

LEADER: THEORY AND PRACTICE FROM HUNGARIAN POINT OF VIEW

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Abstract: The EU access of Eastern European former socialist countries has presented new frames of rural development in principles, key actors and terminology as well. In the spirit of the above our article aims to highlight the essential attributes of LEADER approach in Hungary. The most important results of our research can be summarized in the following major statements: firstly we may argue that a critical mass of participants is needed for a proper realization of individual action plans. Secondly it can be stated that LEADER principles create an overlapping and united system which set up a proper frame for the implementation of the programme additionally the whole method is different from the earlier achievements of the EU agricultural policy. Finally the Hungarian (and probably the Central European) state-of-the art is quite unique because of local anomalies.

Key words: LEADER, Hungary, rural development, LEADER-principles

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INTRODUCTION

Community lead local development initiatives play an increasing role worldwide. From the Sustainable Livelihood Approach projects of Eastern Africa (Farrington et al., 1999) to the Saemaul Undong (Han, 2012) complex village development cycles in South Korea the involvement of local communities seem to be the best way to solve their problems. In Europe the LEADER ('Liaison Entre Actions de Développement de l'Économie Rurale') program has been introduced almost a quarter century ago and helps hundreds of local groups through financial and methodological support.

The EU access of Eastern European former socialist countries has presented new frames of rural development in principles, key actors and terminology as well. The LEADER approach has been introduced firstly in Hungary in the region as an experimental method in 2001. At that time for EU15 countries have had a decade to get acquainted with it. Even in those areas implementation of the programme raised serious questions concerning the role of different actors,

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the succession of basic principles and the degree of local governance. Our recent article aims to highlight the essential attributes of LEADER approach in Hungary. However in the programme all principles are equally relevant the main emphasis is put on the territorial one. The case of this country can be a blueprint for the evaluation of other Central Eastern European states as Hungary has the longest experience in the implementation process.

Our article is on the one hand a review of available literature and on the other hand uses personal experiences concerning the implementation of LEADER in different Hungarian local action groups (LAGs). As our authors has worked for mainly near LAGs of the North Hungarian Region the majority of examples come from this area.

ESSENTIAL ATTRIBUTES OF LEADER RURAL DEVELOPMENT POLICY

The regional development initiative of European Economic Community launched in 1991 has introduced a novel approach in regional development policy. It made rural regions existing in a geographical space having different relations able to implement independent regional development initiatives. The significance of program was built on two elements: on regional catchment centre (as long as it exists), and on local and potential energies of the region, which give the *critical mass* provided by program participating settlements. This settlement “*mass*” will determine the extension of certain catchment area, “*region*” (Ray, 1998; Dubost, 2008).

In the initial stage of the programme Community Initiative LEADER I focused on developing regions of Objectives 1,5 b and 6. LEADER was an important segment of renewing structural policy moreover it has become the main factor of rural development policy for now (Swoboda, 2005).

LEADER laid down an approach, previously had not belonged to traditional rural regional development policy. Methodological tools of LEADER can be defined as follows:

1. Approach based on a geographically well-defined catchment area;
2. Bottom-up approach, local participation in the development processes is essential;
3. Novel definition of development demands and the thematic combination of them with all socioeconomic sub-systems (a comprehensive approach);
4. Foundation of local development-administration work teams (LAG);
5. Networking at national and communal scale;
6. Programme can support other co-operation inside the community or with any third country, if this could contribute to the development of a certain LEADER region;
7. Independent financial management during program implementation (Schucksmith, 2001).

DEFINITION OF LEADER PRINCIPLES IN A HUNGARIAN CONTEXT

At the first stage of the program start seven principles were assigned by the European Commission providing a methodological basis for Community Initiative LEADER. Considering the Hungarian example, the interpretation and practical utilization of principles could not happen without problems. This is partly explained by the fact that Hungary as a post-socialist country had several handicaps, for instance there were lack of bottom-up practice and creating local partnerships, moreover relevant administrative and communal experiences were missing (Kováč, 2000).

Evaluating the application of principles in a European scale, according to LEADER I ex-post evaluation was successful. Participating local actors understood and applied LEADER principles, contributing to the implementation of excellent local development strategies. Knowledge, appropriate interpretation and the practical use of the seven principles could be considered as an important quality indicator of program implementation, namely of local developments (Dethier et al., 1999).

