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## **NETWORKING LEADER AND LOCAL OLIGARCHIES**

**Abstract:** This paper presents a case study from Hungary about the “Nagykunságért” LEADER Local Action Group, which demonstrates the limits of an actor’s involvement in local rural development. Project participation in this region depends on the financial and managerial capacity of participants. Actors with capacity are involved with the project as a matter of course, but those without capacity are crowded out and lack access to resources. Actors in rural development are characterised by their ability to disseminate diverse kinds of information and use of knowledge. Inclusion, exclusion, and the power of local oligarchies are main concepts in this paper, which studies LEADER as a tool which may be used either for democracy or against local democratic control over the distribution of development funds.

**Keywords:** involvement, oligarchy, knowledge, project class.

### **1. Introduction: The LEADER questions in Hungary**

M. Shucksmith (2000), as well as S. Shortal (2004), note that exclusion and inclusion can be regarded as major characteristics of LEADER. According to studies of local power networks, the actors who have access to rural-development programmes are those with knowledge, capital and networking capacity (Csurgó, Kovách, Kučerová 2008; Csurgó *et. al.*, 2010). Shucksmith (2000) argues that the issues of inclusion and exclusion surrounding development projects, which is a broader concept than poverty, are the new dimensions of social inequality. The rise of a project class (Kovách, Kucérova 2006, 2009) and the project activities of civil associations have restructured local power relations. M.-C. Maurel (2009) argues that interest groups limit the LEADER bottom-up principles and the democratic control over the use

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of development sources; therefore, the social and power impacts of LEADER remain little understood. I. Kovách (2000) writes that over-bureaucratisation is the main challenge to implementing LEADER in new member states.

The EU LEADER programme started 10–12 years ago in Hungary, and implementation is still in a transitory phase, arising from many unresolved questions. During 2001–2004, there was a tentative LEADER; in 2004–2006 there was LEADER+; currently, a LEADER 4 programme is being managed. Following a preparatory period for EU membership, LEADER-type micro-regional programmes and training sessions were launched for micro-regional development policy actors. The SAPARD programme (Special Accession Programme for Agriculture and Rural Development) involved local actors in cooperating and planning for 144 rural-development programmes, and 4,300 project plans for all micro-regions (Csité 2005; Nemes 2005). In 2001, a LEADER pilot programme, focused on learning how to plan, was opened to 12 micro-regions (Fazekas, Nemes 2005). In 2005, the AVOP LEADER+ began. A training period for local actors was an initial part of this programme, followed by an application for LEADER grants in 2006. Seventy LAGs were able to contract 1.5 million people living in 920 villages and small towns in successful Local Action Group LEADER regions.

In 2007, the second phase of LEADER started as part of the New Hungarian Rural Development Programme. The deadline for submission for the resources of the Third Pillar of the Rural Development Plan was in 2008 October. Decision-making was delayed by 10–11 months and the actors involved evaluated the procedure as the over-bureaucratisation of the bottom-up LEADER programmes (High, Nemes 2007). Capacity building (Kiss, Szekeresné 2010) and civil-association involvement were the most positive outcomes.

In this paper, we present the activities of the Nagyunságért Local Action Group. This case study is part of a LAG international research programme supported by the Finnish Ministry of Agriculture, and which was organised by the Swedish School of Social Sciences, University of Helsinki, and the Institute for Sociology, Centre for Social Sciences, Hungarian Academy of Sciences.

We conducted 16 interviews in 2010 and 2011 with LAG members and representatives of LEADER projects and local stakeholders (two interviews with LAG organisation staff, 13 with LAG members, including local government leaders, civic organisations and entrepreneurs, and one with an independent project leader).

