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European Rural Parliament Campaign in Hungary

Implemented activities and
the ideas emerged as contribution the the event

Report to the
European Rural Parliament Central Team

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European Rural Parliament Campaign in Hungary

This report includes 4 main chapters

1. Hungary at a glance and some facts from the history of rural policy in Hungary – by the editor
2. Report in the ERP campaign activities – by the editor
3. Findings of the stakeholder meetings – by participants of the Campaign events
4. Upward cascaded recommendations to the ERP from Hungary – by participants of the events

1. Hungary at a g

1.1 Hungary at a glance



Country in the Carpathian Basin in Central Europe.
Member of EU, NATO, OECD and Visegrad 4, and is
a Schengen state (still).

Territory – 93,030 km²; Capital – Budapest

Population¹: 10,13 million; 95% Hungarian, 2%

Roma², 3% others

Rate of urbanization – 68%

Human Development Index – 0.879 (out 43rd of 182)

GDP/capita (PPP USD) – 18,400

Unemployment rate³: 10,5%

Administrative divisions since 1994 (NUTS⁴ Levels)

Level 1 – 3 divisions

Level 2 – 7 regions

Level 3 – 20 counties

Level 4 – 174 micro-regions (jaras – municipality level
since 2013)



Legend: Green – European Union; Dark green – Hungary

¹ 2009, Hungarian Central Statistic Office

² Roma population: 2% (census), 6-11% (estimation)

³ 2009 Q4, Hungarian Central Statistic Office

⁴ Nomenclature of Territorial Units for Statistics – NUTS statistical regions of the EU

Level 5 – 3100 local self-governments, which have less and less decision making competencies in small villages because of the administrative re-centralisation process started in 2013

1989 – Republic of Hungary, parliamentary democracy

1956 – Revolution

1949 – 1989 People’s Republic of Hungary, communist state

1941 – 1945 Hungary in World War II

1920 – Treaty of Trianon. Dismemberment of 2/3 of the country

1700 – 1918 Austrian-Hungarian empire

1526 – 1669 Under Ottoman occupation

895 – 1526 Medieval Hungarian Kingdom



Neighboring countries and NUTS 3 regions in Hungary

1.2 Facts influencing the rural situation in Hungary (since 2004, the year of the EU accession)

2015 August – Governmental political and communication campaign against refugees in Hungary. The main slogan of the campaign: ‘Hungary is the country of the Hungarians’. One of the arguments, within many others against this slogan is that historically this is a country with 10% minority inhabitants, most of them live in rural areas. The government builds iron fence along the Serbian – Hungarian border aiming to stop illegal migration of Syrians and other refugees risking to lose to be part of the Schengen Agreement. And by this, might risk the income opportunity of about 80-100000 rural families, whose members work in Austria and Slovakia or has business with or in these countries based on daily border crossing on small rural roads.

2015 August – The national EAFRD OP 2014-20 has approved by the Commission

2015 January – Rural Development and Policy as a politically sensitive issue has been the responsibility of one of the Prime Minister Office’s State Secretariats

2014 summer – Beginning of a national level prosecutorial inspection campaign affecting CSOs and NGOs with a hidden aim to reduce the number and independency of these organizations

2013 – Public administration reform. NUTS 2 and NUTS 5 levels lost their power; NUTS 4 is fully centralized by the newly established local governor office, which works parallelly with municipalities representing the political will of the governmental parties. NUTS 3 (county) is more powerful like earlier. Administrative and development institutions are concentrated on national and NUTS 3 (county

level). It means that the cities and towns have much bigger representation in decision making like earlier and villages have no voice (and self-managed budget) anymore.

2012 – Re-centralisation of the local school system – instead of municipalities the national state makes decision on selection of local teachers and school directors. One single institution, located in Budapest is responsible for all technical and methodological decisions related to all local schools (elementary and secondary). Rural communities lost their opportunity to make decision on and manage (and monitor) local schools

2011 – Change in name of the line ministry: Instead of Ministry of Rural Development the “new” name is Ministry of Agriculture and Environmental Protection.

2010 – Approval of the new Constitution. The word “republic” disappeared from the official name of the country.

