradict our analysis so far. Another explanation for the much lower amounts in Slovakia is related to the methodology used – due to the strict definition of

employment used. Indeed, in Slovakia many of the employed Roma have not earned any strictly positive labor earnings such as wages, salaries or other payment either in cash or in other form for their work. Lastly, some of the differences in amounts may be due to the latest reform in Slovakia which resulted in cuts in benefits and redefinition of eligibility.

Table 4.24 Distribution and average income by earners (Euros PPP)

	Roma in North Hungary	Roma in Presovsky region	Roma in Kosicky region
<i>Distribution of households</i>			
No earners	63%	83%	89%
One earner	28%	11%	7%
Two or more earners	9%	6%	4%
<i>Average annual income per household</i>			
No earners	5,620	2,886	3,006
One earner	7,806	6,700	7,165
Two or more earners	10,317	9,291	10,266
<i>Average annual income per capita</i>			
No earners	1,332	591	644
One earner	1,609	1,172	1,577
Two or more earners	2,360	1,682	2,313

Source: UNDP Vulnerable Groups Survey 2004.

Note: In Slovakia, all labor earnings are reported on individual basis while social income is reported by the person entitled to it for all other members. Total household income is computed by summing the income levels of each household member.

The three main components of total household income include earned income from work, income from social welfare programs, and income from other sources (such as begging, fortune telling, etc). Unlike general beliefs, it is clear from the collected data that the latter source is of insignificant magnitudes. Given the low share of earners, one main source remains for Roma – social assistance. The average amount of social assistance benefits should decrease with number of earners – these family members have less need for supplementary resources. Indeed, the average annual social income per household and per capita is decreasing with the number of earners in the household (Table 4.25). However, even when there are two adults earning in the household, since their total income is below the socially accepted minimum, almost all households are eligible for some financial help from the state.

Table 4.25 Average annual social income (Euros PPP)

	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
<i>Average annual social income per household</i>			
No earners	5,508	3,006	2,886
One earners	4,299	3,229	3,010
Two or more earners	2,885	2,080	1,562
<i>Average annual social income per capita</i>			
No earners	1,290	644	591
One earners	817	644	502
Two or more earners	504	384	299

Source: UNDP Vulnerable Groups Survey 2004.

A more interesting question is to disentangle the importance of the various social benefits. From the survey data, the following principal sources of revenue are distinguished – labor earnings, childcare support and unemployment benefits (Table 4.26). A marginal source of income, which includes money received from interest, capital, from gambling, heritage and presents, aids and private pensions, represents, on average, less than a 1% of total income, and it can be ignored. Roma in all three regions seem to earn very similar amounts from working and exhibit the similar increases with number of earners. This can be explained with the fact that Roma in those regions seem to have similar low skilled jobs and are earning minimum wages. The child benefits are also in comparable magnitudes except that in Hungary the benefits increase more steeply with the number of children. For Slovakia, the much more gradual increase is explained by the recent reform. Main component of the reform was to modify the simple incentive to have more children into one where parents invest more in their children's education³. Lastly, unemployment benefits are practically inexistent for Roma in Eastern Slovakia, due to the latest reform which imposed much stricter restrictions for contributions and benefits. As most Roma there are long-term unemployed and have not contributed (enough or at all) to the social funds, they become therefore ineligible to receive the newly specified unemployment benefits, as the data shows.

³ 2004 Reform in Slovakia consisted in a cut the existing child benefits and the implementation of school stipends to children of low-income families, conditional on attainment.

Table 4.26 Average annual income sources (Euros PPP)

	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
<i>Average annual labor income per household</i>			
One earner	3,476	3,936	3,690
Two or more earners	6,666	8,186	7,729
<i>Average annual family benefits per household</i>			
One child	1,237	1,108	1,290
Two children	2,587	1,755	1,971
Three children	3,850	1,904	2,324
Four or more children	5,779	3,283	3,160
<i>Average annual job related benefits per household</i>			
One unemployed	696	0	29
Two or more unemployed	1,588	0	0

Source: UNDP Vulnerable Groups Survey 2004.

Table 4.27 shows shares of households receiving positive labor income, childcare assistance or unemployment benefits. Probably more Roma households are beneficiaries even if the amounts are on average lower. Indeed, only 39% of all households receive positive labor earning among Roma in the North, which explains partly why 55 and 77% of all households there receive respectively some unemployment benefits and childcare support. As in Hungary the share of households receiving positive labor income is very low, reaching an alarming low 9 percent for the Roma households in Kosicky region. As for the family benefits, the Roma in the East of Slovakia are very similar to the Roma in Northern Hungary with 77 percent. The main difference between two countries comes from the job related unemployment benefits, where in Slovakia barely 3 - 4 percent of all Roma families in the East report receiving those benefits. This particular low share of households is most likely due to the recent social reform.