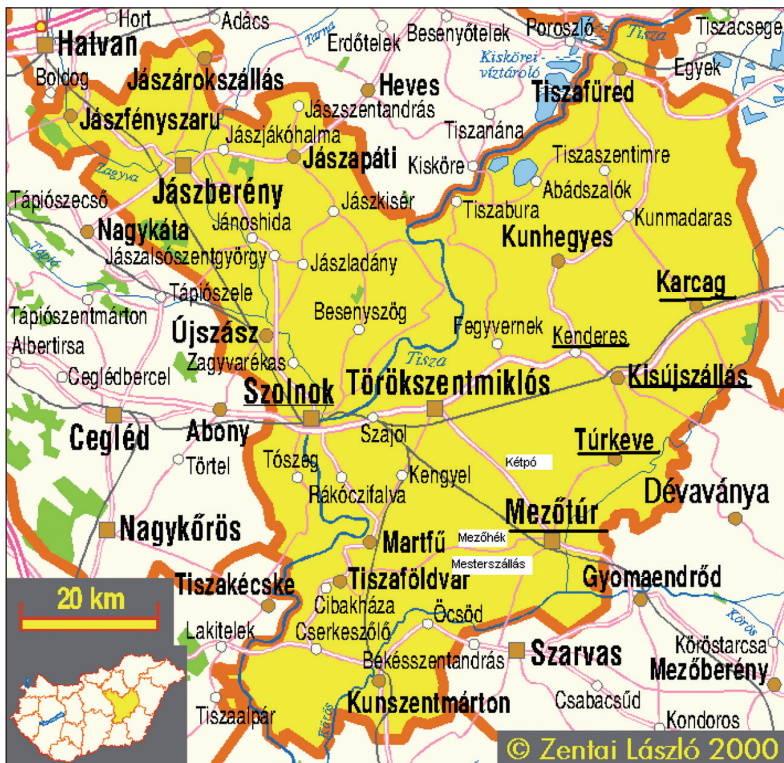
The outcome of the case study refers to social inclusion (Shucksmith 2000), and looks at LEADER as not only a development programme which generates local networks and community-related social capital, but one which promotes social inclusion or exclusion. The Nagyunságért Local Action Group story is about a form of local development which is generated by active local networks, and which contributes to local community building.

The Nagyunságért LAG region is situated in the eastern part of Hungary, in Jász-Nagykun Szolnok County. The topography of Jász-Nagykun Szolnok County

is characterized by the Great Plain. The LAG area consists of eight settlements: five towns and three villages. The LAG area covers the main part of the historical and geographical Nagyunság (Greater Cumania) region; the name itself of the LAG refers to this historical–territorial heritage. Nagyunság is one of the historical European regions encompassed by Cumania, named after the Cumans, a nomadic tribe of pagan Kipchaks that settled in the area.

The LAG region covers the whole of the Mezőtúr micro-region (Mezőtúr, Túrkeve, Kétpó, Mezőhék, Mesterszállás) and three settlements (Kisújszállás, Kenderes, Karcag) from the Karcag micro-region, including the central settlement. It is located in the south-eastern part of Jász-Nagykun Szolnok County. The most important sector of the economy is agriculture, which can be considered quite stable and productive. The population of the region is decreasing. The high quality of arable land, hot springs, and the large amount of sunshine hours can be mentioned as the most important natural values of the county. The flora and fauna are also rich; for this reason, there is a great deal of protected land in the region.

Figure 1. Location of the Nagyunságért LEADER region



Source: Csurgó, Kovách 2000: 5; Z. László, *Magyarország közigazgatási atlasza*, “Geodézia és Kartográfia”, vol. 4, pp. 46–47; <http://lazarus.elte.hu/hun/hunkarta/varme/jas/jasz.gif>, 28.10.2013.

The current LAG originates from the first period (2004–2006) of LEADER in Hungary. For the second period (2007–2013), the previous LAG organisation was able to organise a new LAG with the participation of most of the previous members. The first LEADER region consisted of ten settlements from the Nagyunság region, while the current one consists of eight settlements from the previously participating ten. The centre of the current LAG is in Túrkeve, the central town of the previous LEADER, which demonstrates the continuity of the two LEADER periods. All respondents emphasised the different organisational forms of the two LEADER periods. In the first period, the central local organisation of LEADER was a sub-department of local government.

