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## The role of networking in the rural economy

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**Abstract:** *The rural life will have a new aspect within the European Union. The paper deals with the general term of 'network' which can refer to any interconnected group or system. It shows the lessons, experiences and the main obstacle of the networking activity, implemented in the former programming period, i.e. 2000–2006, and so for the current programming period, i.e. 2007–2013. It introduces the steps and structures to the Hungarian National Rural Network (HNRN), as an example. Officially the Article 68 of the Regulation 1698/2005/EC contains provisions as to the establishment of the National Rural Network, which aims at (a) identifying and analysing the best practises on rural development, providing information about them and organizing exchanges of experiences and know-how, and (b) preparing training programmes for local action groups in the process of formation and giving technical assistance for inter-territorial and trans-national cooperation between LAGs. Networking activity is looked upon as a permanent, improvable tool that can assist in developing the rural quality and economy. The paper introduces an evaluation on the willingness for cooperation on international field, which analysis was launched June 2009 among the Hungarian Local Action Groups (LAGs) by the HNRN. It shows that the successful adaptation to persistent rural acts will depend on many elements, as a result mainly on good practices and experiences. It is visible, that Hungary is also on the way of learning, and it has to draw the conclusion from time to time, the process of network building is drawn from the rural stakeholders and the wider rural economy point of view.*

**Keywords:** *National Rural Networks; rural networking; Leader; rural economy*

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## Introduction

The network concept has become widely utilised in socioeconomic studies of rural life. Networks may have particular utility in understanding diverse forms of rural development. The paper highlights more features of networks: both vertical and horizontal aspects are occurring. It is argued that rural development strategies must take heed of network forms in both domains and that rural policy should be recast in network terms. In general, the term ‘network’ can refer to any interconnected group or system. More specifically, a network is any method of sharing information between systems.

The focus groups are the network of LAGs and the HNRN, which represent a complex mix of the rural stakeholders. Moreover the rural life has got a new aspect inside the European Union. Officially the Article 68 of the Regulation 1698/2005/EC contains provisions to the establishment of the National Rural Network, which aims at (a) identifying and analysing the best practises on rural development, providing information about them and organizing exchanges of experiences and know-how, and (b) preparing training programmes for local action groups in the process of formation and giving technical assistance for inter-territorial and trans-national cooperation between LAGs. The national network can be funded by the technical assistance within the Rural Development Programmes 2007-2013. However, there is a possibility to fund it from the national budget if a Member State chooses to do so.

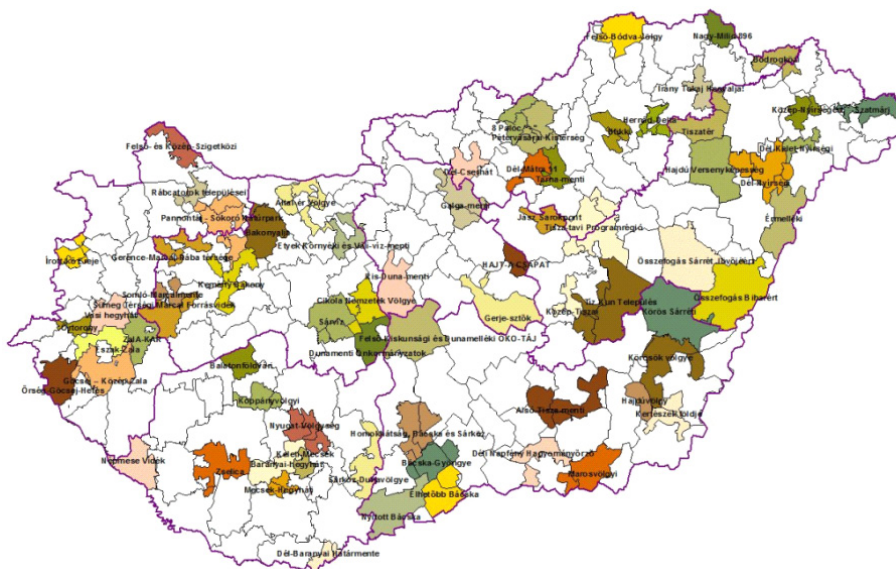
## Networking activity in Hungary

### LEADER, 2004-2006

The networking of the 2000-2006 programming period had been strongly focused on Leader programme and comprised the LAGs in the Member States. The LEADER – as a special network – has been in operation in Hungary since 2004. The preparation process was as follows: national and regional preparation sessions of one or two days were organised for people with an interest in Leader. The selection of LAGs was realised in two steps (2005-2006). 186 applicant LAGs were registered, from which 108 LAGs were successful in the first round and there were 70 selected as successful LAGs at the end of the process (Figure 1). The colours are indicating the territories covered by the LAGs 2004-2006 (MARD Managing Authority, 2006).