Bottom-up initiation

Until the introduction of LEADER program Hungary did not possess substantial regional development experience in the field of integrated approaches applying the principle of bottom-up

initiation. Perhaps voluntary development initiatives of municipal associations were the closest to these approach. As a post-socialist heritage central state knew only the top-down principle where local initiatives could not play any significant role (Kornai, 1993). A state organisation structured essentially in a centralist way has remained after the collapse of the socialist system, supplying only limited opportunities for encouraging and implementing bottom-up initiatives. The Hungarian fairly bureaucratic rural development institutional system is an evidence of these phenomena (figure 1).



Figure 1. National institutional system of LEADER+

(Source: www.fvm.hu 2010.03.16, www.leader.co.hu 2007.05.06 – own edition)

Determination of certain LEADER areas was the consequence of political decision in many cases, where functionalism and local self-organisation – as essential region forming conditions – did not play any significant role with a few exceptions. The first two short implementation phases (LEADER-type pilot programme 2001-2004 and LEADER+ „*partial programme*”¹ 2005-2006) could not sufficiently deepen bottom-up practice due to the spatiotemporal discontinuity (figure 2 and 3). Despite of the fact, that the national framework conditions were not lucky for bottom-up principle, there were promising developments in the implementation of LEADER programme. Ultimately some selected action regions were launched with independent project initiations, which were implemented successfully. We could underline the *Ménes-patak menti Action Group* (work team), which was a pilot LEADER region in the North-Hungarian region (KROLOPP 2005); but it is worth to mention some excellent action groups of LEADER+, for instance *Irány Tokaj Hegyalja, 8 Palóc+, Bodrogköz, Dél-Mátra, and Bükki Action Groups*. These examples are the successful representatives of local commitment and creativity, despite the fact, that the North-Hungarian regional background has basically changed for the new period.

Area-based approach

It is difficult to define area-based approach perfectly. Researchers dealing with LEADER programme are not striving for creating a precise definition additionally in the realization organic regional frames are only partly represented. According to Barke-Newton (1997) *the population of*

¹ LEADER+ program was the third phase of rural developmental initiation of the European Union, which realised in the 2000-2006 Community budget period. The programme could be launched only in “part time” in 2005 due to Hungary joined the EU in 2004. In accordance reduced budget were available.

LEADER regions is at least 5 000 and not more than 100 000. The program operation happens in a geographical space, where local social conditions are the same and there are common cultural values.

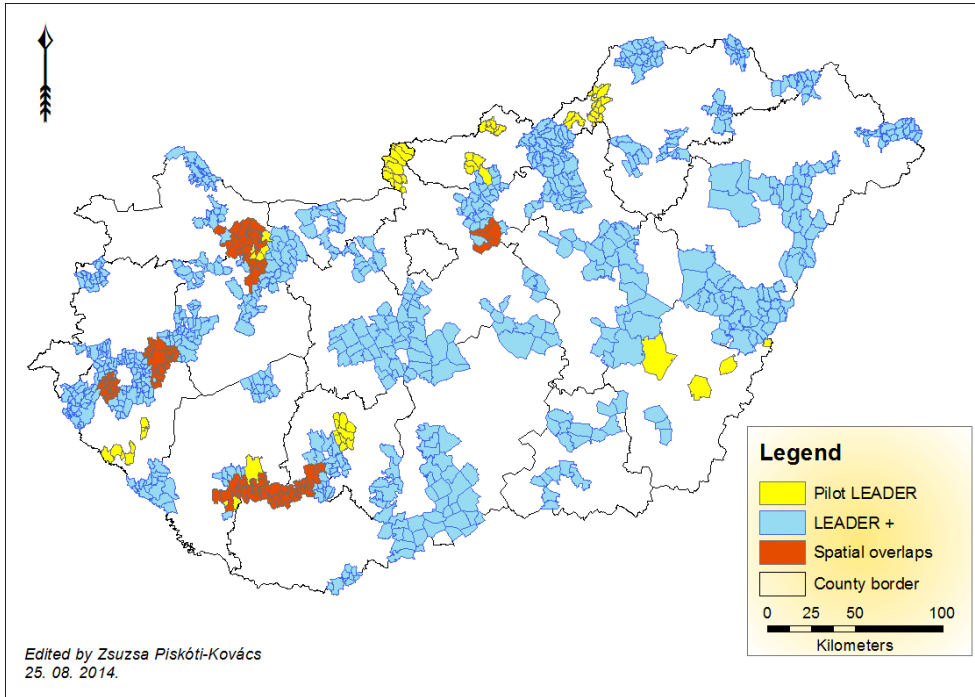


Figure 2. Spatial discontinuity of LEADER LAGs in case of the Hungarian pilot and LEADER+ cycles