The Development Strategy Program of the Nagyunságért LAG was created by the LAG during several forums of social consultation. The Program is valid for the recent LEADER period from 2007–2013. LAG aimed to gather together the most important interests and demands of the region. However, LEADER can generally only support goals and activities which are not supported by other development funds. The general rules and framework of LEADER determines the strategy of local development.

The main purposes of the Development Strategy are connected to rural life and tourism and to the development of non-agricultural SMEs. The main goals and priorities of the Strategy Programs determining the project activities are: 1) inspiration of rural tourism; 2) development of local SMEs; 3) development of organic and renewable energy activities in the region; 4) development of villages; 5) development and supply of local goods and services; 6) development of human resources; 7) development of local networks, community building; 8) protection and development of local heritage; and 9) improvement of public security in each settlement.

In the first, pilot, period, there were only 100 million HUF (€ 375,000) for supporting local projects along with the administrative costs of the LEADER organisation.

In the case of the recent LEADER, an independent organisation has been established. The legal form of the LEADER in the region is a non-profit enterprise. The amount of support became much higher; the LAG can access more money for supporting local projects. They have chosen the form of a non-profit enterprise because in this form the affiliation of members is easy, while in the case of an association (as the other optional form for LAGs in Hungary), it is more rigid.

An important difference between the first and the current LEADER period is the method of decision-making. In the first period, a local rural-development expert group and the LAG staff took decisions without any formal control. In this period, the LAG only made pre-decisions, and the final decisions were made by MVH (Agricultural and Rural Development Agency) as a control organisation over the whole LEADER system in Hungary. MVH is supervised by the Minister

of Agriculture and Rural Development. The Agency consists of a central organisation operating on horizontal lines, with directorates holding official power, as well as county offices with 19 representatives. MVH, as an institution, was founded to manage applications for support financed from EU agricultural and rural development resources and support provided by the Hungarian national budget, as well as for the allocation of support and the implementation of measures for the regulation of the market.

The independence of the LAG organisation from local government has resulted many problems. LEADER projects are post-financed, so the LEADER organisation needs credit to finance the cost of personnel. Nevertheless, support is not been able to cover the extra cost of credit. During the first period, the local government was able to manage the problems of post-financing.

## **2. Social inclusion and social exclusion: rural-development actors**

The Nagykovácsokért LAG is divided into two main parts: the Personnel and the Board. The principal LAG actor is the LAG staff, including the president of LAG, two project managers, and two project assistants. The president of LAG is a local expert who led the LAG staff during the first period. In the first period, the president of LAG was the current local mayor of Túrkeve. The principal LAG actors are the current and the ex-president. The importance of LEADER is very high in Túrkeve local policy.

There are 39 members in the LAG with their own business shares. The share capital is 1,950,000 HUF (€ 7,000); six local governments are members of the LAG. The national rule is that only 30% of LAG members can be comprised of local governments, but in this case only 15% of LAG members include local government. Most of the members are comprised of civic organisations. Most of the actors are private actors, like local civic organisations and SMEs. Several respondents emphasised that there were no individual actors in the LAG; all the members have institutional backgrounds.

The LAG Board has 13 members: 39 LAG members are divided into 13 subgroups, each subgroup consisting of three LAG members. Each subgroup has a delegate who sits on the Board. Participation of members in the subgroups depends on the type of actors involved. For example, local governments of small villages create one subgroup, and there are subgroups of different types of local enterprise and civic organisations (for example, cultural civic organisations in Kisújszállás have also created one).

The Board is organised by the subgroups' delegates. Delegates represent the subgroup members and their interests and demands. The main function of the Board is decision-making. Their decisions are only pre-decisions. They decide

on the sequence of supported projects in order of quality, but the MVH, as the national control organisation, has the final decision on rural development.