In the implementation phase between 2006-2008 local tendering procedures were realised, about 3600 local project ideas submitted to LAGs. The project selection was made by local assessment and monitoring committees, the final decisions were taken by the Managing Authority. The realised projects and payments were finished following the plans until 1 September 2008, but there were some delay in paying out. The programme fulfilled partially its goals; all the participants have gained useful experience and have started a new way of

cooperation. Besides these it gave a good opportunity to prepare for the next programming period and challenges.



**Figure 1. Territories of the Local Action Groups in Hungary, 2004-2006**

Experience gained on LAG level:

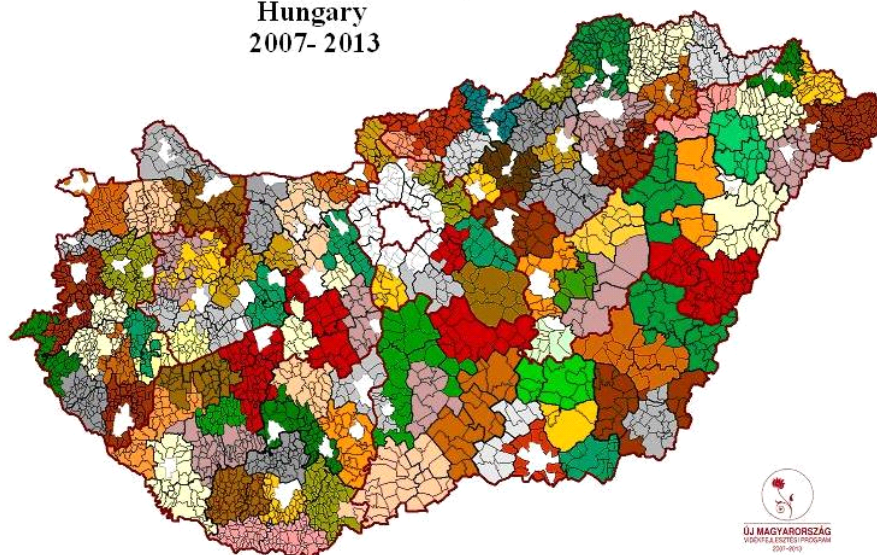
- To make the LEADER method accepted on local level takes time (involvement of NGOs and entrepreneurs);
- A ‘hardcore’ is needed to be at local level;
- LAG area differs from statistical micro-regions – problems have emerged;
- LAGs need legal entity;
- Growing value of civil organizations and entrepreneurs;
- Functioning communities;
- Hard to spread the idea of cooperation even on local level;
- Conflict on local level: the responsibility of decision-making.

Experience on Managing Authority level:

- LEADER needs different rules;
- Real LEADER projects need time to prepare;
- Post-payment may cause trouble for rural actors;
- General financial supporting rate is too low for entrepreneurs;
- Borders between LEADER and micro-regions should be clear;
- More emphasis on civil actors and entrepreneurs;
- Passively acting local governments should not hinder local and citizens to take part in LEADER;
- Cooperation projects should be supported from different source;
- LAGs financial support should be different.

For the current programming period, i.e. 2007-2013, the networking activity, mixed both the top-down and the bottom-up approach, and the Leader elements are extended and comprises all the organisations, public bodies, private companies, etc., which have a word to say in the rural development process. A Leader registration process has started in September 2007, creating 96 Local Action Groups, which created their Local Action Plans. All the Hungarian rural territory is covered now by the Leader program, the colours are indicating the territories covered by the LAGs 2007- 2013 (Figure 2, MARD Managing Authority, 2008).

