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**IMPORTANCE OF THE LEADER PROGRAMME
IN HUNGARIAN RURAL AREAS FACING GLOBALIZATION
AND AGRICULTURAL DECLINE**

*ZNACZENIE PROGRAMU LEADER W ROZWOJU WĘGIERSKICH
OBSZARÓW WIEJSKICH W OBLICZU GLOBALIZACJI
I SPADKU ZNACZENIA ROLNICTWA*

Key words: territorial inequalities, agricultural unemployment, local rural development, Leader programme

Słowa kluczowe: nierówności terytorialne, bezrobocie rolne, lokalny rozwój obszarów wiejskich, program Leader

Abstract. In the last decades global economic processes and decreasing agricultural employment have caused serious structural problems in a number of rural areas all over the EU and other developed countries as well. The main objective of this paper was to define the possibilities of Leader program 2007-2013 in those impaired micro-regions that suffered most from the decrease of employment in agriculture in Hungary during the period 1990-2003. According to multivariate statistical methods the analysed micro-regions have a strong correlation with spatial inequalities, and the selected micro-regions lag behind concerning the necessary local resources, especially human resources.

We have evaluated the implementation of Local Rural Development Strategies. It is a very current issue in Hungary, since the mid-term review of these strategies is underway right now. We have drawn conclusion that this initiative has already a significant contribution to the redressing of local problems, but some changes are necessary to be carried out to completely reach its goals and generate even more positive development.

Introduction

In the last few decades, considerable changes and growing territorial disparities could have been observed in the rural areas of developed countries, especially in Western Europe and – with Central and Eastern European countries that formerly belonged to the socialist bloc joining the market economy – practically in the whole of the European Union. One of the most important engines of change is the uneven spread of socio-economic processes closely tied with globalisation, which have affected the different rural areas and settlements, and their dynamics of development and local economies to different degrees and in different directions [Byrden, Hart 2004]. The global changes are bilateral. On the one hand, they led to very spectacular development in rural areas near urban areas and economic networks; on the other hand, they resulted in the increasing disadvantage of rural areas that could not link on to the networks. As a consequence, a significant differentiation of rural areas can be observed [Byrden, Hart 2004]. As a main problem, while the OECD highlights the heterogeneity of rural regions, recognises that rural areas “are lagging behind” in aggregate socio-economic terms [The New Rural... 2006]. Based on the communication of the EU Commission, population and the functioning of economic activities are decreasing in significantly rural areas [COM 2006].

A key element is the transformation of the countryside and the concept of “rural” [The New Rural... 2006], which is due to the spatially restricted and differentiated but accelerating suburbanisation (i.e. the decline of the population of large towns, and the more and more intensive moving to the countryside primarily in agglomerations and in the environs of larger centres), the spectacular economic development of the affected areas (the “new rural economy”), and the revaluation of the characteristics and functions of the countryside (e.g. clean air, natural environment, place of biodiversity and recreation etc.). In addition, the countryside naturally plays a crucial part as the main place of agricultural production and production of healthy and safe raw materials for food, too.

However, despite the strengthening of the functions of the countryside, one cannot disregard the general problems (e.g. the depopulation of peripheral rural areas, the decline of working opportunities, growing social burdens, increasing poverty, the question of availability of basic services etc.) which – primarily parallel with the transformation of the role of agriculture – cause the frequent serious problem of these areas in Europe [Study of Employment... 2006, Rural development... 2008]. One of the most important components of changes to the countryside is that the strongly intensified agriculture, considerably affected by the impacts of globalisation and the technological development, has already employed significantly less people and has lost some of its former functions that were determinant for the rural society.