The most active applicants of the local LEADER come from Mezőtúr, which is one of the biggest towns in the LEADER region. The local government of Mezőtúr is a member of the LAG. The least active settlement, Karcag, is also one of the biggest. The local government of Karcag does not participate in the LAG. Local respondents emphasised that Karcag wanted to create its own LAG, and when it was frustrated in this attempt the settlement joined the Nagykovács LAG. However, the local actors from Karcag are mostly unmotivated.

There is a local development-planning group, which includes the participation of local experts and some LAG members. They help the LAG in the planning process. The planning group consists of 21 members. The local development plan is based on the project collection organised by the LAG personnel and on the suggestions of the planning group.

The relationship between members of the LAG is characterised by horizontal cooperation. The LAG personnel have the most influence, because of their knowledge. Most of the issues of LEADER are organised by the LAG personnel. LAG members, and also the Board members, only negotiate the issues and tasks prepared by LAG personnel. Board members do not have a higher power position than other members. LAG members do not have a higher status in the application process than other local actors. Several respondents emphasised that they were planning to step down from the LAG, because this position did not give them any advantages.

### **3. Inclusion through networks and knowledge**

The Nagykovács LAG uses several forms of actor involvement. The LAG personnel organise Consultation Days to inform the local citizens about application methods and rules. Another important form of participation is the survey on project ideas. LAG personnel organise Information Forums on LEADER in each settlement of the LEADER region. They present the development possibilities and introduce the work of the personnel. Local citizens are able to ask and collect information on LEADER.

The Nagykovács LAG had supported only 33 projects by the end of 2010. They aim to support financially bigger projects, not wanting to fritter away their support. The total amount of support was about 342 million HUF (€ 1,222,000). Because of this, the involvement of local society as a supported project owner is very weak.

An important form of participation is the LEADER EXPO, organised in the region every year. It is an important opportunity for knowledge transfer between local citizens and local and non-local experts. It consists of several professional events, and one congress with the participation of non-local experts and politicians.



There are 39 members of the Nagykunságért LAG. The forms of participation in the LAG's work depend on the role and position of the members. Every year, there is an annual meeting for the members, during which the personnel present the work and outcomes of LAG and members can give feedback on the work of the LAG personnel and Board.

Participation in rural-development projects requires knowledge-intensive actors. Processes of rural development projects are characterised by strong use of knowledge. Many types of local knowledge were used in the case of the Nagykunságért LAG, relating to the level of involvement of local actors. At the same time, lack of local knowledge causes problems and failure (Csurgó, Kovách, Kučerová 2008; Kelemen, Boldizsár, Nagy 2008).

The main form of knowledge used by the LAG personnel uses is managerial knowledge. The staff members have knowledge on the rules and regulations of LEADER and its overall development.

The members of the LAG mostly use their lay knowledge concerning the work of the LAG. Project applicants use both their lay and scientific knowledge during their individual LEADER projects. Because of the lack of managerial knowledge, most applicants need help and assistance. There are some local project managers who have knowledge of the LEADER system, and mostly they write and manage the local LEADER projects.

There is a local expert group involved in the planning process of local strategy. They use their scientific knowledge during the planning process. The case of the *Development of civic society in Kisújszállás* project illustrates the project's interests in knowledge and the network-intensive actors in the region. Kisújszállás is one of the biggest settlements in the LAG area. The *Association for the Protection and Development of the Town*, as project leader, aimed to develop a computer system for the Association's headquarters. The project was started in 2008 and finished in 2009. The main target of this infrastructure development was the development of communication possibilities of civic organisations in the town. The headquarters of the Association functions as a center of civic organisation of the town.

The project originated from the demands of the local civic society. Civic organisations in Kisújszállás clustered around the headquarters of the Association. They demanded communication infrastructure for their activities. Infrastructure development was presented as a community-building tool in the framework of the LEADER application. Several actors of the LAG area applied for community building projects. It was a real competitive process between locals. Most civic organizations and local governments aimed for such projects. The number of stakeholders and the social impact of the project goals were the criteria the LAG used for the selection of community-building projects.