**Leader Local Action Groups in  
Hungary  
2007- 2013**



**Figure 2. Territories of the Local Action Groups in Hungary, 2007-2013**

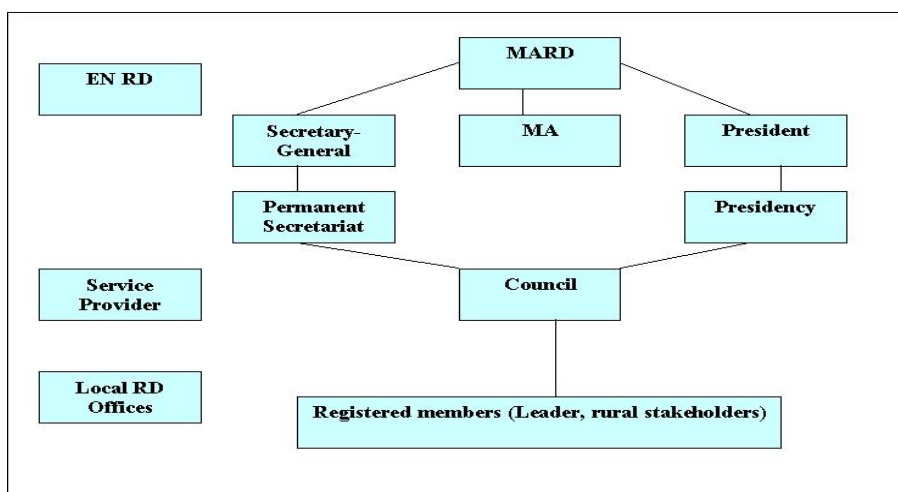
### **Other types of bottom-up rural networks over LEADER**

There have been more initiatives in Hungary by the tendencies of the wide range rural policy. NGOs, research institutions and different organisations have started cooperation for better understanding (Parliament of the Rural Areas (Vidék parlamentje), Dialogue for the countryside (Párbeszéd a vidékéért), Rural College (Népfőiskola), OECD-LEAD programme, etc.). These experiences are strengthening the transformation of the way of thinking not only the rural society but the authorities as well. There are also initiatives on European level (e.g. European Rural Development Network, CEJA), targeting specific needs of the stakeholders.



## The structure of the Hungarian National Rural Network

In line with the provisions, the Hungarian National Rural Network (HNRN) has started its work. The HNRN as a new approach is to be an open forum for all the actors involved in rural development by setting up an information and co-operation network. The HNRN is an umbrella network of already existing private and public networks, agricultural and rural development advisory networks and the network of independent civil actors and organisations dealing with rural development or related issues. In the course of setting up the network, strong emphasis was put on building a network of the LEADER Local Action Groups (LAGs) and network of the Local Rural Development Offices (LRDO) (Figure 3).



**Figure 3. The structure of the Hungarian National Rural Network, 2008**

A number of already existing networks – connected to the various ministries and institutions, dealing with rural actors – are available in Hungary, but some kind of synergy building is needed: Village Guardian Network, Village Agromonist Network, Chamber of Agriculture, Agricultural Advisory System, Coordination Network of the Micro- regions, Multi- task Force Association for the Micro- Regions, Roma Integration Council, National Regional Development Council, Council for Elderly Issues, National Maintainable Development Council, National Sport Council, National Environmental Protection Council, National Scientific and Student Council, National Vocational and Adult Educational Council, Life-career Orientation Council.

The network's qualitative target is simple to give useful and maintainable services and to reach as many rural stakeholders as possible through network registration; no quantitative targets are currently available. Trans-National Cooperation activities will involve database development, organisation of seminars and the preparation of guidelines. The Network is organising pro-

grammes of thematic events and will provide relevant thematic information. Suggestions for thematic events arise from Council members, the Presidency, cooperative partners and registered users of the Network. The Permanent Secretariat collects needs and presents these for approval to the Secretary-General and to the Managing Authority. The primary goal of the Network is to support the implementation of the New Hungary Rural Development Programme (NHRDP) with a particular focus on the social integration and reconciliation, respectively economic development of rural areas. Such a system should enhance the rural knowledge base and facilitate the development of social capital through developing connections between rural stakeholders.

The organising function of HNRN is performed by the *Managing Authority*. The Managing Authority is responsible for the elaboration of the founding document, legal basis of the HNRN.

The main managing, coordinative body is the *Permanent Secretariat of the HNRN* (Governing Unit) operates within the Ministry of Agriculture and Rural Development. Network services will be provided by the Permanent Secretary, the Institute of Rural Development, Education and Advisory (a constituent Institute of the HNRN) and by contracted external service provider(s). The Permanent Secretariat of the HNRN is led by the *Secretary General*.