2010 – The newly elected government stops the implementation of the LHH Programme (see its brief description below)

2008 – LHH (Elimination of Poverty in the Most Disadvantaged NUTs 4 Regions in Hungary) National Programme - Integrated funding and pre-CLLD method to be used for eradication of area-based poverty in the 33 most disadvantaged rural micro-regions in Hungary

2005 – First EU LEADER Programme in Hungary and change in name of the line ministry. Old name: Ministry of Agriculture. New name: Ministry of Rural Development

2004– Hungary is member of the European Union

2. Report in the ERP campaign activities

RWF – Rural Workshop Foundation, the Champion of the Hungarian ERP Campaign organized 4 ERP campaign forums during summer, 2015. After preparatory meeting of the established taskforce the forums were organized with contribution of members of the former Hungarian Rural Parliament Association (HRP). Registration of the HRP was terminated by the Hungarian court last year.

4 campaign forums were organized

- In the most Roma populated, poorest rural regions of Hungary, North (Hernadkercs) and South-West Hungary (Zalamerenye)
- In the Central-Danubian Region, where mainstream urbanization overshadows the rural areas (in Etyek)
- In Budapest because of easy transport opportunities (venue was provided by Partners Hungary)

The 42 participant organizations represented

- Local civil society organizations working on rural development
- LEADER LAGs
- Mayors and staff of municipalities in tiny villages
- Network of LAGs
- Intermediator organizations
- Some local businesses, active in LAG

3 tasks of the forums

- Introduction of the ERP initiative
- Discussing problems and ideas addressed to ERP by participants
- Discussing the selection criteria and selection of members of the national delegation

Selection criteria of the delegation members

- Age and gender balance
- Rural Roma are represented
- Balance between regions
- Multi-stakeholder aspect – local grassroots, municipality, local NGO, national network, intermediary organizations, etc.
- Multitask aspect – organizations working on social, agricultural, environmental pillars of rural development

The results of the forum discussions are included on the next two chapters of this study. The list of delegated is attached.

3. Findings of the ERP stakeholder meetings in Hungary – by contribution of participants of the campaign events

3.1 Short Assessment

Increasing territorial disparities

Despite development funds and efforts provided by the EU, territorial and social inequalities are increasing in Hungary since the political change in 1990, as in some other parts of Central Europe. Poverty is increasing in some regions, especially in rural regions densely dotted by tiny villages while

others which are more aligned to answer actual development challenges are able to take advantage of the internal and external opportunities that are offered in order to prosper.

The rural regions left behind are mainly located on the economically depressed north-eastern hills, east flat and south-western hilly parts of Hungary. These rural regions suffer from unemployment that runs, without counting with the governmental public work campaigns, as high as 95 per cent in some areas. Many of their inhabitants belong to minority groups, particularly the Roma, who find it impossible to escape a debilitating cycle of poverty, exclusion and discrimination. But these regions have potential to ensure good quality livelihood to people who live there. The innovative opportunity would be to implant knowledge and know-how that can enable the region to develop. Oppositely, as I see the present national development policy increases rural dependency and vulnerability by the new public administration system and too large and long-term public work programmes.

Behind the growing territorial inequalities in Hungary

The consolidation of both democracy and the market economy is far from complete, given the current economic, social, political and spatial processes in Hungary. The country did meet the requirements for accession to the EU, but this process was not fully adapted to the 'rhythm' and 'speed' of the Hungarian society.

In the first years of transition, the agricultural 'kolhozy'⁵ in rural areas and the heavy industrial factories in the urban centres were closed down or privatized, causing extremely high unemployment rates in Hungary. Fairly soon after this first shock, many qualified workers found jobs in private companies in the closest urban centre or migrated to other regions. But the unskilled hands living in the countryside, especially in the villages with Roma, could not find employment.

Since pre-accession years (from the mid-1990-ies), the national development policy and strategies concerning EU funds and the whole development environment have been focused on urban centres, macro-economic development and its successes. At the same time Hungary wished to avoid the sudden disenfranchisement of large groups within society but, instead of developing local economies, SME-s, including social enterprises the governments first chose to compensate the economic hardships with generous and targeted social protection and then in later years in relation to the global crises, which

⁵ A form of agricultural production cooperative of peasants who were forced by the communist government to unite for the purpose of joint production based on collective labour.

effected Hungary very deeply they turned to the tool of public works. And it looked to be helpful in both; providing income, based on work and helping to stop social demoralization of the unemployed villages.