The Association's projects involved the civic organizations of Kisújszállás as a target group, and several civic enterprises participated in the implementation of the process, providing their services. The involvement of local actors is managed by

the Association. The Association has collected the demands of civic organizations in the town, and selected the entrepreneurs for infrastructural development works. The most important actor of the project is the Association, as project applicant and leader.

Ninety-five percent of the project is financed by LEADER funds; and 5% is financed by other sources, such as donations from local citizens. As the leader of the project emphasized, without LEADER funds they are not able to finance the project.

The project followed the administrative commitment of LEADER. It was supervised by a double supervisory system, which included LAG personnel and MVH. The leader of the Association said they got help from the LAG personnel, and that owing to this help bureaucratic tasks seemed easier, and not so much time had to be spent on dealing with bureaucratic requirements. They had contact only with the LAG personnel, and they did not require direct contact with MVH.

The project is led by the Association. The staff of the Association has project application and management knowledge. The staff of the Association made decisions on project activities and chose the project participants. They collected the demands of local civic society, which appeared in the project goals. Local opinions and interests are mostly integrated informally, through local networks of the Association.

The achievement of the project was measured within the general framework of the LEADER project process. There are general indicators for community-building projects, including the number of stakeholders, number of participants, *etc.* The general measurement uses quantitative indicators. There is an evaluation process inside the LEADER framework, which is led by LAG personnel. They evaluated all the projects of the LAG region. They used general indicators for their evaluation.

The main aim of the project is the infrastructural development of the IT system of the Association, which has an impact on its capacity building. The central position of the Association means that its development contributes to civic society throughout the town.

This case also demonstrates that the most important form of knowledge used in the LAG is managerial knowledge. The central role of managerial knowledge resulted in networking with other LAGs, and development actors becoming unimportant and invisible; the most important partner is the MVH. The importance of the local network appears inside the LEADER region and mostly inside individual projects.

#### **4. Inclusion through capacity**

The Nagykunságért LAG uses several forms of participation, but most local actors are not involved in the LAG. They support bigger projects. The most successful applicants are entrepreneurs from Mezőtúr. The case of the Nagykunságért LAG



is used to refer to the approach to social exclusion and its connection with use of knowledge and the capacity of actors.

We can find a territorial mechanism of inclusion in the Nagykunságért LAG. Most of the LAG members are located in Mezőtúr and Túrkeve. Fewer participants are in Karcag. The kinds of territorial differences are based on political mechanisms. Karcag is the biggest town in the LEADER region, but local government interest is not connected to the LEADER, and there is no other actor which could motivate locals in Karcag to apply for LEADER funds.

The Túrkeve local government has a political interest in maintaining the LEADER. The local political success of the mayor is based on the organisation of previous LEADERS and LAGs, and local government has strong connections to the Nagykunságért LAG.

Actors in Mezőtúr have both an economical and social interest in maintaining the LAG. Local enterprises are very active in applying for European development funds, and to them, LEADER constitutes an important opportunity for development. The local government of Mezőtúr is only one of the applicants.

Smaller settlements, i.e. the villages of the region, have a special position in the LEADER. In some cases, they are subject to positive discrimination as applicants. What is especially important is that mostly only the local governments are able to apply from these villages; there are no local actors with application capacity.

The case of Mezőhék demonstrates very well the involvement and project capacity of small villages. Mezőhék is the smallest village in the LAG area. Only the local government is able to apply for development funds. There are some smaller agricultural firms in the villages, but according to the general rules of the LEADER, agricultural enterprises may not apply for LEADER funds. Civic society is very weak in the village; there is one association with strong connections to the local government.

The *Information tables in Mezőhék* project illustrates the inclusion and capacity of the village. The main goal of the project is development of the village's image, thus influencing and reinforcing local identity. The project started in 2008 and finished in 2010.