Table 4.27 Shares of households receiving benefits

	Roma in North Hungary	Roma in Kosicky region	Roma in Presovsky region
<i>Shares of households receiving labor income</i>			
One earners	95%	89%	73%
Two or more earners	96%	60%	91%
<i>Shares of households receiving family benefits</i>			
One child	91%	97%	90%
Two children	100%	100%	88%
Three children	100%	89%	100%
Four or more	97%	99%	100%
<i>Shares of households receiving job related benefits</i>			
One unemployed	46%	0%	4%
Two or more unemployed	79%	0%	0%

Source: UNDP Vulnerable Groups Survey 2004.

So far the analysis studied the total household income. The survey provided also information on total individual income. Table 4.28 examines the average annual individual incomes by gender, age groups and education. First observation is that Roma women in North Hungary have on average higher income – they are principal receiver of childcare support (which on average is more than the supplements for unemployment). In the case of Roma women in Eastern Slovakia, they receive slightly less than Roma men there, partly due to the above mentioned change in social contributions. Roma women are traditionally more involved in childrearing and other housework that are not reflected in monitored income. They usually earn less by working but they qualify for more social benefits and consequently the gender gap is minimized. Across age groups, individual income peaks between 30 and 39 for Roma in the North Hungary and in Presovsky regions. For Roma in Kosicky region, revenues seem to increase with age up to 50 - 59. After 60, with arrival of retirement pensions, individual income increases a bit in North Hungary but not in Eastern Slovakia. Most uniform is the increase of individual income by highest educational attainment across the three regions suggesting better accumulation of skills and experience.

Table 4.28 Average individual income profile (Euros PPP)

	Roma in North Hungary	Roma in Kosicky	Roma in Presovsky
<i>Average annual individual income by gender</i>			
Males	2,510	2,615	2,634
Females	3,344	2,252	2,087
<i>Average annual individual income by age groups</i>			
15 – 29 years	2,884	1,933	1,972
30 – 39 years	3,598	2,471	2,872
40 – 49 years	2,577	2,742	2,682
50 – 59 years	2,324	3,009	2,765
60 + years	3,079	2,901	2,779
<i>Average annual individual income by highest educational attainment</i>			
Primary (incomplete)	2,818	2,319	2,402
Primary (completed)	2,873	2,184	2,379
Vocational	3,407	3,499	3,580
Secondary		3,965	3,475
Tertiary	4,669	9,113	2,782

Source: UNDP Vulnerable Groups Survey 2004.

In conclusion, Roma household rely heavily on social welfare. A major policy recommendation implication is to create incentives for such households to go without social welfare as their burden will become unsustainable for the future governments and taxpayers. The reform in Slovakia is targeting to break the cycle of state dependence by cutting benefits and defining more strict eligibility criteria on one side and on the other side by allowing for creation of more employment opportunities. In

both countries, extensive active labor market policies and programs are set in place to accompany such transitions from vulnerability to poverty toward prosperity. Without robust monitoring and accountability it is hard to measure short term impact and to predict long term impact on Roma vulnerability.

VII. Mobility

Another important aspect of the socio-economic background is the mobility patterns of people in border regions and their motives. During transition years, it is likely to see increased mobility of households, seeking better employment opportunities. Most likely seasonal workers or even permanent residents have moved from more economically depressed areas across one country as well as across the border.

VII.1 Internal migrations

In the literature, internal migration has found to be one of the reasons for the current high segregation of Roma in the cities. Previous research in Hungary traced down the migration of Roma from the countryside during the economic crisis at the end of the 1980s. Faced with growing unemployment, many Roma moved to Budapest in search of better opportunities. Over time, due to declining living conditions and poor access to municipal services, conditions in these neighborhoods severely deteriorated. Common side effects associated with slums appeared, including drug addiction and rising crime (Ladanyi, 1993). The continuing deterioration of living conditions and employment opportunities has probably led to continued rural-urban migration.

On the opposite, during 2000-2003, internal migration in Hungary as a whole has been characterized by a net negative migration to Budapest and other towns and a positive net migration to villages. According to HCSO, less than 5% of the population moved in 2003⁴. After a net increase during the 1990's, the population in Budapest as well as in other towns declined after 2001. In contrast, between 2001 and 2004, the population in villages has been increasing steadily due to adverse demographic trends and internal migration. The HCSO reports also the directions of migrations in 2003, and there too it seems to be some sort of revival of appeal towards villages. This trend is not observed among Roma populations, which predominantly live in segregated areas in the cities.

