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Human and social factors as endogenous factors stimulating the LEADER programme in Hungary

Summary: LEADER started as a Community Initiative in the European Union in 1991 and has had positive results in rural development in the EU-15, especially on social capital. It is important to emphasise that rural development plans must be prepared at the local level, and LEADER funds are available only for those groups who are able to bring together different partners from the region. In Hungary, during the evaluation process 32 points from 100 were given for the LEADER features in the plan. This study examines the introduction of LEADER in Hajdú-Bihar county, Hungary. Earlier research in this county had revealed a low level of social resources. Interviews were conducted with the four local actions groups awarded EU funding in 2006. The answers obtained underline the role of LEADER on the encouragement of partnership working at the start of the programme. As the application of the programme only began during summer 2006, a final assessment of the effect of LEADER on social capital can be made only at the end of the first call in 2008.

Key words: rural development, LEADER, social capital, Hungary

Introduction

In June 2005 the European Council adopted regulation 1698/2005/EC to support rural development from the European Agricultural Fund for Rural Development (EAFRD). The new regulation builds rural development policy on four axes which aim to improve the competitiveness of agriculture, the environment and the quality of life in rural areas. The fourth axis is LEADER, a key element in rural development programming and implementation.

LEADER seeks to encourage the preparation of integrated strategies for sustainable development. It encourages bottom-up approaches with decision-making devolved to local action groups (LAGs). However, the ability of LAGs to engage meaningfully with the development agenda will depend significantly on the existence of a range of functioning relationships for communication and cooperation within and between rural communities. Local knowledge is essential in

the identification of development constraints and the preparation of project plans that are achievable within the framework of local culture, skill-base and access to resources.

In this respect, the existence of an adequate level of social capital, which comprises relationships of trust, willingness to associate and respect for social norms (Mihaylova 2004), is crucial to enable communities to identify common development needs and to articulate these to policy-makers. Studies in the EU-15 since the introduction of LEADER in 1991 have highlighted its role in stimulating the development of social capital (e.g. ÖIR 2004, Pylkkänen and Hyyryläinen 2004; Tapio-Bistrom and Vihinen 2005).

However, earlier research carried out at the Berettyóújfalu subregion (LAG 1 in this study) suggests that trust, which is the basis of social relations and social cohesion, may have declined further from an already low level after the change of regime in Hungary in the late 1980s (Szabó et al. 2005). Essentially, trust has been weakened. This paper reviews the origins of LEADER in Hungary and seeks to begin to understand the role of human and social factors in sustainable rural development in the country through primary research with LAG members. This research is the first stage of longer evaluation which will investigate whether Leader can be an effective tool in Hungary for building up social capital in rural regions.

The history of LEADER in the European Union

The Community Initiative LEADER+ is a part of the rural development policy which forms the second pillar of the Common Agricultural Policy (CAP) of the European Union (EU). A total of EUR 5046.5 million (before indexation) was available for LEADER+ during the programming period 2000–2006, of which EUR 2105.1 million was funded by the European Community European Agriculture Guidance and Guarantee Fund (EAGGF) Guidance section and the remainder by national governments, other national public bodies and the private sector.

LEADER+ was preceded by the Community Initiatives LEADER I (1991–94) and LEADER II (1994–99). LEADER I and LEADER II were assessed to have the following strengths and weaknesses (EC, 2004):

Strengths	Weaknesses
<ul style="list-style-type: none"> • the mobilising of local actors to take control of the future of their area • decentralised, integrated and bottom-up approach to territorial development • the exchange and transfer of experience through the creation of networks • the ability to include small-scale projects and support small-scale promoters 	<ul style="list-style-type: none"> • delays in the selection of beneficiaries in some Member States, and consequently in the launching of programmes • fragile partnerships • the accumulation of disparate procedures and the dispersal of financial resources

Unlike LEADER I and II, all rural areas of the EU are eligible under LEADER+, in particular those which did not take part in the earlier Community Initiatives. LEADER+ continues to encourage the emergence of new approaches for integrated and sustainable rural development. Its aim is to encourage rural actors to think about the longer-term potential of their area. The local actors implement the innovative strategy that they themselves have designed, experimenting with new ways of:

- enhancing natural and cultural heritage,
- reinforcing the economic environment in order to create jobs,
- improving the organisational capabilities of their community.