The project originated from local demands, but the main idea for the project came from the mayor. She thought that local identity needed development, and that boosting the image of the village would contribute to the strengthening of the local identity and community. The main tools of this development are the information tables presenting the local heritage of the villages. The project inspired a real competition. Community building is the most popular project aim in the LAG region; various institutions apply for such projects.

The main actor of the project was the local government, as project leader. The mayor managed the involvement of local actors and their interests. She gathered local entrepreneurs to create information tables, and presented local heritage items.

She has connections with several local stakeholders, who provided information on local heritage. The project was totally financed from LEADER funds, without which the local government would not have been able to finance the project.

The project, like other LEADER projects, was supervised by the double supervisory system, which includes LAG and MVH. The local government completes the administrative tasks with the help of LAG personnel, and with whom they have regular contact. LAG personnel spent a lot of time dealing with the administrative requirements of the project. The mayor emphasized that she would not have been able to manage the project without the LAG personnel, as there is no capacity for project management inside the local government.

The project was led by the mayor, with the assistance of LAG personnel. The mayor and the LAG personnel made decisions together. Laymen had no real say in the project, although the mayor aimed to collect local opinions and requests.

The project's success is measured by the general indicators used in community-building projects. (number of stakeholders, number of information tables, *etc.*). The LAG personnel evaluated the project with such general indicators and their own framework. They used quantitative indicators. Specific local indicators did not appear in the evaluation process.

As we mentioned before, the main purpose of the project was the development of the local image of the village. The mayor, as originator of the project, thinks that the development of the local image and the collection and presentation of the local heritage can contribute to the development of a local identity as the main base of the community. She used image development as a tool for community and local-capacity building.

## **5. Exclusion through non-local and top-down control**

Most of the respondents feel that the LEADER is important in the local development process, although many of them criticise the LEADER system in Hungary. They emphasised that this system is not a real bottom-up development system. The LAG has no real power in decision-making. Local actors are not able to decide on development locally: all decisions are controlled by the MVH. The system is over-bureaucratized, and not in line with bottom-up principles. Several local actors feel that this system is more characterised by top-down principles than bottom-up ones. Most of the respondents emphasised that the LEADER in Hungary has special Hungarian characteristics which often conflict with European principles.

Agricultural enterprises were the most active actors in 2004–2006 in the region: 55.8% of projects were connected to agriculture. Agriculture had a central position in future development strategies and plans. Local agrarian actors have

the knowledge and capacity to participate in development projects. In addition, local agrarian actors do not create a local community, they have only individual projects. Agriculture was one of the main topics of the first LEADER plan.

According to the new regulations of LEADER in 2007–2013, agriculture is excluded from LEADER funds. The rule is that firms making more than 51% in profit from agriculture may not apply for LEADER funds. Locals have rewritten the LEADER development plan, focusing on local community-building and the development of non-agricultural enterprises.

The LAG is situated under the MVH, which means that LAG decisions and implementations are controlled and regulated by the MVH. It is seen as a really bureaucratic body by local actors. It has a central position in the rural-development project system. The LAG as a local development body intermediates between local actors and the MVH as a public body. Nevertheless, the LAG has an important position in the local-development system. The LAG, and mainly the LAG personnel, engage with different actors in the region.

The decision-making process at the local level is divided into two phases. The first phase is connected to the LAG personnel, who prepare all the documents and tasks before decision-making. The second phase of local decision-making is connected to the LAG, and especially to the Board. The Board decides locally on all the LEADER issues (like development plans, projects, *etc.*). The characteristic process used in local decision-making is discussion-based consensus. Nevertheless, the final decision is the responsibility of the MVH. We can say that the final decision-making process is characterised by dictating methods.

The Nagyunságért LAG does not use explicit conflict-resolution mechanisms. There are several cases when conflicts have arisen. The main causes of conflicts are connected to the double decision-making system of the Hungarian LEADER. Local project applicants and project leaders often feel that the LAG personnel do not have enough knowledge and competence, and they need to connect directly to the MVH. Because of this double system, project owners feel that the processes are too slow and they do not understand the function of the local LAG.