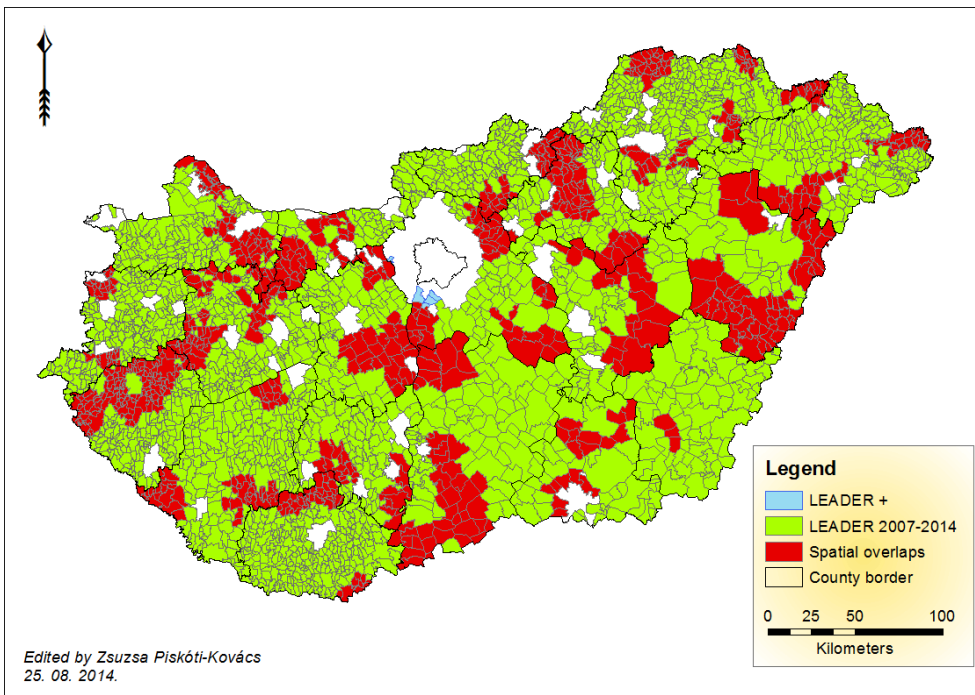


Figure 3. The boom of LEADER areas in 2007 in Hungary

Member states are relatively free to determine individual LEADER regions, since each LEADER EC regulations gave them great latitude. For instance in France the definition of potential LEADER-applicant rural regions was based on a scheme from 1975. According to Karl Bruckmeier (2000) in case of German LEADER regions local identity and the scope of activities of local actors are determining spatial factors, at the same time administrative boundaries play only a secondary role. Regions are stated as being built along the manifestations of spatial interactions. Corresponding to the German example the methodological guide of LEADER II stated local identity deriving from cultural, historical and landscape roots the fundament of regional coherency.

According to opinions read in the chapter of remarks and recommendations of ex-post evaluation documents the involvement of small and medium towns must gain priority in the definition of LEADER regions, since the extraction of rural towns in the time of LEADER II became a confusing factor in the unified identity areas (LEADER II Ex-Post Evaluation 2003). The study of European LEADER II Coordination Centre argued that urban centres play an important role in generating development of their region. The example of the Andalusian Rhonda city demonstrates how dynamic development can be achieved in case of a little town, which has growing tourism attractiveness. Its residents formed an association which collected important keynotes and data about local prominent people and initiatives through spatial data collection in order to increase development efficiency.

According to the bulletin published to LEADER + program spatial terminology of the European Commission can be treated in a more nuanced way, namely „*smaller rural-nature regions are the targets of LEADER+ program, which form a coherent entity in the sense of geography, economy and society. The human resource capacity, economic potential of selected regions and the utilization of supports form a critical mass*” (Europäische Kommission, 2000). In this way there is an opportunity to implement a development strategy, which is operable for a longer term (Molnár & Péntzes, 2008).