LEADER+ is structured around three actions:

- **Action 1:** Support for integrated territorial rural development strategies of a pilot nature based on the bottom-up approach and horizontal partnerships. (This action provides support for rural areas which devise and implement an integrated and sustainable pilot development strategy).
- **Action 2:** Support for inter-territorial and transnational cooperation. (Only the areas selected for Action 1 of LEADER+ are eligible for Action 2, which supports cooperation between rural territories).
- **Action 3:** The networking of all rural areas in the Community, whether or not they are beneficiaries under LEADER+, and all rural development actors.

The final beneficiaries of assistance under LEADER+ are the LAGs. These groups draw up the development strategy for their territory and are responsible for implementing it on the basis of a specific development plan. The LAGs create an open local partnership which clearly allocates the powers and responsibilities to the different partners. They should be made up of a balanced and representative selection of partners drawn from the different socio-economic sectors in the local area. The economic and social partners and non-profit (voluntary) associations must make up at least 50% of the local partnership. The members of the LAGs must be locally based. They either select an administrative and financial head qualified to administer public funds, or come together in a legally-constituted common structure which fulfils the same function.

Each development plan must be structured around one of four priority themes that are set by the European Commission and are considered to be of special interest at Community level. These themes are as follows:

- the use of know-how and new technologies to make the products and services of rural areas more competitive,
- improving the quality of life in rural areas,
- adding value to local products, in particular by facilitating access to markets for small production units via collective actions,
- making the best use of natural and cultural resources, including enhancing the value of sites of Community interest selected under Natura 2000.

In some programmes LAGs were allowed to have more than one theme, although they still had to choose a principal theme. Furthermore, additional national

themes were also chosen, and themes proposed by LAGs which address specific situations in the territory were also considered by the managing authorities.

Development of the LEADER programme in Hungary

A LEADER+ type pilot programme was launched in Hungary in 2001. Its main aim was to prepare actors for the introduction and implementation of the LEADER+ Community Initiative, by gaining useful experience, elaborating documents and processes. The actors had to be able to cooperate locally, nationally and also internationally. Additionally they had to have the ability to create innovative local development plans and to motivate local people for their implementation. There were 40 potential local initiatives identified for cooperation, from which 14 LAGs were selected (via a two-step evaluation, determined by an inter-ministerial committee) to participate in the programme. The area of operation had to have at least 5000 but not more than 100 000 inhabitants with a maximum density of 120 persons km². At least four – geographically coherent – settlements had to be involved in one group.

The programme was financed from the national Rural Development Scheme for 2001–2002, and concentrated on three main activities, preparative training, implementation of a limited number of local strategies and networking. Finally, 14 groups were invited to launch project applications in 2003. Each LAG had a support budget of approximately EUR 100 000 financed from National resources. The procedure replicated that of the LEADER+ programme. Unfortunately the Northern Great Plain region, where we carried out our interviews, did not take part in this pilot programme.

The pre-accession measure of Special Accession Programme for Agriculture and Rural Development (SAPARD) was the first possibility for Hungary to obtain funds for rural development from the EU. About 92% of these funds were spent on investment in agriculture, on food processing and marketing and on infrastructure.

Two programmes were prepared for the disbursement of funds of the EAGGF for rural development after Hungary's accession to the EU, i.e. between 2004 and 2006. These are the Agricultural and Rural Development Operative Programme (ARDOP) and Hungarian National Rural Development Plan (NRDP). Experiences gained from SAPARD, ARDOP and NRDP show the dominance of the axis for competitiveness – within the axis investments dominate – which is understandable as it is well known that Hungarian agriculture has been struggling from lack of capital for years.