But, as it is usual quantity and quality are sensitively related to success of any development tool: while a smaller number of public workers were employed for village renewal, maintenance and social care successfully, the increased number destroys the already weak local businesses and small farms: at the moment there are more than 400 000 people involved in public works campaigns in Hungary producing food, other goods and providing many different services for the local community.

The public works system has created a mass of long-term unemployed, many of whom are Roma. „We are using these public works to develop skills for the mainstream labor market,“ explains József Fuzesseri, the Mayor of the small town of Szikszó. However, many other local authorities seem to perceive these public works as appropriate permanent place of Roma in society – a work which is not a real job, with very low pay (some 140 USD per month), no proper contract, no opportunities for career growth and back to the labour market. „If not used as a transitional measure to enable participation in real jobs, the system of public works could lead to something like a ‘caste system’ based on ethnicity,“ said OHCHR Regional Representative Jan Jařab after his meeting with local authorities and Roma activists in 2013. He also noted that those who have not managed to get such public work have seen their welfare benefits reduced, thus being pushed deeper into poverty.

Outmigration of skilled people from poor rural areas

If current tendencies remain, Hungary has to reckon with an unfavorable change in the age structure of the population in all poor rural regions, the continuous decrease of the active-age population, and the concomitant rise in the number of inactive citizens.

As a result of the intensifying migration into urban areas, a strong regional concentration can be expected. The unemployment rate is more than twice the national average in small settlements, which is due to the critical labour market situation. For people with higher qualification it is hard to find a suitable job; on the other hand, the employment of low skilled social groups is also very problematic. All this leads to migration in the case of the former, and to unemployment, deviation, and dropping out of the labour market in the case of the latter group. The migration of those with higher qualification results in the lack of strong knowledge base in the countryside.

Territorial concentration of Roma in poor rural areas

In Hungary, as in some other Central-Eastern European countries where many Roma live, a territorial concentration of the Roma coincides with severe segregation in the poor, peripheral micro-regions. More than 50 per cent of the Roma live within 15 per cent of the Hungarian territory⁶, mainly in remote rural areas in north and east Hungary, which since the early 1990s have recorded the lowest rates of permanent employment in the country. A government report of 2006⁷ summarised the problem thus

“Due to the negative changes, the competitive individuals and families move out from the depressed areas and their place is taken by poor families, many of them are Roma. Regarding to these statements parallel to each other, the rate of the Roma and the segregation is markedly growing in the concerned areas”.

3.2 Rural development programming in some basic keywords 2014-2020

The national policy will be to cover 100% of rural areas by LEADER LAGs. CLLD will be used only in urban development and provided as opportunity to 3 selected LEADER groups for testing - as it is known from informal governmental sources by LEADER groups. There is no integrated funding to be planned in any operative programmes in Hungary.

LEADER

The LAGs have been requested to prepare their new 7-year action plan based on the integrated financial approach. The 7-years budget for each LEADER group has been decided by an expert group before preparation of the new local action plans. The fund available by a LAG is 1 – 10 M EUR/LAG/7 years, including max 15% management costs, which will allow to a low-budget LAG to hire 1 single person to manage the LAG.

The MA suggestion is to increase the business interest of the LAGs (get consultancy fee or apply to structural funds with own project proposals) as a development association, but the small-budget LAGs feel difficult and unrealistic to prepare applications or do fundraising in parallelly with implementation of the LEADER strategy and meet all related administrative expectations.

⁶ Csapó, Cs., T., 2008. *Territorial and social characterization of the Hungarian Roma population*

⁷ Törzsök, E., Kállai, E., 2007. *To be Roma in Hungary- Report, Evaluation of the 2002-2006 governmental period in consideration of the Roma population*
<http://www.ahet.ro/dossziek/nemzetpolitika--kisebbszsepolitika/ciganynak-lenni-magyarorszagon-1242-101.html>

Another emerging problem is that the MA plans to allow LAGs to spend the given fund without any time schedule. Because of this many LAGs plan to spend the approved fund in the first 2-3 years and give up LAG activities after it.

