

# The Role of Intermediaries in the Success of Electronic Claiming for Farm Subsidies in Hungary

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*Abstract. The main electronic government service in the Hungarian agriculture created by the Hungarian Agricultural and Rural Development Agency (ARDA) (Mezőgazdasági és Vidékfejlesztési Hivatal; MVH) and the Central Agriculture Office (CAO) (Mezőgazdasági Szakigazgatási Hivatal; MgSzH) started to introduce electronic filling and submission of application forms in 2008, aiming to simplify procedures in connection with applications for area payments which are the basic elements of the European Common Agriculture Policy (CAP). Already in 2007 it was possible for clients (with more than 200 ha area) to receive this payments (SAPS) through the electronic form submission system. In 2008 every client has the possibility to create and submit his/her application for area payment electronically with a PC.*

*Although the internet penetration is quite low among Hungarian farmers, the majority of the documents (about 95%) were sent to the ARDA electronically. This process shows that the often mentioned “mentor”, “moderator” or “social intermediary” approach is working perfectly to narrow the digital divide and to make better public services. The authors present the whole practice and experiences of the successful electronic e-claiming system.*

*Keyword: Hungary, farmers, e-government services, social intermediaries*

## Introduction

Information and Communication Technologies (ICT) can contribute to rural economic and social life through numerous applications and reduce the deficit caused mainly by the geographical isolation. By now it has become clear that the success of the information society is very much depending on whether small communities and small settlements can keep their population. With the help of ICT tools rural areas should be able to attract businesses and social and cultural activities, moreover, they should also be provided with the same (or even better) services as the urban population. One of these services is the public services, especially the claiming for European Union funds.

## Facts and figures - computers and internet in rural Hungary

Rural areas cover 87% of the territory and are inhabited by 45% of the population in Hungary. These areas have the same problem as most of the rural areas in Europe: migration of the active, well-trained labor force, depopulation, unfavorable age structure, high unemployment rate with critical labor market situation in the small settlements.

According to recent findings of the World Internet Project<sup>1</sup>, computer and internet access at home have produced significant growth within the last five years – 49% of the households has computer and 35% of the households is connected to the internet in Hungary.

These figures refer to a significant increase as compared to last years' survey: 11% in the percentage of computers and 14% in the percentage of internet connections. Despite this positive trend, the internet penetration in Hungary is still below the European average. In addition to this fact, serious disparities can be found between the settlements of different sizes (Figure 1).

The difference between the number of households having a computer in the capital compared to the villages is more than 10 percent. The gap is wider if we take a look at internet connections. While in the capital four out of five households having computer also have internet connection, this proportion is only three out of five in case of villages. So not only the number of computers, but also the proportion of networked computers is lower in the villages.

It seems that “traditional” inequalities are reflected in the penetration of internet – which shows that there is only a small chance to bridge the urban-rural divide with ICT in Hungary.

<sup>1</sup> WIP, a long-term longitudinal study of the social effects of Internet usage, and digital technology. Hungary joined the project in 2000. The first WIP survey was conducted in 2001. More than 4,000 people are interviewed per annum. The WIP study focuses on both the users and non-users of the Internet.

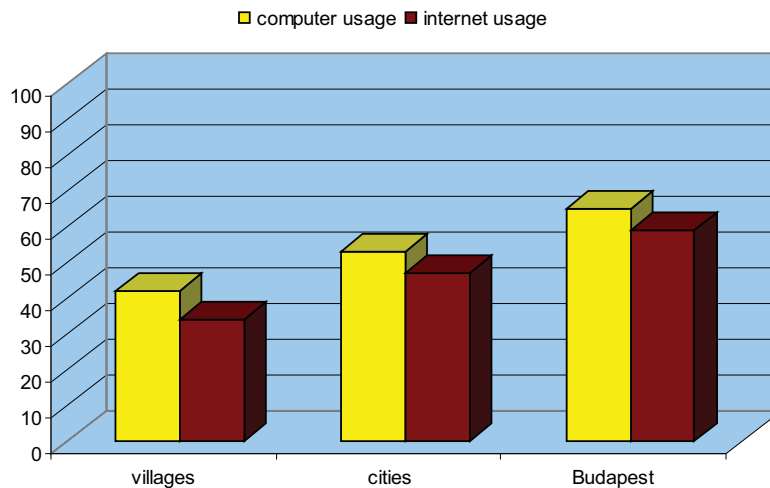


Figure 1. Computer and internet usage by settlement size in Hungary (WIP, 2007)

#### **Farmers and information technology**

There are almost 200 000 registered farmers in Hungary. According to a survey conducted among the registered farmers, less than a half of them use a computer at a regular basis (at least one time a week), and only 39% of them have access to the internet. The majority of the connections are broadband. The non users mentioned cognitive barriers as a cause: they said they are not interested in computers (30%), they feel they don't need a computer and internet or finding it too complicated to use (20%-20%). One fifth of the farmers attended any kind of training relating to computers. One third of the internet user farmers estimated their computer skills "good", also the same amount said their knowledge is "not bad" or "weak".

#### **Electronic government in Hungary**

##### **The use of electronic government services in Hungary**

The majority of the Hungarian population show interest in electronic government: every fourth people who use the internet is making contact with public authorities and using public services at some kind of level. Comparing to other European countries this number is quite high (where the average is 28%), taking into account the low level of internet-use. A European study shows that there are more people who are willing to use these services, especially if they have some good experiences and they can realize some benefits while using these services.