As mentioned earlier, the European Commission instructions concerning LEADER principles provided some space for determining the definition of spatiality, since process of rural development-oriented region creation was defined in a less exact way. Definition could be derived from the spatial model of *CHRISTALLER* or *LÖSCH*, based on market, transportation and administration principles (Kozma, 2003). Incidentally physical geographical and landscape characteristics linked to identities could be considered as basis, but physical geographical landscape units are not equal to regional identity regions in many cases. In so far as the concept of landscape involves the cultural aspects as well, it definitely overlaps (Meier et al., 2010).

In Hungary during the implementation phases geographical, social and economic coherency was not taken into consideration in the creation of rural development LEADER regions - only some exceptions could be found. This approach did not change in the 2007-2013 period. Permanently changing spatial background is the evidence of decreasing the significance of this principle. The experimental program set up a top-down spatial structure, which did not change significantly in the LEADER+ phase. Several LEADER regions overlapped election districts through the 2007-2013 period (Chevalier & Maurel, 2012).

Local partnership

The principle of local partnership as horizontal self-governance activity was established through the bottom-up principle. The quality of partnership is shown by higher entrepreneurial and civil participation, while the representation of government sector should be maximized in 50 %.

To provide civil participation is often difficult, since on the one hand civil sector was weak at the time of launching LEADER – which was even typical in rural regions – and on the other hand voluntary social activities through civil organizations did not have significant role (Vadász, 2002; Osváth, 2009). Enterprises deficient in funds were over-represented in the Hungarian rural

regions. For this reason they could carry out the expected development and innovation potentials only to a limited extent (Buzás et al., 2003; Faluvégi 2004).

Integrated approach

According to the bulletin of European Commission LEADER development programme does not focus on only one sector or target group, which is appropriate only to carry out sectorial developments. Instead development strategies implementing it at a regional scale had a multi-sectorial character. Measures and projects defined in local strategy form a coherent entity. It is worth to mention the flagship priority approach applied in the community initiative phase, namely multi-sectorial measures are generally support a single main development objective. We could highlight the example of *Irány Tokaj-Hegyalja* Local LEADER+ Action Group, where wine tourism was the flagship and relating development measures were for example infrastructure development, nature conservation measures, local product development and region marketing, etc. (Michalkó, 2011)

Innovative approach

LEADER+ programme – it is the mature phase of implementing Community Initiative LEADER – has deepened further the relevance of the prior topic in local development conceptions (Europäische Kommission, 2000, p. 139/7). The greatest innovation potential could be achieved by this multi-sectorial priority approach in the field of LAGs.

As creation of LEADER groups were mainly a top-down controlled process in Hungary – wide range of local partnerships were missing in several cases –, strategic measures of certain regions were realizable only partly. Short program cycles did not contribute to the diffusion of innovations consequently they were significant hindering factors of local value-added creation. Conversely spread of a planning culture due to innovation demand should be emphasized as a positive aspect. It made local partnerships able to implement independently their own ideas and development visions without any central intervention. The over-bureaucratized execution destroyed the patience of many local actors through the implementation, which can be derived from top-down approach (Kassai & Farkas, 2007).

Regional management

According to the European interpretation of LEADER principles local financial management carried out at own responsibility is one of the key factors in the success of LAGs. This responsibility exceeds the narrow sense administrative and management activities. Furthermore this type of local financing concerns the area of central government in a sensitive way. It was typical not only in the first implementation phases of LEADER, but nowadays as well. For instance the most important issues relating to the preparing period 2014-2020 of Land Hessen were about this issue.

Provincial development agencies would have risked their own sovereignty in the field of financing, in case of the introduction of multi-fund CLLD approach (supported from more funding, Community-led Local Development), therefore the provincial parliament did not support the launch of rural development financed from more funds. They remained in the one-fund LEADER CLLD program (ACCORDING TO THE INTERVIEW WITH SONJA PAULY – LEADER OF „VEREIN REGIONALENTWICKLUNG SCHWALM-AUE E.V.” ACTION GROUP). Thus member states get fairly large freedom in certain financial questions in the aspect of LEADER.

Financial implementation and local management activities were coordinated by de-concentrated organisations of central state in Hungary, creating many times parallelisms through implementation. Payments from public funds are definitely entitled to the Hungarian State Treasury, which addressed the awarded grants to the respective managing authority (368/2011, XII. 31., Government Decree). Therefore the LAGs were the executors of LEADER programme only to a certain sense, they had not right to carry out direct payments.