Although in developed countries the decreasing role of agriculture in employment is a general trend, it has not affected the many different areas to the same extent because of the change to the spatial structure, i.e. the location of the economy in space. The negative effects hit more severely the rural areas which have basically agricultural traditions, less educated human resources with unfavourable age structure, lack towns, and are more difficult to access [Study on Employment... 2006]. The difficulties encountered by rural areas in post-socialist countries – including Hungary, having significant agricultural traditions – in many cases deepened further due to socio-economic changes following the end of the communist system and the special characteristics of spatial processes [Transition report... 1999, 2002]. The falling role of agriculture in employment, which used to employ quite a proportion of people living in rural areas, causes problems particularly in the former agricultural areas that cannot integrate into the global economy, cannot be described by the new rural economy and lack factors influencing economic performance [Agarwal et al. 2009]. Low qualifications of the rural population and especially the agricultural labour force do not merely make the problems constant but also accelerate them. There is no alternative for rural areas, often depending on only one economic sector – dominantly agriculture – after the main sector is ceased, and even in case there are other sectors there the volume and quality of infrastructure needed to retrain the labour force are insufficient. Thus the structural problems of the long-term unemployed human resources induce the longer-term segregation of the labour force and the areas concerned. In addition, it is to note here that the effects of the present global economic crisis also affect primarily the declining agricultural areas, since the prospering ones go through this period relatively more easily [Prospects for... 2009].

As a consequence of the political, economic and social transition from the beginning of the 1990s significant changes have occurred and accelerated in the spatial structure in Hungary. The developing/accelerating differentiation of the spatial structure was largely influenced by the inherited problems, which stemmed from the former (socialist) economic and employment structure, and by the ability of the different areas to react to the challenges of the suddenly “inflowing” globalisation and to adapt to them [Barta et al. 2005, Faluvégi 2004]. It seems that the decline of the former role of agriculture in employment ruined the adaptability of several areas, resulting among other in significant and long-term unemployment. This is supposed to have contributed to the increase of spatial disparities.

Material and methods

The main purpose of a previous analysis made by the authors was to compare the rural areas of Hungary hit by agricultural employment crisis (which can be described by high and long-term registered unemployment of agricultural origin) with the trend of spatial inequalities.

The first task was to identify the micro-regions in Hungary that were the most severely affected by the change of regime and the transition to market economy from the point of view of the agricultural labour force (Fig. 1). By combining the three aspects the areas can be determined where on the one hand, the share of people performing agricultural activities decreased considerably in the examined period and on the other hand, it resulted in a high rate of continuous and long-term registered agricultural unemployment. These micro-regions can be identified as “areas hit by agricultural employment crisis”. Methodologically the 18 rural micro-regions were selected in which the examined indicators fell in the upper 25% (quartile) in all the three cases. The relationship between agricultural unemployment and spatial inequalities – at micro-regional level – was examined by factor analysis and discriminant analysis, using 71 indicators aggregated to the analysed territorial level and considered important according to the literature, former researches and the theme. The source of the basic data was the population census held in 2001 and the settlement statistics database system (T-STAR) of the Hungarian Central Statistical Office for the last year (2003) of the examined period.



Figure 1. Microregions hit by agricultural employment crisis in Hungary (2003)

Rysunek 1. Mikroregiony dotknięte kryzysem na rynku pracy w rolnictwie na Węgrzech (2003 r.)

Source: own study

Źródło: opracowanie własne

The analysis of the relationship and connection between the agricultural employment crisis and spatial inequalities can be made in the first approach along the factors gained from the factor analysis. Based on discriminant analysis it can be stated that the areas hit by agricultural employment crisis are significantly specific for – compared to the rest of the micro-regions – unfavourable social situation and underdevelopment, unqualified human resources and considerable exposure to agriculture. Descriptive statistics applied along the original basic indicators and discriminant analysis were used to clarify the characteristics hidden by the information condensed in the factors, and to further analyse the connection between agricultural unemployment and spatial inequalities. According to the results, the examined micro-regions are closely related to the pattern of spatial inequalities (regarding negative demographic tendencies and out-migration, lack of social cohesion, cooperation and collaboration, a high share of Romany population, long-term unemployment, lack of local jobs, peripherality/unfavourable accessibility, the underdevelopment of infrastructure, the low qualifications of human resources, increased social burdens, low level of local tax revenues and individual incomes, poverty).

Although on the basis of the research the social and self-sustaining function of agriculture is far from being a negligible factor, it seems that it is not the decline of agriculture in itself that causes the main problem but the disadvantages accumulated by peripheral, declining rural areas closed from developed areas, larger towns and the global or – in a wider sense – local economy, and which can be described by extremely unfavourable demographic, educational and socio-economic indicators.

