

## RURAL DEVELOPMENT IN THE EUROPEAN UNION AND HUNGARY

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**Abstract:** Rural development policy of the European Union is intended to ensure European rural areas to meet the challenges facing them and to utilize their available potential. This called the European Network of Rural Development, the organization for rural policy of the community connecting the national rural development networks and having an organizing, co-ordinating role in developing the co-operation of national networks contributing to the effective utilization of resources for rural development. Major step forward in the Hungarian rural policy is indicated by the establishment of the National Rural Strategy – the constitution of the Hungarian rural areas and the Darányi Ignác Plan helping its realization.

**Key words:** Rural policy, European Network for Rural Development, Hungarian National Rural Network, National Rural Strategy, Darányi Ignác Plan

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### INTRODUCTION

Rural space has many functions and many meanings. Rural areas produce most of world's food, and capture most of its water supply. They are the source of most of our energy – whether from fossil fuels or renewable resources – and the origin of most of the minerals that feed industry. Historically, at least, rural areas have provided society with fibre for clothing, stone and timber for building, and wood pulp to make paper. Rural areas have also become our playground – a place to walk, ride, cycle, sightsee, or simply escape in search of a slice of tranquillity. They are valued for their scenic landscapes and for their natural environments – rural areas host the vast majority of the globe's plant and animal species. Rural areas are also home to diverse indigenous cultures, and can be venerated as places where elements of traditional, pre-industrial ways of life may be glimpsed. As such, rural areas are frequently endowed with symbolic importance as signifiers of national identity, or as the counterpoint to modernity. Rural areas are celebrated variously both as wilderness and as a bucolic idyll. Yet, they can also be portrayed as remote, backward, under-developed places, in need of modernization (Woods, 2011).

## **RURAL DEVELOPMENT POLICY OF THE EUROPEAN UNION**

Strengthening the European rural development policy is of priority for all member states of the European Union helping the realization of Union aims highly important regarding the people live and work in rural areas (around 56% if the inhabitants of Europe). Rural areas have important role in shaping the aspect and identity of the EU therefore rural development is of high priority. Geographically 91% of the total area of the EU belong to the competence of rural development.

Numerous rural areas have to face serious challenges in today's Europe hit by economic crisis. Agriculture will play a decisive role in the rural areas of the EU in the future as well, however, part of the companies in rural areas must improve their competitiveness. Overall the average income per capita, grade of qualification and the development of the service sector in rural areas are smaller compared to that in towns and cities. Although the protection of the rural environment is truly an important issue it falls into the background ever so often as it seems to be relatively costly. European rural areas have significant values though. Fundamental raw-materials are found in such areas and they offer innumerable natural beauties for all of us. Issues of rural development cross the borders of counties or regions frequently affecting distant communities (e.g. environmental contaminations, ensuring sustainable development). More than half of the population of the 27 member states live in rural regions and many more are attracted by the idea to live or work in rural areas. For them the existence of service and infrastructure of appropriate quality is an important aspect ([ec.europa.eu/agriculture/rurdev/index\\_hu.htm](http://ec.europa.eu/agriculture/rurdev/index_hu.htm)).

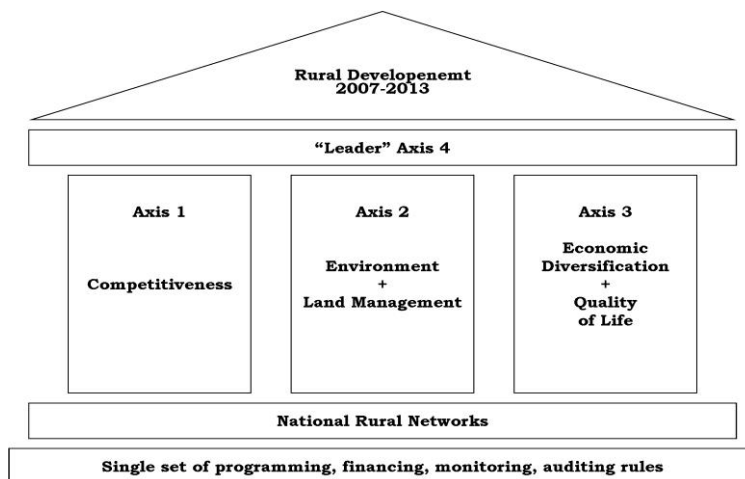
## **STRUCTURE OF THE EUROPEAN RURAL DEVELOPMENT POLICY (2007-2013)**

Fundamental rules and the measures to be taken by the member states and regions regarding rural development policy between 2007 and 2013 are determined by the EC decree 1698/2005. Rural development is based on the three axes of the European Agricultural and Rural Development Fund (EARDF). (Axis 1: competitiveness of agriculture and the food industry, Axis 2: agricultural environmental protection and land-use, Axis 3: increasing employment and diversifying activities in rural areas). These are completed by a transverse methodical axis, the LEADER axis (Axis 4: development of local communities) (figure 1). Rural development programmes carried out with EU support have to be financed from the EARDF with joint leadership of the member states and the Community between 2007-2013. The Community contributes to the development of rural areas by supporting measures described in rural development plans prepared and submitted by the member states (Buday-Sántha, 2011).

