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## EVALUATION OF LOCAL RURAL DEVELOPMENT STRATEGIES IN HUNGARY

### OCENA LOKALNYCH STRATEGII ROZWOJU OBSZARÓW WIEJSKICH NA WĘGRZECH

**Key words:** LEADER programme, local rural development strategy, public-private partnership, bottom-up approach, innovation, integration, networks, cooperation

*Słowa kluczowe:* Program Leader, lokalne strategie rozwoju obszarów wiejskich, partnerstwo publiczno-prywatne, podejście oddolne, innowacje, integracja, sieci współpracy

**Abstract.** This paper is about evaluation of the implementation of Local Rural Development Strategies (LRDS). We have examined what the success of the seven Leader principles is, because many LRDSs could only partly achieve their goals. The mid-term review of these strategies is going on right now. So there is still opportunity to change the regulation in order to make the accomplishment of this initiative more prosperous. If the system changes in a positive way, there will be development. If the change is undesired, there will be decay or degradation. The aim of our article is to assist to the development of the new Leader Programme. By this article we would like to improve the Hungarian Leader program, which will be able to generate development in a positive way. In addition, we would like to highlight the importance of the viability which is the basic condition of operation of LAGs. As long as viability is not present in a community, it is difficult to talk about endogenous development. If viability is present in a community, the heuristic self-organisation theory needs to be adopted. Leader initiative is said to be socially inclusive. However, our research findings have shown that Leader partnerships in Hungary are not based on full inclusion, since LAGs are often characterized by male dominance and there is a danger that partnerships may be controlled by elite groups.

### Introduction

Instead of growth, the importance of sustainable local development was recognised in Western Europe at the beginning of the 1990s. New development methods have been elaborated and the local communities have been involved in the processes of finding solutions to local problems in the Member States of the European Union.

The Leader<sup>1</sup> programme was introduced on account of restructuring of rural development policy in 1991. The Leader program is a policy which focuses on the local heritage, giving opportunities for the rural enterprises and creating perfect environment for the endogenous development [Goda, Tóth 2009].

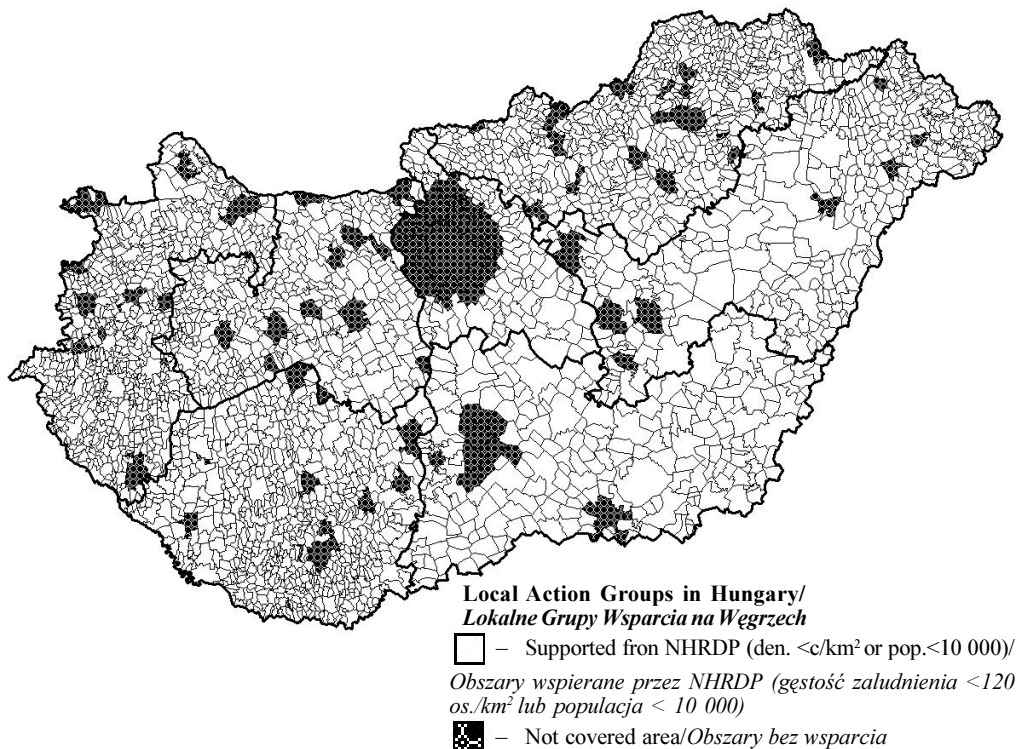
Leader initiative currently has its third generation in Hungary. The first Leader-type pilot programme (2001-2004) aimed at preparing local communities for introducing the Leader+ initiative. 12 LAGs (Local Action Group) got the opportunity to implement their local action plans [Krolopp et al. 2005]. In the second period (2005-2008) 70 LAGs implemented their own local rural development plans. More than 2700 projects were supported which aimed primarily at the development of tourism, preserving cultural heritage, improvement of local entrepreneurships and development of agricultural products [Bodnár 2007].