The HCSO distinguishes between permanent and temporary internal migration. Permanent migrants have given up their place of residence – similar to the migration questions in the UNDP survey, while temporary migrants keep their permanent dwellings. The permanent alone or permanent and temporary migrations together, show the trends described above. If we look at temporary migration alone, only in 2003, we see positive migration towards Budapest and other towns and negative towards villages.

According to VGS, 90% of all Roma households in North Hungary have never moved and are living in the same settlement as 15 years ago. Thus, the overall mobility of vulnerable households for the last 15 years is about 10%, twice the national average. That makes the vulnerable Roma twice more likely to move, most of them moving

⁴ Statistical yearbook of Hungary, 2003, tables 3.14 – 16, p. 49

from countryside to town rather than the other way around, contrary to national trends. About half of those who have moved in the last 15 years have moved from the country probably in search for more jobs in the towns. A third has moved to the countryside probably for the purpose of working land.

However, the question on motivation reveals a different story. The major cause for changing location for Roma is family reasons, 55%, while 15% responded for economic reasons and only 2% for security reasons or felt forced to move. These answers may seem surprising given their dire economic situation but it is very representative for Roma cultural differences. Family values are considered of utmost importance for Roma minorities and should be incorporated when designing development programs.

In the survey, mobility questions differ between the two countries with additional information provided in Slovakia's vulnerable group survey. About 15% of all respondents in Eastern Slovakia have lived in other municipality than the current one. This fact exhibits a relatively high mobility, i.e. one out of every six individuals has lived elsewhere for sometime. Out of all those who have lived elsewhere, 12% have lived in another municipality 3 or more months (i.e. 2% of all respondents), which is surprisingly low. Even though it seems that the vulnerable groups move substantially more, they do not stay away from home for long periods of time. That could suggest two phenomena: 1) that the high mobility is only for short periods of time and those moving individuals return home without settling down in other municipalities; 2) or a more or less "nomadic" pattern where individuals move from one location to another after less than 3 months. However, given the limitations of the survey, we could not measure the intensity of these mobility patterns, i.e. how many moves were made in a lifetime or how often they were initiated.

Slovak Roma give the following most frequent reasons for migration, with equal weight: (i) marriage, (ii) family reasons and (iii) moved with family, answers very similar to those of Roma from the Hungarian survey. Roma decisions to change location are mainly motivated by founding a new family or following a family member. Moreover, due to relatively large size of households, this explains the high number of family members following the household head.

The fact that the more than two-thirds move for reasons related to family is not so unanticipated, considering that our sample comes from the poorest subpopulation in Slovakia and Hungary. In richer industrialized countries, the individuals who move for better careers or education are likely to be from the upper quintiles. Therefore, a more important aspect to study is the indirect motivation of poorer individuals to move – what are the implications of those who moved on their socio-economic status. High rates of subjective unemployment and the importance of income-generating activities conducted within extended families suggest that behind "family reasons" for migration there could be indirect economic reasons. Indeed, we could assert that those who have moved are performing better on the labor market with higher employment and participation rates and lower unemployment rate in comparison with those individuals who have always lived in the same municipality. The higher mobility is beneficial for making contacts, acquiring skills and experience among others. Therefore, even though the main reasons were stated as family formation, those mobility choices have led to improved economic situation. This is suggesting

that the matchmaking is also driver for better outcomes in the labor market. If that is the case, even though there are cultural Roma specifics, measures to improve their employability rather than control for early marriage may help better alleviate them from poverty.

VII.2 External/international migrations

Unlike common expectations, there is no evidence of significant migration patterns of Roma households and individuals between North Hungary and Eastern Slovakia.

Fractions of people who identify with the bordering nationalities' cultural values and traditions and Roma, on national and regional level, are reported in table 4.29. North Hungary has about five times the national average of Roma and twice that of Slovaks, including those who are Hungarian citizens. According the Hungarian statistical yearbook, the largest influx of foreigners, recorded between 1997 and 2002, has been from Romania. On the other hand, the VGS shows no Hungarian Roma have emigrated from another country. Unlike common expectation, there is no significant migration of Roma households from Eastern Slovakia into North Hungary. This suggests that perhaps the international mobility is generated mostly by middle- and upper-income families who can afford it, but not among the most vulnerable to poverty groups.