The case of the *Mesterszállás Villages Day* project illustrates the negative consequences of this bureaucratic and double control system. *Mesterszállás* is one of the smallest settlements in the LAG region. The *Village Day* project aimed to organise a one-day community event in the village, with a number of activities. The project began in 2007, and finished in 2010 because there were several problems with the financial closure of the project. The local ‘*Village Day*’ community event was organized in July of 2007 and ran two days during a weekend.

The project originated from local demands for community building. According to the Development Strategy of the LAG, small settlements in the region have the possibility to apply to organize local events. All the small settlements apply for such activities, and all of them successfully organized their local events. There

was a separate fund inside the local LEADER funds for the community building of small settlements. Therefore, it was not a real competitive process.

The project leader was the local government. Local persons, firms and local public organizations were involved in the organization of the Village Day event. Local actors organized different activities and supplied their services during the event. Local government, mostly through the mayor, included local stakeholders in the organization process. Local government was the most active actor in the project, from the application through to the closing of the project.

The project absolutely depended on LEADER funds: 95% of the project was financed by LEADER funds, and 5% by the local government budget. The local government aims to organize Village Days every summer, but without LEADER funds they are not able to provide rich activities and free programs for locals.

The project was supervised by the LAG and MVH. In the case of bureaucratic tasks, this project had a double dimension. On the one hand, there was a strong relationship between the LAG personnel and the local government which led the project. On the other hand, there was a second relationship concerning the bureaucratic closure of the project between the local government as project leader, and MVH as supervisor.

While local government hardly felt bureaucratic constraints local stakeholders emphasized the difficulties in administering the project. The administrative manager of the project complained that she spent too much time on dealing with bureaucratic requirements.

The process of leading the project was simple. The main element of the project was the organization of local events. The main organizer was the local government, which involved local actors. All the decisions were made by local government. Local actors participated in the project as service providers, their interests and opinions integrated through the local event-organization process.

The project was measured by the general measurement of the LEADER project. General indicators concern the number of visitors to the event, number of activities, *etc.* It used mostly quantitative indicators. There was an evaluation process, managed by LAG personnel, during which they formally evaluated the outcomes of the project. Interviewees pointed out that this process was bureaucratic and highly formal.

The real purpose of the project was community building of local society through local events. The LAG aims to help small settlements to organize local community events as a tool for community building. The local government of Mesterszállás complained that the bureaucratic tasks of the project were too difficult, and in the future, they aim to organize local events without LEADER funds because they spend too much time and money on bureaucratic tasks, and they have less capacity to build a local community than they want or need. The local government, as project leader, was disappointed in of the framework of the LEADER

because the LAG was not independent enough (not bottom-up enough), and there were too many bureaucratic commitments.

The problems mentioned were not only the bureaucratic system of LEADER, but also the position of LAG members in the LEADER, who were presented by local respondents as being in a conflicting situation. Buying many business shares also presents a difficulty for local actors, and constitutes an important form of social exclusion. LAG members do not feel they have any advantages from their membership, yet still have the expense of membership. Many of them want to get out of the LAG.

Finally, the general rules of the LEADER system also cause local conflicts. In the case of the Nagykunságért LEADER region, agricultural enterprises were the most active actors in 2004–2006: 55.8% of projects were connected to agriculture. Agriculture has a central position in future development strategies and plans, and local agrarian actors have the knowledge and capacity to participate in development projects. Agriculture was one of the main topics of the first LEADER plan. Yet now there is a new set of regulations of LEADER for 2007–2013, and agriculture is excluded from LEADER funds. The rule is that firms making more than 51% of their profits from agriculture may not apply for LEADER funds. This form of social exclusion causes a number of conflicts in this region, where the importance of agriculture is stable and high.