In the current programming period 96 new LAGs were acknowledged, which cover 3019 settlements. Currently there are 3152 settlements in Hungary, so LAGs cover 96% of settlements [Németh 2009].

From 2007 onwards, the Leader approach is integrated ('mainstreamed') into the overall EU rural development policy. This means Leader includes national and regional general rural development programmes supported by the EU, alongside a range of other rural development axes [EC 2006]. Therefore, the makers of NHRDP (New Hungary Rural Development Programme) decided to

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<sup>1</sup> Leader: it is a French acronym (Liaison Entre Actions pour le Development de l'Economie Rurale), which means links between actions for the development of the rural economy.



**Figure 1. Local Action Groups in Hungary**  
**Rysunek 1. Lokalne grupy działania na Węgrzech**

Source: own study based on MVH 2011

Źródło: opracowanie własne na podstawie MVH 2011

apply the Leader approach not only for the Leader initiative, but also for four measures of the third Axis (Quality of life in rural areas and diversification of the rural economy)<sup>2</sup>.

Each LAG had to create a LRDS (local rural development strategy) for the implementation of the third and fourth axis of NHRDP. These strategies were made by the local developers, actors in 120 days [Goda, Tóth 2009]. The strategies have taken account the local heritages and the local resources as well. The primary goals of these strategies have been to reveal the local needs and provide appropriate answers which make a significant contribution to the development of rural areas and facilitate the efficient use of Leader subsidies. The good local rural development strategy should be built upon an area-based, bottom-up, integrated (multi-sectoral) approach. In addition, it should facilitate innovative actions, involve the setting-up of local public-partnerships (LAGs), make connection through networking activities and foster cooperation (joint projects between LAGs) [EC 2006]. So the main concept behind the Leader approach is that development strategies are more effective and efficient if decided and implemented at local level by local actors. In this study we are to going to evaluate these strategies. It is a very current issue in Hungary and in Europe, since the mid-term review of these strategies is going on right now.

## Methods

In our study the designing process and implementation of LRDS are evaluated on the basis of the seven key features of LEADER approach. Our qualitative research based on a methodological triangulation through a combination of documentary analysis, observation and interviews.

<sup>2</sup> The purpose of this measure is primarily to improve the earning potential of the rural population living from agriculture, to create and preserve jobs outside the agricultural activities that may contribute to diminishing the migration from the rural areas and to improving the rural living conditions [NHRD 2009].

First, we made an extended review of the available international and Hungarian scientific literature related to the LEADER programme. We studied articles, local rural development strategies of NHRDP Leader LAGs, minutes of partnership meetings, websites, planning documents, reports and media materials.

After the literature review, interviews were conducted in different ways, ranging from informal talks to semi-structured formal interviews. Interviews were conducted with the core LEADER partnership members of LAGs and some Leader-experts connected with the examined partnerships.

Interviews and observations seemed to be mutually reinforcing qualitative techniques. The aim of observation was to gain a greater understanding of the practice of partnership working, especially the interactions of partnership members before, during and after the meetings where they discussed the implementation of local rural development strategies.

## Results

In this chapter we are going to present our research findings related to the effectiveness of the seven Leader principles in LRDS.

**Area-based local development strategies.** An area-based approach takes socially cohesive territory, often characterized by common traditions, a local identity, and a sense of belonging or common needs and expectations, as the target area for policy implementation [European Communities... 2006].

The territorial scope of the Leader Programme covers the settlements with fewer than 10.000 inhabitants or with fewer than 120 inhabitants/km<sup>2</sup> population density. This territorial measure is said to make the LAGs suitable to prepare and implement their LRDSs because of their human and material resources. Such an area may facilitate the recognition of endogenous potentials, local strengths and weaknesses, threats and opportunities.

Most of the Leader regions consist of more statistical regions in order to gain a larger amount of financial subsidy. In our opinion, one of the main problems related to territorial approach is that there are Leader communities where areas having very different problems and opportunities are connected, so there the development priorities could not be the same as well. For instance, there are some Leader regions which involve more than 80 small settlements, so it is very difficult to find common goals and interests. In addition, in several Leader regions the centre settlements are not entitled to participate in the Leader initiative because of their high population density. So the micro-regional centres must be left out of consideration during the preparation of LRDS. In our opinion, the complex rural development strategies prepared for a catchment area cannot be consistent if the regional centre (micro-regional centres) is unattended. It is quite confusing for the local actors that there are parallel strategies (spatial development plans, settlement development plans, micro region development plans) in the same settlements. These plans are not really harmonized and sometimes they operate with opposite objectives and goals.