Table 4.29 Fractions of population

	Hungary	North region	Slovakia	Kosicky region	Presovsky region
Slovakian	0.27%	0.5%	-	-	-
Romanian	0.09%	0.05%	-	-	-
Roma	1.33%	5.36%	1.67%	3.89%	4.01%
Ukrainian	0.05%	0.06%	0.2%	0.27%	0.86%
Hungarian	-	-	9.68%	11.15%	0.1%
Czech	-	-	0.83%	0.65%	0.48%

Source: Hungarian Population Census 2001, Slovak Population Census 2001.

Similarly, in Kosicky and Presovsky regions in Slovakia, the share of Roma is three times higher than the national average. The fraction of Hungarian population in Kosicky region is higher than national average, while the Ukrainian minorities are 4 times more in Presovsky region. Some of the ethnic Hungarians living in Slovakia may have moved to Hungary and it would be helpful to study their characteristics. Unfortunately, the Hungarian dataset from VGS does not show any international migration among the vulnerable groups. There seems to be no noteworthy cross border Roma migration between Slovakia to Hungary. Again, this may suggest that moving, traveling and commuting are expensive and if any, it is generated by middle- and upper-income individuals and families.

As for international migration among vulnerable Roma households on the Slovak side, 90% of all the international migrants among the VGS arrive from the Czech Republic, with Germany and Ukraine following with about 3% each. Once again, there is no particular movement between Hungary and Slovakia from the VGS. The

top four reasons for those who moved from abroad remain the same as the reasons for internal migration: family reasons (33%), return to hometown/ village (19%), marriage and moved with family (14% each). The employment situation of those who have moved from abroad is again better than that of those who have always lived in the same municipality.

VIII. Conclusion

This Chapter generates a detailed cross-section description of the current situation of Roma minorities. However it remains only a static, one time evaluation and cannot portray the latest dynamics among those vulnerable groups. In most aspects of life, Roma minorities in Eastern Slovakia and in Northern Hungary bear similarities and are particularly vulnerable to poverty in comparison with national and regional averages. There seem to be enough room to explore those cross-border characteristics to elaborate adequate social development policies.

Prior to implementing new policies, it is vital to increase the monitoring of existing social policies in place in order to assess their effectiveness. In both countries, in Slovakia as well as in Hungary, various programs targeting low-income families and individuals are designed to alleviate them from poverty. However, their accountability is almost impossible to assess. (For example, in 1992 “Zero Grade Classes” were implemented in Slovakia, a free one-year pre-school program which was designed to prepare children for basic school and mainly targeted districts of high Roma populations. Fifteen years later, no evaluation study has been performed on the program while the problem is aggravated.) Before any new social programs are designed and more taxpayers money is spent, a robust evaluation of the current system is required by increasing data collection on many levels – in schools on performance of children of low-income families, in labor bureaus on addressing adequately Roma needs by current active labor market policies, in social welfare points on housing, living and health conditions. National statistical offices have already a range of monthly and annual surveys that could be extended to Roma. This data should be collected and progress over time should be estimated using wide range of tools available in the literature.

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ANNEX

Box 1.1: Definitions of EUROSTATS poverty indicators

At-risk-of-poverty rate. Share of persons with an equivalized disposable income below 60% of the national median income. Equivalized median income is defined as the households' total disposable income divided by the size and composition of the household, and is attributed to each household member.

Relative at-risk-of-poverty gap. Difference between the median equivalized income of persons below the at-risk-of-poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of-poverty threshold.

Income quintile ratio. Ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile). Income must be understood as equivalized disposable income.

Dispersion of regional unemployment rates. Coefficient of variation of regional unemployment rates.

Early school leavers. Share of persons aged 18 to 24 who have only lower secondary education and have not received education or training in the four weeks preceding the survey.

Population living in jobless households. Proportion of children (aged 0–17 years) living in jobless households expressed as a share of all children. Proportion of all people aged 18–59 years who live in jobless households as a proportion of all people in the same age group. Students aged 18–24 years who live in households composed solely of students are not counted in neither numerator nor denominator.

Box 1.2: Definitions of World Bank poverty indicators

Poverty rate. Measure the fraction of individuals below the poverty line.

Poverty debt. The average poverty debt is measured as a percentage of the poverty line. This measure takes into account how far the poor, on average, are below the poverty line.

Poverty severity. This measure takes into account whether some of the poor are deeper into poverty than others.

Gini index. A measure in the interval [0; 1] where 0 is perfect equality and 1 is worst inequality.