The Hungarian LEADER+ programme is a part of the ARDOP. As it is not an individual or independent initiative, the system of implementation must have the same well-structured bureaucracy as other parts of the major programmes. This, coupled with the absence of traditions for financial independence at lower levels and the lack of experience with using a bottom-up approach, has been a real

danger for the effectiveness of LEADER+ in Hungary. As part of a mainly agricultural programme, there is a threat that the programme will not be used as a tool for rural development separated from agricultural development programmes (Kovács 2004). Miskó (2006) states that the implementation of projects has been slow due to the bureaucratic management of the ARDOP LEADER+ measure and that the hierarchy of institutions and processes must be simplified and made more accessible. It should be possible to reduce the extent of centralised regulation and the number of decision-making levels thereby increasing decentralisation and facilitating bottom-up approaches.

Setting the resources from the Hungarian programmes along the axis of the new rural development regulation (OJ 2005) – according to the present rural development payments in Hungary – measures related to the first axis play the leading role. In the future the enhancement of the third and fourth axis will be important. In the first version of the National Agricultural and Rural Development Strategy (NARDS) and also in the latest version in the New Hungarian Rural Development Plan (NHRD Plan), which was published for discussion in mid August 2006, LEADER gets 5% of the resources (Table 1) for the period 2007–2013, which will be around EUR 200 million.

Table 1. Framework of the implementation of rural development financing for the period 2007 to 2013 in the EU New Member States (regulation 1698/2005/EC) and in Hungary (National Agricultural and Rural Development Strategy and New Hungarian Rural Development Plan).

	1698/2005/EC	NARDS	NHRD Plan
Axis 1 – competitiveness	min. 10%	40%	45–55%
Axis 2 – land management	min. 25%	45%	30–37%
Axis 3 – diversification	min. 10%	10%	10–14%
Axis 4 – LEADER	min. 2.5%	5%	5–6%
Technical assistance	–	–	4%
Latitude for states*	50–52.5%	–	–

Source: OJ 2005, MARD 2005, MARD 2006, * own complement

The role of LEADER+ in building social capital

The LEADER approach can be described as an “endogenous development approach”, albeit guided by a top-down institutional framework provided by the EU. This type of approach is understood as local development produced mainly by local impulses and grounded largely on local resources. Results of international research suggest that actors of rural areas and their internal and external networks are essential for sustainable rural development. For example, Terluin (2003) reviewed case studies of nine pairs of leading and lagging rural regions from across the EU, defined on the basis of their annual non-agricultural employment growth in the 1980s and early 1990s. She studied the patterns of the following variables across these regions:

- Local resources (natural resources, rural amenities, transport infrastructure, “soft” infrastructure e.g. education facilities)
- Economic activities
- Actors (capacity of policy makers, capacity of entrepreneurs and workers, internal networks, external networks, role of newcomers)

Terluin concluded that “*actors are the essential and decisive factor in rural development*”. Leading case study regions tended to be characterised by “*a development process which is organised and experienced in a democratic, bottom-up process involving a wide range of rural actors*”.

Pattern-matching between rural development theories and these case studies showed that theories which incorporated endogenous development approaches were useful to explain economic development in rural regions of “advanced” countries (in this case the EU-15 countries). Hence, Terluin recommended several measures to stimulate employment and economic growth in rural regions, including “improv(ing) the capacity (knowledge, skills and attitude) of local actors to establish and sustain development within the region”.

Following the principles of LEADER programme, i.e. the area-based approach, the bottom-up approach, the local partnership, innovation, multi-sectoral integration, inter-territorial co-operation networking and decentralised management and financing, we can find more principles which are in connection with social capital. Other publications (e.g. Pylkkänen and Hyryläinen 2004; Tapio-Biström and Vihinen 2005) demonstrate the role of LEADER+ in strengthening social capital.