The *Council* of 173 participants is representing the membership of the Network and the governmental bodies, headed by the *President*. The members of the Council are; the President, the Secretary-General, representatives from the 96 LAGs, the Agricultural and Rural Development Reconciliation Committee, NHRDP Monitoring Committee, Representatives of six ministries related to Rural Development, Paying Agency, other supporting institutions and existing networks. The activity of the Council is managed by the Governing Unit; the Councils main task is to articulate opinions about national and EU level Rural Development policies and trends. The *Presidency of the Council* runs the daily work of the Council cases and mediates the interest of them. The Presidency forms opinion and takes a position on professional issues.

The *Local Rural Development Offices* (LRDO) are established in every micro-region of Hungary across 173 local offices. The task of the offices was the animation of rural communities during Local Action Group establishment, and then the creation of LAG's Local Rural Development Strategies. Local Rural Development Offices and the LAG activities are coordinated by a group of regional coordinators with one coordinator for each of seven regions.

Registration for HNRN *membership* is open to anyone, involved or interested in agriculture and rural development, including local government, micro-regional associations, medium-, small and micro-businesses, registered societies, social and interest groups, higher education institutes, professional and commercial chambers and legally registered religious groups. There is no membership fee and no obligations arise from registration. It

means that target groups of the HNRN are not just the Leader groups, they are representing only one important part.

The membership of the HNRN is mainly based on the following networks:

- The Members of the ‘New Hungarian Rural Development Programme Monitoring Committee’;
- The network of advisors and advisory institutes connected to Axis I. measures of the Programme;
- The network of the LEADER Local Action Groups;
- The Local Rural Development Offices is taking part in the setting up the HNRN and are active members of it;
- Public institutions and authorities at micro-regional, country- wide, regional and central level.

At the registration process it is obligatory to indicate the field of interest, a so called system of the Thematic Groups has been created, by the following:

- T1. Sustainable energy, renewable energy;
- T2. Animal husbandry;
- T3. Crop production;
- T4. Food processing;
- T5. Rural heritage;
- T6. Horticulture;
- T7. LEADER;
- T8. Forestry and game management;
- T9. Tourism;
- T10. Social integration;
- T11. Human Resources;
- T12. Knowledge, innovation and research-development.

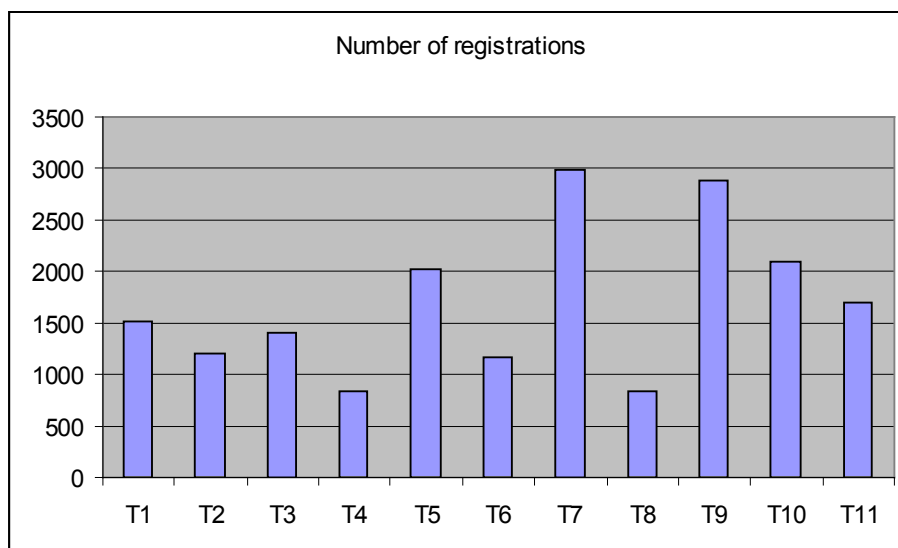


Figure 4. The numbers of registered members in the Thematic Groups, 2009



Figure 4 shows the numbers of the registered members in the Thematic Groups of the HNRN (HNRN Permanent Secretariat, 2009). 5063 private person and organization have registered till October 2009, which number is changing dynamically (Figure 5, HNRN Permanent Secretariat, 2009).