It is to be emphasized (and this is backed up by the development plans prepared in each of the 18 micro-regions) that these problems cannot be remedied by interventions aimed at developing agriculture alone. Rural areas have already required a new approach and area-specific developments beyond agriculture [Moseley 2003, The New Rural... 2006, Ploeg, Dijk 1995]. The authors studying changes to functions of the countryside seem to agree that as a result of globalisation local developments – relying on local resources – came to the foreground. Namely, endogeneity (while the socio-economic transformation of rural areas must take into account the challenges of globalisation if it wants to improve the competitiveness of the given area) helps formulate socio-economic answers based on local endowments. The change in the approach of spatial policies can partly be related to localisation, since direct decisions of households are of growing importance. In spatial planning within the EU the “top-down” approach changed for the “bottom-up” method. The local space or area looks like an active matter since the majority of local problems – among others due to deregulation agreements, market liberalisation and competition policies – must be

solved locally. Therefore, the European Commission introduced Leader¹ programme on account of restructuring of rural development policy in 1991. The essence of this rural development programme is that not a central or regional-level organization, but local actors make decision about their own rural development priorities [Labbancz 2002]. Leader initiative is based on seven principles: area-based local development strategy, bottom-up approach, public-private partnerships, facilitating innovation, integrated and multi-sectoral actions, networking and cooperation [The Leader... 2006].

In the following subchapter we are going to present our research findings concerning the implementation of NHRDP (New Hungary Rural Development Plan) Leader Local Rural Development Strategies.

Results

Each LAG (Local Action Group) had to create their own Local Rural Development Strategy in 2008, which include seven measures: Leader training, elaboration of studies, community venture, communal program and meeting, cooperation among LAGs and cooperation within LAGs, enterprise and business development initiatives. While some of the LAGs have employed only three or four types of measure, others have applied all of them.

The main development priorities of the strategies are economic development, sustainable agricultural and rural development and social and other development. The chief purpose is to keep local people at their settlements and stop rural exodus. Therefore, the economic development priorities are especially aimed at the creation of job opportunities, improvement of infrastructure, development of local products and services and local tourism. The agriculture and rural development priorities are particularly related to sustainable landscape management, reconstruction of local resources, development of sustainable, innovative agricultural techniques, establishment of ecological model farms, spreading of conscious consumptive culture and sustainable rural lifestyle. In addition, key development objectives are preservation of natural, cultural and built capital, development of human and social capital, community development, providing equal opportunities to disadvantaged groups and cooperation among regions.

The lack of cooperation and collaborative efforts is a significant problem in the examined micro-regions. Leader initiative may partly redress this issue, since cooperation became a key concept of this program. It is based on the creativity and ingeniousness of local actors. It encourages the collaboration of local civic organizations, local authorities and entrepreneurs and their common work in order to develop the given area. However, our research findings have also shown that these Leader partnerships have not been based on full inclusion, since most of the LAGs have been characterized by male and public sphere dominance and in some cases community representatives have been hardly able to get their voices alongside representatives of public sector.

Each examined Leader region covers more statistical regions in order to gain a larger amount of financial subsidy. While the smallest examined LAG implies 31 settlements, the largest one includes almost three times more (88 settlements). LAGs include the representatives of public sphere, local entrepreneurs and civil organizations. Due to this initiative a lot of formerly excluded local actors gained access to local partnerships. Weaker interests groups of the society, like women and the youth have been involved to local partnerships. While the smallest LAG includes only 52 people, the largest one has 275 members. In our opinion, the involvement of local actors should be extent, however it might be also not optimal if the membership it too huge. In the latter case, it can very difficult to find common goals and interests, since they might be too diverse. Fortunately, in the case of the examined Leader partnerships, participants found their common development priorities.

Altogether 240 projects have been supported by the examined LAGs. Due to Leadersubsidy the micro-regions has already obtained more than 600 million HUF to implement their own development ideas.