**Bottom-up approach.** Because of the bottom-up approach, Leader is considered more suitable to involve citizens than other top-down rural development programmes [Shortall, Shucksmith 1998]. Bottom-up approach means that local actors participate in decision-making about the strategy and in the selection of the priorities to be pursued in their local area [European Communities... 2006]. So local actors can directly get connected with development processes that determine their everyday lives. It is assumed that professionals can be found in every region. They are able to establish self-organizing communities, which will be able to elaborate their own development conceptions and find appropriate sources. However, in several cases, it is impossible to put this into practice in a self-organizing way. In fact, the directors of Local Rural Development Agencies brought to existence the Leader communities in Hungary, so it is only partly a bottom-up initiative.

After the establishment of LAGs most of them have operated as a Community Based Organization (CBO) or a non-profit Ltd. In many cases, paid employees living out of the given Leader region manage the applications, so it is the local actors who are left out of labour organization. In addition, the final decisions concerning local projects are made not at local level, but the Governing Authority makes them. In the LAGs theoretically all of the settlements can represent their interests, but in the practice it does not work properly. Often the "strong" settlements decide what the LRDS will be and at the implementation period the "weak" actors are less able to represent their requisites. In several cases the real local initiatives have not met with the created LRDS. The entrepreneurs and CBOs have not found their own interest in the projects initiatives of the LRDS. That issue has decreased the satisfaction of the local actors and has destroyed the trust in the success of the LRDSs.

**Public-private partnerships: The local action groups (LAGs).** The membership of LAG is composed of the representatives of local authorities, local businessmen and civil groups. According to the regulation, the proportion of public sphere is maximum 40%, so the proportion of private sphere is minimum 60% in the Hungarian LAGs. Several European (e.g. German, Irish, etc.) case studies have proved that Leader partnerships include a wide range of local actors from different sectors and weaker interest groups of the local community like women or the youth. In this respect, this initiative is really socially inclusive. However, our research findings have shown that Leader partnerships in Hungary are not based on full inclusion, since LAGs are often characterized by male dominance and there is a danger that partnerships may be controlled by elite groups. Public sphere dominance is a very usual feature in Hungarian Leader LAGs. Even if at first sight it seems that the private sphere prevails in the LAGs, in several cases numerous participating civil organizations are founded by local authorities and some businessmen stand very close to local authorities as well.

Community representatives often can hardly get their voices alongside representatives of public sector. Even if the formerly excluded local actors gain access to partnerships, they are frequently in disadvantaged position because of the lack of symbolic and material resources.

**Facilitating innovation.** In case of Leader programme, innovation must be understood in a wide sense. Leader programme demonstrated an experimental approach to support development of rural areas at the beginning of 1990's. Under Leader, the Commission presented innovation as a concept for supporting model projects that can be replicated in other areas.

According to the European Commission innovation can take the forms of: actions to new and update methods of adding value to local resources; measures not taken into account by other policies or complementary to other programmes; actions to provide endogenous responses to the weaknesses and problems of rural areas and technological innovation (new products, processes, forms of organizations and markets) [European Communities... 2006]. In practice, most of the local stakeholders understand innovation in terms of social innovation ('encouraging local linkages and collective learning cultures') and cultural innovation ('improving the rural milieu'), rather than technological innovation [Dragan, Shucksmith 2008].

However, Leader has lost a great deal of its innovative and experimental character through mainstreaming. In mainstream of Leader, the range of the eligible activities has significantly expanded, but an experimental and innovative project orientation is no longer a compelling condition. Some research outcome shows that the innovation was not often an explicit goal or concept of local rural development projects undertaken.

In the mainstream of Leader, there is a conflict between administration and innovation. The over-restrictive rules diminish the innovative principle of LEADER. The strategy-creation occurred on a prescribed electronic surface made after the same pattern, so the results have been standardised, which has decreased the risks of implementation, but the strategy also has lost its innovativeness.

**Integrated and multi-sectoral actions.** Integrated approach is one of the most important pillars of Leader, which means the relationship among activities aims at the development of rural economy. Leader is not a sectoral development programme. The LRDS must have a multi-sectoral logic, integrating numerous sectors of activity. In LRDS the actions and projects should be connected with each other and coordinated as a coherent whole [European Communities... 2006].

To achieve success concerning integrating different sectors, at least two conditions have to be met: professional governing on local level and coordination of horizontal policies among different sectors on national level. However, in our opinion, synergy-effects have been missed in Hungarian LEADER-practice within sectors, between sectors and also in case of horizontal principles until now.