## 6. Conclusions

The case of the Nagykunságért LAG illustrates how local notables dominate the process of rural development. It also demonstrates the social-exclusion characteristic of LEADER-type development (Shucksmith 2000; Shortall 2004). Exclusion, as described in Shucksmith's approaches, is a much broader concept than poverty. In our perspective it is not a poverty-based concept (Shucksmith, Chapman 1998) but refers to the power of actors (Csurgó, Kovách, Kučerová 2008) and participation. Shucksmith argues that 'the more articulate and powerful individuals and groups were better able to engage with programmes and to apply for grants and submit proposals, while others, lacking the formers' capacity to act, were unable to benefit' (Shucksmith 2000: 210). Only those actors who have knowledge and extensive networks are able to participate in the rural-development process (Csurgó, Kovách, Kučerová 2008).

The case of the Nagykunságért LAG area demonstrates the limit of the actors' involvement in local rural development. Actors in rural development are characterised by their strong knowledge of production and reproduction capacity, and their intensive use of different types of knowledge. Involved goals, knowledge,

capacity to act and special skills in administrative mechanisms are the base of involvement and participation, and determine who gains and who loses in the process (Csurgó, Kovách, Kučerová 2008).

Most of the supported projects are connected to community building. Civic organizations and local government were active in community-building projects. The second most popular project aim was the development of SMEs. Most of the applicants who implemented enterprise-development projects came from Mezőtúr.

Project participation strongly depends on the capacity of actors in the case of the Nagykunságért LAG. Actors with capacity are very much involved within the project, but those without capacity they are crowded out and have no access to resources (Csurgó, Kovách, Kučerová 2008; Kelemen, Boldizsár, Nagy 2008; Shucksmith 2000).

This case also demonstrates that LEADER-type development is conflicting and inconsistent in Hungary (High, Nemes 2007). The question of accountability is not central to the thinking of the LAG. The LAG is responsible for its work and activities like any other non-profit enterprise. The LAG is also responsible for the legal and administrative work of LEADER in the region.

Most of the respondents perceive the MVH to have the strongest responsibility and control. It is responsible for the framework and rules of LEADER, so it is responsible for the long-term outcomes of LEADER-type development in Hungary. The MVH supervises the LEADER, and local respondents account for its moral and legal responsibility. Most of the respondents criticise the LEADER as being too general and bureaucratic. As we described earlier, this has resulted in the LAG's work and position in the LEADER system as being primarily formal, without real power and responsibility.

The LEADER system can be seen as a new form of governance. LEADER can give more power to local institutions (Ray 2001). The replacement of local institutions involves a change in the way that knowledge is used for management. Local institutions tend to use their local, mostly tacit, knowledge (Bruckmeier 2004). The shift of the knowledge system is one of the major impacts of local institutions on government methods, because it is often accompanied by a change in control over resources (Csurgó, Kovách, Kučerová 2008).

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### SIECI LEADER I LOKALNE OLIGARCHIE

**Streszczenie.** W artykule przedstawiono studium przypadku dotyczące węgierskiej lokalnej grupy działania „Nagykunságért”, zwrócono uwagę na podmiotowe ograniczenia uczestników LAG zaangażowanych w rozwój obszarów wiejskich na poziomie lokalnym. Udział w projekcie

(w opisywanym regionie) uzależniony jest od możliwości finansowanych i zdolności zarządczych poszczególnych uczestników. Osoby posiadające wymienione zdolności są włączane do projektu, natomiast ci, którzy nimi nie dysponują zostają pozbawieni zasobów lokalnych. Główną charakterystyką uczestników procesu zrównoważonego rozwoju obszarów wiejskich jest ich zdolność do korzystania z różnego rodzaju informacji i rozpowszechniania wiedzy. Poruszono też problem włączenia i wykluczenia oraz władzy lokalnych oligarchów w kontekście wykorzystania podejścia LEADER zarówno na rzecz demokracji, jak i przeciwko samorządności i redystrybucji funduszy rozwojowych.

**Słowa kluczowe:** uczestnictwo społeczne, oligarchia, władza lokalna.