Recent studies in Hungary show that social intermediaries play a crucial role in the development of the information society. More than half of the people who do not use the internet live in a household where we can not find other internet users – so they are excluded not only by physical, but by social means as well. This character of the society draws the attention to the social intermediaries – professionals whose task is to connect the people to the services.

Their role can be vital in the field of electronic government. The majority of the people need human interaction when dealing with administration. The European eUSER survey (2006) shows this although there is some difference between the countries. On the one hand, this survey shows that the usage of electronic government services is the lowest in Hungary, the country is among the leaders in the numbers of people who were helped by social intermediaries to deal with a case. On the other hand, the before mentioned "traditional" inequalities are not reflected in the usage of e-government services: the people who are older and live in small settlements are as eager as the younger generations to use these services.

##### **Electronic government services for farmers**

To simplify procedures in connection with applications for area payments the Agricultural and Rural Development Agency (ARDA) (Mezőgazdasági és Vidékfejlesztési Hivatal; MVH) and the Central Agriculture Office (CAO) (Mezőgazdasági Szakigazgatási Hivatal; MgSzH) started to introduce electronic filling and submission of application forms in 2008. It was possible for receiving unified area payments

(SAPS) to submit Single Area Payment Scheme (SAPS), Top-Up and in connection with those lands with unfavourable conditions relating (KAT) and the Agro-environment Management Programs (AKG) through the electronic form submission system (hereinafter referred to as e-admission). Every client (almost 200 000 farmers) had the possibility to create and submit his/her application for area payment electronically with a PC. Filing and submitting the applications electronically ensures that the data will be exact and the application technically flawless and this can be the basis for the payment of former financial support and avoidance of sanctions or subtractions due to technical faults.

In practice this means that after logging in through the Client Gate (the electronic client access and identification system accessible via the Hungarian eGovernment portal) farmers can find their applications from former years and can actualize all their data (they can modify data for his parcels, parcel drawings etc.). After completing this they can submit the application form electronically. The program checks the technical appropriateness and completeness of the data simultaneously with data input so the clients do not need to worry about sanctions due to formalities.

3 steps of submitting an application electronically:

1. The client or the advisor/ local stakeholders identifies himself and downloads the 2008 application form for the parcel.
2. With the help of the internet-based form filling software they actualize the application data for 2008 (i.e. new crop type, adding a new parcel, creating a new parcel drawing, etc.)
3. Submitting the completed form through the Client Gate electronically.

*The application process*

- If the client has registered in the Client Gate he can download the application for 2008 after logging in.
- If the client is not registered, then he can call in a local stakeholder's or a counsellor's aid. The client supplies his login name and password and then he can download the application for area payment for the year 2008.

#### **The experiences of the first year**

A surprising 95% of the farmers (183 764) used the electronic service in the first year (Table 1.). According to the low internet penetration among them, it is a really good result, and unique in Europe. The key to this success was the advisors and counsellors (private and state network as well) who are working in the agriculture and acted like social intermediaries: as it was mentioned in the application process, client can call their help. They can submit the forms with the authorization of the farmers.

County	Reference data (2007)		eSAPS (2008)		%	
	Claims (number)	Area (ha)	e-Claims (number)	Area (ha)	Claims (number)	Area (ha)
Bács-Kiskun	24710	472012	22817	452770	92%	96%
Baranya	4677	228476	4570	224995	98%	98%
Békés	16777	438855	15422	421767	92%	96%
Borsod-Abaúj-Zemplén	10417	302249	9957	304241	96%	101%
Csongrád	13280	274952	12931	273315	97%	99%
Fejér	6175	283740	5931	280280	96%	99%
Győr-Moson-Sopron	7099	247983	6826	244455	96%	99%
Hajdú-Bihar	20232	443460	19521	430160	96%	97%
Heves	8701	171903	8014	178260	92%	104%
Jász-Nagykun-Szolnok	10737	399419	9872	395823	92%	99%
Komárom-Esztergom	2537	110219	2524	111129	99%	101%

Nógrád	2715	82941	2539	76413	94%	92%
Pest	11317	370843	10767	329138	95%	89%
Somogy	7214	260318	7020	251132	97%	96%
Szabolcs- Szatmár- Bereg	27680	326236	26504	321130	96%	98%
Tolna	6202	215691	6124	229112	99%	106%
Vas	3717	153227	3653	152958	98%	100%
Veszprém	4672	173981	4728	172608	101%	99%
Zala	4035	144584	4044	150999	100%	104%
Data on national level	192894	5101091	183764	5000685	95%	98%

Table 1.: The number of eSaps-claiming farmers (Herdon and Szénás, 2008)

### Conclusion

The new services was successful, despite the low internet penetration among the Hungarian farmers. It shows that social intermediaries play a crucial role in accessing electronic public services in these circumstances, and an up-and-running counsellor-network can be used in this way. The service also can foster the spread of the internet: based on the experiences of the users we can say that the developers of the system have created a well-considered program which is easy to learn and accessible to anyone over the internet. To achieve this goal, the limitation of the system (mainly the capacity of the server providing the service) have to be eliminated as well.

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