Research by ÖIR-Managementdienste GmbH (ÖIR 2004), in which the LEADER programme and classical rural development programmes were compared, demonstrated the cost-effectiveness of LEADER as a tool to strengthen social capital. Although higher expenditure is needed at the beginning of LEADER-type programmes, they are more cost-effective in the long term (Fig-

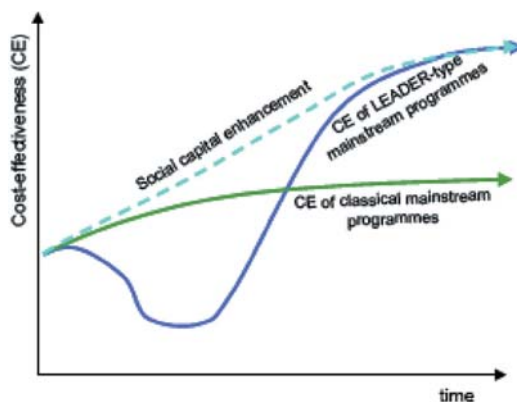


Figure 1. Slingshot pattern of cost-effectiveness in LEADER-type and mainstream programmes

Source: ÖIR (2004:57)

ure 1). From the perspective of strengthening social capital, positive effects are experienced early in the programme and increase over time.

The foregoing suggests that the LEADER programme may be one answer for solving the problem related to social capital in Hungary. From a financial aspect the social pillar of sustainable development did not carry great importance in the Hungarian national rural development plans prior to 2006. This neglect coupled with increasing socioeconomic inequality in Hungary has contributed to the erosion of social capital. In this respect, it is commendable that Hungary will allocate double the minimum necessary percentage of total payments to axis 4 between 2007 and 2013 (Table 1).

Current implementation of LEADER in Hungary

According to the typology used in the European Union 96% of the territory of Hungary is classified as rural areas, accommodating 74.5% of the population. The percentage of predominantly rural areas¹ is 58.3%, accommodating 31.3% of the total population. (MARD, 2003). It has been debated that if LEADER is a truly bottom-up approach wherever it is healthy to involve all the settlements to take part in the programme. Miskó (2006) adds that although majority of rural development measures are horizontal in character (including LEADER), on the basis of her investigations it is suggested that it is not absolutely necessary to try to achieve national coverage. Considering the limited resources available and the need to apply them efficiently it may be stated that in Hungary 40-50 active LEADER groups are sufficient.

During the first phase of the LEADER measures, in July 2005, 186 LAGs were established in Hungary (Paszternák 2005; Figure 2). This includes 2332 settlements (75% of Hungary's settlements) in which 34% of the population lives. 108 LAGs were invited to proceed to the second phase. A process to select about 40 LAGs started in early 2006.

The call from the Ministry of Agriculture and Rural Development (MARD) contained the evaluation criteria for the project. Evaluation is very important in every process. The socioeconomic nature of LEADER projects often leads to outcomes which are not quantifiable making complete evaluation problematic. In this respect, the two previous generations of LEADER have presented considerable difficulties in monitoring and evaluation. Consequently, many of the effects and benefits that these programmes have generated cannot be fully measured, captured or demonstrated (Grieve 2006). The evaluation criteria eventually chosen for the LEADER project proposals were as follows:

- 6%, the readiness of the LAG's gestor organisation to carry out the management of the programme,
- 4%, evaluation of the present situation in the local development plan,

¹ Classification of rural areas according to the OECD typology.