Networking

Networking is an important element of LEADER principles. The establishment of networks essentially can happen in three levels. At the first level all LEADER action groups of the European Union can be found, so it provides essential geographical information about action groups, their strategies and the highlighted projects. The European Network for Rural Development (ENRD) and European LEADER Association for Rural Development (ELARD) initiatives offer more detailed information for participants of rural development and international cooperation. The ENRD database could be considered incomplete in a Hungarian context, and unfortunately it is not updated in many cases. The Rural Review periodical is another tool operating at the European level functioning as a best practice collection for every network member and provides further opportunities.

Hungarian action groups of the pilot phase had not got any opportunity to participate in these European systems. In the North-Hungarian action groups at the LEADER+ phase we did not find any trace of international cooperation in the strategies, only study tours represent the common European spirit. It can be explained by limited implementation time frames.

The next stage of network organisation is the national level, which is based on the distribution of experiences and ideas in a relatively more defined way, because there is a common language and unified political, administrative frame. In contrast to European networking possibilities Hungarian ones are closer to action groups, since through the national network directions of Common Agricultural Policy, partner finding information and events are available in Hungarian language. In contrast with German network centre, the Hungarian LEADER centres have never had significant role in representing LEADER regions, moreover its function was suspended in 2010 due to malpractice. Its website, www.leader.co.hu can't be opened for years now.

The third level is the area of action groups and cooperation culture of related actors. The stronger the cooperation willingness among local members is, the more efficient the created contact network is in a long term. A strong, regional network might provide an appropriate basis for the fruitful implementation of local development strategies and might strengthen the identification of local actors, so they could participate with more success in new grant periods.

According to our experiences the creation of local networks was a significant challenge for LEADER regions in Hungary. Local actors had many times doubts against practical implementation of close cooperation. Unfortunately willingness to think together lasted mainly as long the distribution of development funds were in foreground. The refreshing exception is the 1 village 1 MW program of the former Bükk-MAK LEADER LAG, although other defined objectives did not implied wide-range network initiatives. (Vass, 2013) The reasons of these limits can be sought in the follows: non-viable area definition for long-term, difficult administrative implementation and the lack of cooperation culture.

CONCLUSIONS

In our article we summarized basic principles of LEADER approach as part of a universal frame determining successful realization of related national programmes anywhere. As this approach is based on locally made community decisions only consideration of these principles can make different implementations comparable to each other at a European level. Firstly we may argue that a critical mass of participants is needed for a proper realization of individual action plans.

Secondly it can be stated that LEADER principles create an overlapping and united system which set up a proper frame for the implementation of the programme additionally the whole method is different from the earlier achievements of the EU agricultural policy. Finally the Hungarian (and probably the Central European) state of the art is quite unique because of local anomalies. These differences are partly the inheritance of the socialist past but partly come from the socio-political characters of the post socialist state (Dávid et al., 2010).

We may state that fairly bureaucratic rural development institutional system can prevent bottom-up approach from prevailing.

Some malfunctions could be found in case of area-based approach as well as natural and social landscapes are of secondary importance against short-term political interests in the determination of the area of different LAGs. As a consequence the lack of spatial continuity in LAGs makes these formations ephemeral. That is why local and micro-regional identities can't be declared as key sources of rural development.

Many risks can be found in case of local partnership as a decisive principle in Hungary as civil organizations and local enterprises are very often too weak to help the mobilization of indigenous potential. Notwithstanding this problem is beyond the scope of LEADER approach it can make the functioning of the programme delusory.

The diffusion of innovation as a key principle is pending on the spread of information through confined co-operations among actors. Unfortunately short program cycles can contribute to the failure of LEADER making information flow difficult and uneven. In connection with it international connections of Hungarian groups are sparse and occasional.

For short-duration Hungarian LAGs being a regional management node seem to be difficult as their activities are restrained by central authorities including planning, decision making and finance.

Summarizing the whole situation we may state that vulnerable rural areas and communities are facing many challenges. In its recent form it is ambiguous whether LEADER approach can help to solve them. The question can be raised whether the Hungarian LEADER way is to be declared a real LEADER way or it is just a resemblance of the original one.

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