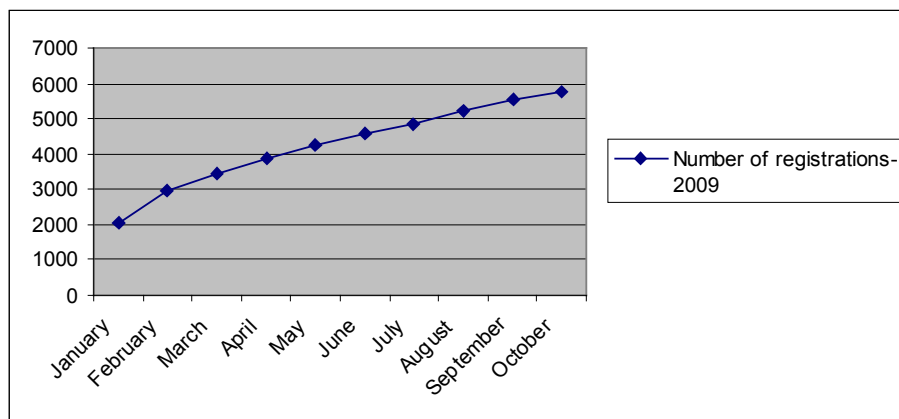


Figure 5. The numbers of the registered members in the Hungarian National Rural Network, 2009

### Development of the activity (HNRN)

- Social reconciliation in which we involved NGOs, entrepreneurs, municipalities and governmental actors.
- The Ministry of Agriculture and Rural Development (MARD) has established the network of the LRDOs on micro- region level.
- The legal base of the Network - 1030/2008 governmental decree and the 131/2008 MARD decree – was elaborated and accepted.
- The Secretary General of the HNRN, was pointed out by the Minister of the MARD (02. October 2008).
- The Permanent Secretary of the HNRN was created.
- The registration procedure has been started, the contents and the layout of the webpage is elaborated.
- The Council and the Presidency of the HNRN has started its work, and elected its President, (02. December 2008).
- Launching the webpage, brochures, and the work of Thematic Groups (2009. I. semester).
- Launching the work by the Secretariat of Presidency, preparing the Presidency meetings and professional papers.
- Organising and participating on events, informing the participants about our activities which is involved into the Action Plan.

The Action Plan is a list of the tasks/activities that structure needs to carry out in order to achieve the objective. This was drawn up by the Managing Authority, the Council and the Permanent Secretariat, according to Article 68 (2) of

Regulation (EC) No. 1698/2005. Following the regulation it should contain at least the following elements:

- Transfer of knowledge, information, best practices;
- Network management;
- Training (the preparation of training programmes for local action groups in the process of formation);
- Technical assistance for inter territorial and trans-national cooperation.

Through these obligations, the HNRN follows its action plan the main structure shown in Table 1 (HNRN Permanent Secretariat, 2009). The calendar of the organised events and publications are available for all participants and those with interest on the HNRN website ([www.mnvh.eu](http://www.mnvh.eu)).

**Table 1. The structure of the HNRN's activity, 2009.**

<b>I.</b>	<b>Information and advisory services</b>
I.1.	Establishment of contact points in the rural areas
I.2.	Securing the exchange of the professional experiences and know- hows, dissemination of relevant experiences practices, creating and maintenance of the database of the international good practices
I.3.	Survey of needs on the New Hungary Rural Development Program's Axis III-IV.
I.4.	Professional and advisory tasks related to the NHRDP
I.5.	Professional seminars of the Network's Sections
I.6.	Management of the thematic fields
I.7.	Exchange of information and information sharing
<b>II.</b>	<b>Communicational tasks</b>
II.1.	General references on the NHRDP's measures
II.2.	Operation of the Network's electronic surfaces
II.3.	The establishment and maintenance of the printed publications of the Network (library, newsletters)
II.4.	PR and marketing tasks
II.5.	Organisation of national and local forums
II.6.	Establishment and award of prizes
<b>III.</b>	<b>Inter-territorial and international relations</b>
III.1.	Technical assistance on territorial, international and local cooperation
III.2.	Organisation of international study trips, conferences and trainings
III.3.	Assistance in establishment of cooperation, cooperative networks for different stakeholders
III.4.	Information sharing about the international development funds and opportunities
III.5.	The implementation of the common tools of the HNRN and the European Rural Development Network
III.6.	International partner search tools

## The obstacles of networking activities and the Leader approach

The main obstacle is the introduction of the approach, the introduction of a new way of thinking of the stakeholders. It means, that not only the "rural stakeholders" but the administration has to change their way of thinking. This is a long process, which has not ended yet. We have to admit that the task is

hard considering the steps from the planning till e.g. the changes of the paying out system. A further obstacle of the Leader implementation – from the rural stakeholders' point of view – is the timing. The local level needs time to introduce all the requirements, communication and preparation.