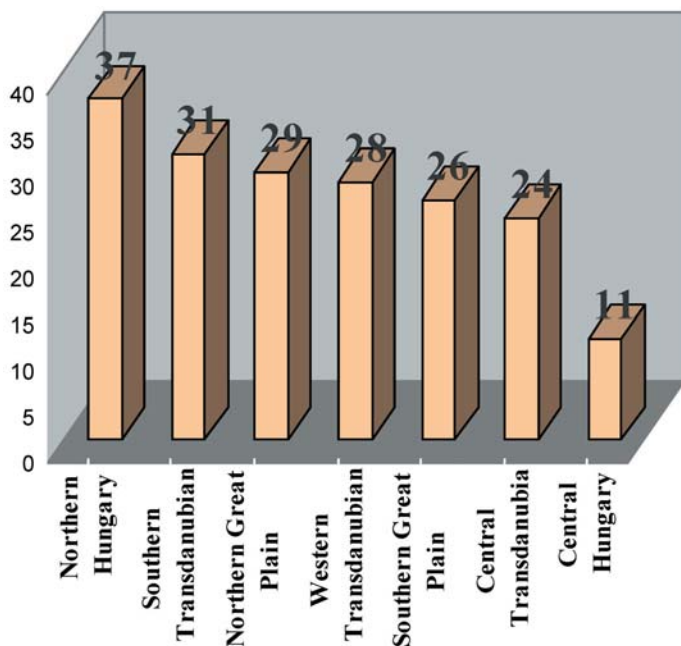


Figure 2. LAGs numbers at the NUTS II level in the first application round of LEADER+
Source: Paszternák (2005)

- 18%, the strategy of the local development plan,
- 12%, the quality of the action plan,
- 8%, budget of the plan,
- 32%, specific LEADER features in the plan,
- 20%, the expected results, their effects and sustainability.

Finally 70 groups were selected and were given the possibility to start their project with funding of EUR 400 000 per group in 2006. Other groups were rejected only because of the lack of money. It can be stated that the LEADER programme covers all parts of the country. The average number of settlements for LAGs are illustrated in Figure 3. The number of settlements in individual LAGs ranges from three to 48.

The number of participating settlements affects the size and composition of the members in a LAG. LEADER regulations stipulate the number of private, public and voluntary organisations permissible. This caused difficulties when a LAG with many settlements was established particularly in deciding which of the settlements could be represented by a public organisation (typically by the municipality). Sometimes LAGs attempted to involve all municipalities but because of regulated limits this required the inclusion of many other partners. In larger LAGs, this tended to impact negatively on cohesion within the group and in the organisation of meetings. Although at the planning stage the regulation set upper limits for the membership of LAGS, in the final version this was omitted. According to the statements of Aagaard (Thuesen 2004; Table 2) the participa-

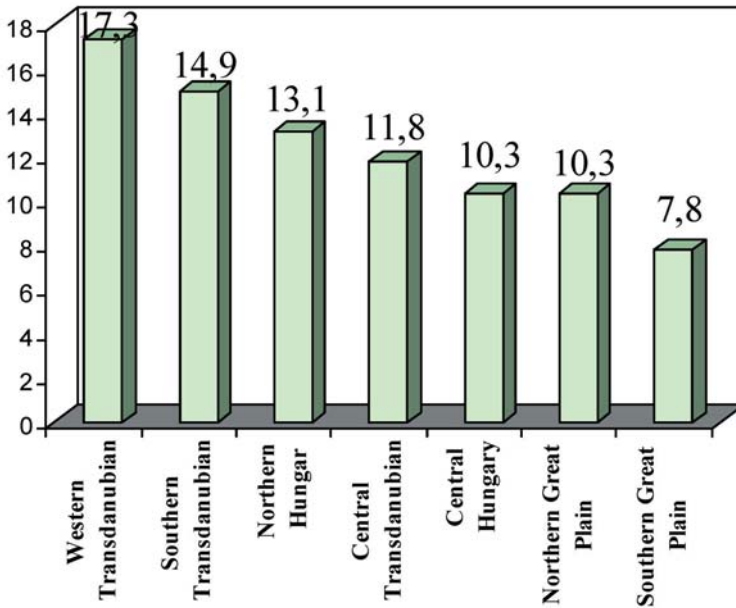


Figure 3. Average number of settlements for LAGS on NUTS II level in the first application round

Source: Paszternák (2005)

tion by different organisations is interesting with regard to the effect of LEADER on the region as well.