LRDS planning were accomplished in an online surface, so they were made after the same pattern. According to the opinion of the programme designers, this pre-made pattern was necessary because of comparability of strategies. However, it has hindered several individual ideas and concepts.

**Networking.** Networking covers 'the exchange of achievements, experiences and know-how between Leader groups, rural areas, administrations and organisations involved in rural development within the EU' [European Communities... 2006]. Through networks, good practice can be transferred and innovation can be disseminated. It can foster cooperation projects by putting Leader LAGs in touch with each other. Networking can advance dissolving of becoming isolated and lack of information. Members of network need common motivations such as finding solution to common problems and taking the advantage of opportunities.

Initiation of national network among LAGs by the Governing Authority has not been set up in Hungary yet. According to the research findings of Szijártó [2010] Leader groups one by one were unable to cope with the complexity of system and bureaucratism. LAGs realised that joint actions and establishment of networks are necessary in order to achieve positive results during the implementation of LRDS. Finally, some smaller networks as a bottom-up initiative have been created. However, because of the lack of national network, they have not been able to have a direct impact on the management. And what is more, these networks have had a contrary effect. Networks have fostered the creation of dissension of LAGs belonging to different networks.

**Cooperation.** Cooperation goes further than networking. It implies a LAG undertaking a joint project with another LAG in another region or Member State. So cooperation projects are not just simple exchanges of experiences. It can encourage LAGs to improve their local activities. In addition, cooperation can allow Leader groups to resolve certain problem or add value to local resources. There are two main types of cooperation: inter-territorial and transnational [European Communities 2006].

The exchange of working methods, experiences and joint projects could facilitate the more effective and successful implementation of LRDS. However, cooperation has not been created among Hungarian LAGs because of their competitive position yet. Like innovation, cooperation is also not a compelling principle of LRDS. As a result, most of the LAGs have not cooperated and shared their experiences related to the implementation of LRDS.

## Conclusions

The NHRDP Leader is the first Leader-type initiative which covers the whole country with the exception of larger cities. This programme started with nice hopes in 2007. While the programme has preserved its original philosophy, the implementation of the LRDSs has been set in a hierarchical and bureaucratic system and it has been hampered due to the very complex regulatory system.

In NHRDP Leader programme, two different logics exist at present parallel. The first one is a democratic bottom-up approach, which is a very significant part of the rhetoric. However, the bottom-up approach has only partly worked in the Hungarian Leader practice. It only partly functioned during the designing process of LRDS, the legal regulation and the implementation of the strategy as well. So the operation of the program has a more hierarchical, top-down approach. It is based on a bureaucratic logic from the EU level to the local LAGs.

Originally, the main concept behind the Leader approach is that development strategies are more effective and successful if decided and implemented at local level by local actors. LRDSs should have been prepared in four months involving local authorities, civil and entrepreneurs in 2007. However, only a few people took part in the meetings at settlement and micro-regional levels. In addition, participants were mainly mayors and very low representatives of the other two spheres. Therefore, in our opinion, the planning process has not been based on involvement of wide local society.

The online surface of strategic planning was quite problematic. It was difficult for planning groups to conform to this prescribed content and formal structure and the time available was very short as well. Therefore, wide local cooperation, social union and common designation of objectives could not emerge. As a result, the strategies are standard, so they are easily comparable. However, they lost their unique character.

LRDSs should be based on an integrative, multi-sectoral approach, integrating different sectors of activity. The actions and projects should be connected with each other and coordinated as a coherent whole in LRDS. However, in the Hungarian Leader-practice, a lot of individual ideas and concepts have been hampered because the strategies should have been made based on the same pattern.

Innovation and cooperation are not compelling elements of the current Leader initiative. Innovative projects are hampered because of the over-restrictive rules, the length of time which the decision-making takes and the post-financing system. National network of LAGs and formal cooperation have not been set up among LAGs to implement joint projects in order to solve certain problems.

In our opinion, during the implementation of LRDS, the spirituality of this programme got hurt. We have come to the conclusion that the seven Leader principles have only succeeded in part. Therefore, many LRDSs could only achieve their goals to a certain extent. However, the mid-term review of these strategies is underway right now. Therefore, it is still possible to change the regulations in order to make the accomplishment of this initiative more successful. If the system changes in a positive way, there will be development. If the change is undesired, there will be decay or degradation. We hope that the new Leader program will be able to generate development in a positive way and reach its aims.

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### Streszczenie

*W artykule przedstawiono rolę i znaczenie lokalnych strategii rozwoju obszarów wiejskich na Węgrzech opracowywanych i wdrażanych w ramach programu LEADER. Inicjatywa ta sprzyja integracji społecznej. Tak długo jak integracja nie będzie na wystarczającym poziomie, lokalny rozwój obszarów wiejskich nie będzie miał charakteru aktywnego.*

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