Community projects have been the most popular among local actors. 44% of the supported projects have aimed at community development. Mainly local authorities, churches and associations applied for renovating different buildings, obtaining different devices and improving public security. Several buildings have been modernised which are functioned as a meeting place.

Regarding the number of supported projects, local programmes and meetings are in the second place (31% projects). Several local authorities and associations have applied for organizing different cultural, traditional and Roma festivals. Sport and cooking competitions, local fairs and other touristic programmes have been frequently supported as well.

¹ 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.

The third most important target area has been business development initiatives and creation of enterprises (16% of projects). Primarily entrepreneurs submitted such projects, which have been primarily focused on touristic development, like the creation of new accommodation facilities and the improvement of local services and products. Obtainment of new devices for enterprises has been also central tender topic. Some innovative model farms have also been supported.

Despite under-education is one of the main reasons of long-term unemployment, educational and training projects have not been popular target topics in the examined LAGs. Only three educational programmes have been co-financed from Leader budget.

Although, cooperation is a key term of Leader, more of the examined LAGs have not undertaken any joint projects with other Leader groups or within a LAG. Only a few associations and local authorities have attempted to establish inter-territorial and transnational cooperation.

Conclusions

In the last few decades, remarkably changes have been observed in the examined rural micro-regions. While the role of agriculture in employment has greatly decreased, territorial disparities have been grown. Moreover, these areas can be characterized by the lack of local job opportunities, lack of financial capital, long-term unemployment, peripherality and unfavourable accessibility. In addition, lack of cooperation, social cohesion, low level of integration of Roma people, low qualification of human resources, negative demographic tendencies and out-migration, unfavourable age structure, increased poverty and social burdens are also typical features of the examined area. The product processing is minimal, so the added value is very low, too. Local producers can hardly access to the market. The Leader initiative was introduced in 2008 in order to tackle these problems. LAGs were set up and they elaborated their local rural development strategies. We have examined how the development priorities have been realized in practice.

The project generation activity has been quite diverse. While there is a LAG where only five projects have been supported, in other regions more than sixty proposals have been co-financed. In the future the willingness of submitting projects should be stimulated in the former regions. There are some Leader CBOs where relative large numbers of projects with low budgets have been supported. In other LAGs very few proposals with relatively large budget have been co-financed. In our opinion, the former serves Leader purposes better.

Leader seems to be a good instrument for tackling the local economic, demographic and social problems. Due to this initiative a large number of communal projects have been accomplished. On the one hand, these projects have significantly contributed to the improvement of infrastructure; on the other hand, through community development they have strengthened social cohesion and improved the quality of life.

A lot of traditional, cultural, ethnic, sport and touristic programmes and local community meetings have been implemented. These programmes have strengthened the sense of belonging to the local community, local identity and so the commitment of local actors to stay their settlements. In addition, they supported social cohesion and the integration of Roma people. Moreover, these projects have increased the incomes of the local communities.

Several business development initiatives and creation of enterprises have been supported. These projects have contributed to the maintenance and creation of job opportunities. Due to this programme the willingness to innovativeness and becoming self-employed entrepreneur has been increased. Hopefully, the creation of new local work places will decrease the rapid out-migration of high educated young people in the foreseeable future. Moreover, some of the projects have also been contributed to sustainable agricultural development by establishing model farms. Services connected with tourism have been significantly improved.

However, educational, training projects should be encouraged in the future, since only a few have been accomplished yet. One of the reasons of the high unemployment is the high proportion of under-educated people. Therefore, this target area should receive more attention.

In spite of the fact that cooperation could help Leader groups to boost their local activities and allow them to resolve certain problems or add value to local resources, very little number of joint projects and inter-territorial cooperation have been implemented. This type of proposals should be also prompted.

In our opinion, local strategies have not been able to completely achieve their goals until now. 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 even more successful. We hope that the new LEADER strategies will be able to generate development in a positive way.

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Streszczenie

W artykule dokonano analizy Lokalnych Strategii Rozwoju Obszarów Wiejskich na Węgrzech wdrażanych w ramach inicjatywy Leader. Stwierdzono, że mimo pozytywnych efektów dalsza intensyfikacja działań jest niezbędna dla osiągnięcia założonych celów.

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