Table 2. The legitimacy and geography of private, public and voluntary organisations

	<i>Private organisation</i>	<i>Public organisation</i>	<i>Voluntary organisation</i>
<i>Legitimacy</i>	Profit and ownership	Democracy	Voluntary approach, autonomy and participation in decision making
<i>Geography</i>	Not territorially bound	Territorially bound	Partly bound by the geography of the members

Source: Aagaard, 2004

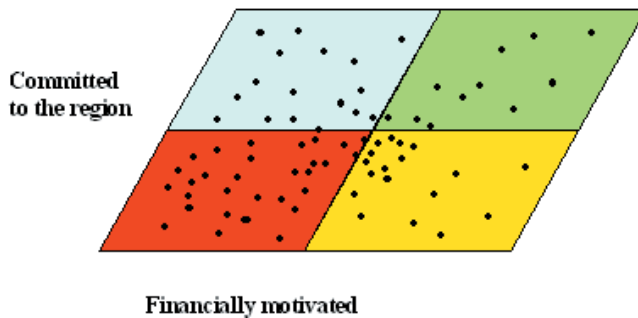


Figure 4. Value of persons for rural development

Source: Sági (2004)

Opinions expressed during our own interviews were consistent with these statements. It was said that civil organisations are more keen and active to carry out the programme. With respect to the most important actors, Sági (2004) emphasised that those persons who are motivated financially and are also committed to the region are the more valuable (Figure 4).

Interviews with Local Action Groups in Hajdú-Bihar county

Hajdú-Bihar county is one of three NUTS III regions which constitute the Northern Great Plain region of Hungary. Located in the north-eastern part of the country, the region is overwhelmingly rural and the average GDP per capita is just 36.3% of the EU average (Table 3). An Objective 1 region during the present programming period, the Northern Great Plain region will be classified as a Convergence Region during the period 2007–2013.

Table 3. Average GDP/capita at the NUTS II level in Hungary.

REGIONS	Average GDP/capita (2000–2002) in EUR	Average GDP/capita as a percentage of the EU average
Central Hungary	18,377	89.7
Central Transdanubia	10,706	52.3
Western Transdanubia	12,363	60.4
Southern Transdanubia	8,471	41.4
Northern Hungary	7,394	36.1
Northern Great Plain	7,437	36.3
Southern Great Plain	8,077	39.4

Source: NDO, 2006

In turn, Hajdú-Bihar county consists of nine NUTS IV subregions. Data for the five subregions where the four interviewed LAGs are situated are shown in Table 4. Across Hungary, the grouping of settlements (NUTS V) into LEADER groups follows a similar pattern to their grouping into NUTS IV subregions. Between them, the four LAGs represent 52 settlements out of a total of 82 in the county (Table 5) and were amongst the 70 LAGs which gained approval to start their local action strategy in 2006.

Through the interviews five questions were posed to each LAG, concentrating on the main characteristics of the establishment of the programme:

- from where and when did you get information from LEADER?
- what are the most important aims for your group?
- who do you think are the most important actors?
- what effect do you think your programme will have on local society?
- your application was amongst the winners. In your opinion what were the strengths of your project and what are the threats to its eventual success?