An evaluation was launched among the LAGs in June 2009, which showed a stronger volume of international cooperation willingness compared to the 2004- 2006 experiences. A questionnaire was send out to the 96 Lags in which the main focus was put on the future plans about the international cooperation. The basic assumption stated that the LAGs' international cooperation willingness depends on their advanced state of structure. 37.5% (36) from the total number of 96 LAGs have indicated that they are planning this kind of activity with exact details, additional 8.3% (8) have confirmed that they are interested in it later on. The majority answers indicated that the most important task for the Hungarian LAGs is to implement the measures of the Axis III- IV, even for the experienced LAGs. The positive answers indicated the willingness for cooperation with the neighbourhood countries, mostly through general project issues. The most frequented field of cooperation were: tourism, renewable energies, local products, exchanging of experiences and good practices.

The low interest and the lack of exact issues indicated that the LAGs need to meet with good European projects and that the groups still have problems with the establishment of the management. That is why the additional coaching of these groups is needed; even basic coherences need to be highlighted. In this process the role of the horizontal and vertical networking activities are elemental. In contempt of the efforts, the “all-in budget” of the HNRN is not accepted yet, we are the activities are launched through program financing. This causes difficulty, to implementation of HNRN program needs financial sources.

### Conclusion- The role of the Rural Networks in Hungary

Networking activity is looked upon as a permanent, improvable tool that can assist in developing the rural quality and economy. The successful adaptation to persistent rural acts will depend on our willingness and ability to adopt new way of thinking, new technologies change our development patterns, adopt appropriate institutional arrangements, and secure financing for local initiatives. Through the activity of the HNRN, some new tools are introduced:

As previously described, *thematic groups* have been selected and network staff will help registered users to find out more about good practices in related professional areas, both at home and abroad (newsletters, brochures, seminars, etc). The HNRN creates a unique opportunity for exchange of thematic information, issuing the most urging needs. *Local planning* is an important feature of the operation of Leader and the network activity. The appearance of the local needs – Local Rural Development Strategies, HNRN Action Plan – gives a legal base for providing services.

Local programmes can be implemented by involving innovative ideas and tools. This is helped by the selection of *best/good examples*. The selection of these practices can be based on different indicators, but we have to avoid the exaggerated administration. Having regarded that the projects have specific environmental effects, those determines its judgement from the goals or success point of view.

The Network enhances both the *national and transnational cooperation* in which we are using the experiences of the previous programming periods. The willingness for cooperation was quite low, from the international cooperation point of view. The LAGs restricted themselves to larger initiatives (e.g. Oxanweg, Tisza valley cooperation), which have been reached more countries and they could participate in cooperation with more Hungarian LAGs. Even the cross-boarder cooperation has been realised as a successful tool. The activities of the “pilot-period” were focusing on structural questions, in the new period more LAGs have looked at cooperation as an important instrument. There are further steps toward integration of additional themes, e.g. research and development in the name of cooperation and harmonization.

The Network is working with a close cooperation with the *scientific sphere*, which helps to elaborate positions on a wider level in strategic questions. In order to *monitor the activities of the network*, the indicators on progress within CMEF could be introduced, preferably by an independent body (e.g., output indicator - number of the network’s members divided by sector / topic; number of seminars organized in total and by topic; number of studies carried out, etc).

Networking activity is an important and useful tool, with its all difficulties. Neither the SWOT analysis of the New Hungary Rural Development Programme is dealing deeply with the importance of this issue, although the analysis could be summarised as the following:

The greatest weakness is the lack of cooperation willingness in Hungary on the level of administration and on the level of different stakeholders either. The strength of the networking in Hungary is that many different top-down networks are already existing, which can be transformed to a network which reflects to the synergy. These steps can be realised under the work of the HNRN, which institutional framework gives a good opportunity. More weight should be put on the economical development issues in the frame of networking, the main threat may occur in case of fierce political argues.

Rural development policy and governmental politics are close to each others, every government has to consider its worth. The new member states are also on the way of learning, and it has to draw the conclusion from time to time.

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