LEADER networking

The LEADER Programme implementation started in Hungary in 2005 (LEADER+). Since that time there have been 4 different LEADER networks established in Hungary but, there is only one being active today. Its name is Association of the LAG-s in Hungary (LEADER Egyesületek Szövetsége, LESZ). It was established by 57 LAGs (there are 94 LAGs in Hungary – 61% are involved) in 2013.

As Mr. Istvan Finta, President of LESZ informed said still 56 LAGs active in the Association. They help each other, exchange and distribute information, have common projects, organize meetings, events and exchange visits. But the General Assembly reported on 0 HUF yearly budget last and this year because of the fact that the Managing Authority does not allow LAGs to pay membership fee to the network and LESZ has not been able to find other financial resources for networking on national level. Because of this fact all LESZ activities are based on members' in kind contribution. LESZ and the Hungarian LAGs are not represented in the EAFRD Monitoring Committee. Mr. Finta is member of the Monitoring Committee representing a regional branch of the National Academy of Science. LESZ has no information about the planned role of LAGs or the LEADER network in the reorganized or newly established national rural network.

The national rural network

It still works from the budget of the previous programming period. The structure of the rural network, established in the previous programming period has not been changed:

- Top down information network established in the previous programming period. Some news and other online information provided by the secretariat – 13000 registered members, companies, CSOs and NGOs, individuals
- recorded (a higher level official registration) members can apply for rural networking grant based on the calls published by the secretariat – 1279 organizations
- Council of the national network – 110 persons, membership is based on invitation of the secretariat – 1-2 meetings per year
- Presidency – 13 members, membership is based on invitation of the secretariat – monthly meeting. The new president is Mr. Tamas Saringer Kenyeres, FIDESZ (governing party) politician.

- The new action plan of the national rural network will be prepared in the autumn, 2015

Roma initiatives

Hungary has had a lot of effort for Roma inclusion during the last 2 decades. As a result, there are many good examples, best practices to share with another countries. It would be good to have a session on the ERP to share this experience and start networking.

4. Upward cascaded recommendations to the ERP from Hungary

A clear picture

It would be needed to prepare a research on the present economic and social situation of the rural areas of all EU countries and on EU level analyzing the difference between urban and rural areas. As I know the last similar research was made by OECD about 10 years ago. It would be good to order this research by the Commission and made by independent research institutions. I think this is an important issue that should be including in recommendations prepared by the ERP, if there will be any

Elimination of rural poverty

- A strong innovative approach is needed on this field, might a new immersion of experts from alternative and local initiatives. New ideas and solutions, integrated approach is still missing. We still feel a hidden approach behind rural development policies (also on EU level), in thinking of policy makers and practitioners including many LEADER managers and decision makers saying that rural development has to focus on economic development and social problems have to be solved by using social workers from ESF.
- And we still feel that social organizations, social policies, social programmes, social workers and experts are still too far in their thinking and action from the territorial and a healthy economic approach. Recommendation: DG Employment and DG Agri strong cooperation and an ENRD Focal Point focusing on innovative social-economic initiatives, at least.

Roma and refugees

It is a risk that the refugee issue destroys the willingness of politicians to follow the EU Roma strategy. There are many common points between Roma integration and the integration of refugees in Europe (Roma are also 'refugees' of bad development policies within the EU borders). It would be good to have a discussion about this issue.

Some years ago there was a discussion in frame of the Swedish Rural Parliament. Different rural development stakeholders (politician, policy makers, forest director, agricultural manager, etc.) were asked in a roundtable about potential influence and way of integration of newcomers in rural areas. The approach was very positive. Something similar would be very progressive in Scharding

Empowered citizens

For a better and stronger Europe it is a clear need to empower a new generation of civil society in Europe by more EU level pilots, development resource centers and network focal points. Global grant should be available for initiatives like the ERP is. EU citizens living in a small village or a 16-year old kid in a small-town in my misinformed country do not see the 'face' of Europe, it is not visible enough.

Annex 1

ERP report form