Table 4. Data of the subregions in Hajdú-Bihar county where the interviewed LAGs are situated

NUTS IV	Settlements	Of which towns	Area sq. km	Persons	Population density, persons sq. km	Annual average internal net migration per 1000 inhabitants, 1990–2002**	Population aged 60 and over as % of permanent population	Unemployment rate %*	Share of agricultural workers/employed %
Subregion 2	29	3	1226	54779	45	−5.7	20.4	11.9	14.2
Subregion 4	3	3	731	60095	82	−1.5	18.5	7.1	13.4
Subregion 7	11	2	580	39284	68	2.7	18.3	7.7	13.9
Subregion 8	13	3	955	52571	55	−4.3	19.0	11.7	24.6
Subregion 9	11	4	636	59946	94	4.1	15.5	12.5	7.3
Data for Hungary	3145	256	93029	10142362	109	–	20.4	5.3	

* Registered unemployment related to the permanent population in working age

** Subregion 7 and 9 are situated next to the Romanian border

Source: HCSO (2004)

Table 5. Distribution of settlements in Hajdú-Bihar county (NUTS III) between LAGs and NUTS IV subregions

	Subregion (NUTS IV)									Total
	1	2	3	4	5	6	7	8	9	
Total no. of settlements	4	29	1	3	4	6	13	11	11	82
LAG 1	–	25	–	–	–	–	–	–	–	25
LAG 2	–	–	–	3	–	–	–	–	–	3
LAG 3	–	–	–	–	–	–	13	–	–	13
LAG 4	–	–	–	–	–	–	–	5	6	11

Source: own illustration

The questions were designed to show whether the groups had made steps for cooperation before the LEADER programme began. The question about who are the main actors inside the LAGs is important in the longer term if there are any differences between the future success of the groups. How groups try to involve local society (e.g. information flow, how many people are addressed) is also important from the aspect of social capital in the region.

From where and when did you get information from LEADER?

The answers for the first part of the question revealed some differences between the LAGs. Two of them had come across LEADER while researching possibili-

ties to help achieve their aims in a similar way to LEADER. So these groups had already made steps to make co-operation stronger. The other two groups had learned about LEADER at conferences and subsequently obtained more information on the programme. As to when, 2004 and 2005 were the answers; those groups who were already looking for possibilities had the information earlier.

What are the most important aims for your group?

The most important aims are:

- creating partnership in the regions (this was the most common answer),
- stopping the migration of young inhabitants,
- drawing up the main direction of development for the region on a realty base,
- disseminating LEADER principles to the inhabitants (to be their own).

Who do you think are the most important actors?

One LAG answered that municipalities are the most important actors and stated that enterprises sometimes like to withhold the information they have. Two of the LAGs believed civil organisations to be the most important as they think they are more active. One of them was of the opinion that municipalities like to take the leading role. One identified inhabitants, through the use of human capacity (human capital) in the region (youth, teachers, engineers etc.), as the most important.

What effect do you think your programme will have on local society?

The four groups gave the same answer for this question. They hope that with the help of LEADER inhabitants in the regions will begin to think about their future and see the importance of partnership (not only between municipalities, civil organisations and enterprises, but also between generations). They hope that if some good results are visible at the end of the LEADER project people will believe that the above mentioned issues are important. LAG 1, where the largest number of settlements are involved (possibly too many for the amount of funding available), does not wait for a big change, but hopes to start to change the thinking of society about willingness to make progress. There was also a common view that it will take a longer time than the funding period for society to accept that working together is necessary for rural areas. As one interviewee commented, *“If there is no willingness to associate there is nothing”*.

Your application was amongst the winners. In your opinion what were the strengths of your project and what are the threats to its eventual success?

Strengths:

- the partnership was taken seriously,
- managed to prepare a complex programme (development of the economy with education, help in project preparation in the background),
- good ideas coming from the local partners.

Threats:

- the loss of belief in the programme as results will be visible only after 2007,
- to come over of policy and not to be a tool of it,
- bureaucracy,
- again not the “smallest” will strengthen,
- manifestation do not end with only words, activity is needed.

Discussion and conclusions

The conclusions of the ÖIR research described above have been confirmed in our interviews, as it was stated that LAGs made big effort to prepare the applications (two times in June and December 2005) for LEADER. They had to organise meetings, travel a lot, prepare analysis etc, without any resource for this work. One of the LAG members said he has begun to make a calculation about the costs which are above EUR 2,400 for them. On the other hand people from the regions have come together, thought together, made plans together and gathered more information from each other. It was also said in LAG 4 that *“they are viable only in the case if everybody represents his self interest but above the table”*.

In terms of methodology, LEADER has unquestionably helped spread a particular type of facilitation and rural development strategy (Jouen 2004). The need for activity, identified as a threat in our survey, is a recognised problem for Danish LAGs. *“One common problem for all the local action groups is the degree of involvement from the part of the members of the local action groups in the LEADER+ work. All local action groups have an office with a Director who is responsible for the day-to-day LEADER+ work. In most cases the Director is working full time to implement the local Leader+ strategy. The involvement of the LAG members beyond the bare distribution of project money is very limited. There is a tendency that the LAG members do not play a prominent role”* (Aagaard 2004).

Danish local action groups have chosen two different strategies. On the one hand they are able to implement integrated and territorial business development strategies. On the other hand they are able to encourage bottom-up strategies involving local people and associations mostly in areas of quality of life and improvement of the social and cultural development and improvement of participative democracy. Both the integrated and territorial business development strategy and the strategy improving quality of life and social and cultural development will be necessary in a future local government structure. However, in some areas of Denmark the need for economic development is so high that the integrated and territorial business strategy is crucial for the survival of the areas (Aagaard 2004).

In Hajdú-Bihar County, the implementation of integrated and territorial development strategies was pursued (including business, cultural, social, environmen-

tal development) which did not involve local people from outside the LAG. This was because the time for LAGs to prepare their programme was limited (one month in June 2005 in the first application round, and one month at the end of the year). Miskó (2006) suggests that more time should be provided (one month is not enough before pre-selection) for preparing rural development plans since these form the basis of a groups selection even before pre-selection. A development plan should be based on a SWOT analysis of the local development potential and should be worked up through partner relationships. The ability to reconcile different interests within a cohesive project environment is an important selection criterion of LEADER projects.

Successful cooperation and networks are key components of LEADER+. In our view, closer links between higher education institutions and local rural civil society, including LAGs, could have positive impacts on the levels of the components of human and social capital (knowledge, skills and attitude) which underpin the development potential of rural areas, which in turn can be unlocked by LEADER-type initiatives. There are several ways in which such links could be developed, for example the “science shop” approach promoted by the International Science Shop Network (www.scienceshops.org).

Furthermore, these links can also assist LAGs to evaluate the general political conditions in their region relevant to the successful implementation of LEADER-type activities. Such a method of evaluation has been described by Böcher (2005). In brief, the local university identified a series of key success factors which then formed the basis of a questionnaire. Numerous regional stakeholders in six rural regions in Germany, each of which had submitted a LEADER+ application, were asked to complete the questionnaire. The university evaluated the responses and passed these analyses across to an intermediate consultant who recommended solutions to the LAGs. The cycle was then repeated. As part of this process, local actors learned how to use a method of self evaluation.

In conclusion, although there are many threats, if the individual rural development programmes of LAGs are successful and different groups can become involved, then trust amongst local people could be enhanced. Trust is the basis of social relations and social cohesion and through demonstration and participation in positive practice, LEADER projects have the potential to increase cooperation at and above the community level.

The results of an earlier case study carried out in the region of LAG 1 indicated that “*there is a high degree of mistrust among the people which is the sign of the weakness of the social capital*” (Szabó et al. 2005). As LEADER has had a positive effect on social capital in the EU-15 countries the aim of this study was to follow the introduction of LEADER in Hungary and begin the analysis of its effect on social and human factors. The first results of our survey – which is the first step of a longer study - underlines our thoughts that EU-10 countries should

allocate more than the 2.5% of resources suggested by the 1698/2005/EC regulation and apply the 5% maximum limit as for the EU-15.

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