In order to establish the appropriate equilibrium all three fields have to be financed by the member states and regions from their rural development budget. A further requirement is to support projects in which experiences gained during the realization of LEADER programmes are applied. In the framework of the LEADER completely unique projects are formulated planned and executed by local partnerships in order to handle local problems characteristic for the particular area.

Rural development policy of the EU aims to improve competitiveness and sustainable development day-to-day. European decision makers were motivated

to involve the inhabitants and public institutions of rural areas in the process at various levels as much as possible (Fehér, 2009).



**Figure 1.** Political structure of rural development  
(Source: European Union Commission)

### **RURAL DEVELOPMENT NETWORKS: EUROPEAN NETWORK FOR RURAL DEVELOPMENT (ENRD)**

The initiation of the European Union at a conference organized by the member states in Cyprus in the summer of 2008 gave a new chance for rural areas to inspire “bottom-up” initiations and to utilize better the capacities of the inhabitants incorporated into rural development programmes.


































This can be achieved through the new rural development institute that can be regarded as a true innovation in realizing rural policy considering its structure, operation and philosophy. Its important elements are co-operation at international and national levels and free flow of information connected to the spreading and realization of good practices. Establishing new partnerships and sharing good practices will hopefully dynamize the successful realization of rural development programmes, will refresh and give momentum to the diversity of European solutions and promote the application of integrated rural development (Fehér-Kujáni, 2011).

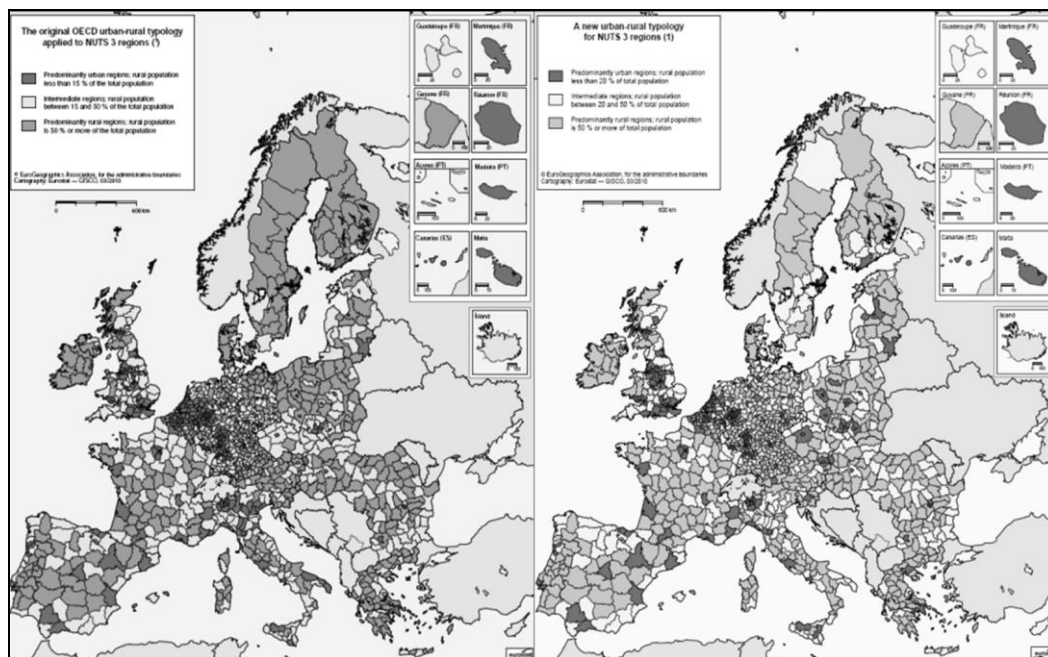
Decision of the European Council was published in February 2008 describing the necessity and operation conditions of the European Network for Rural Development and of the National Rural Development Networks. Until 31<sup>st</sup> December 2008 in total 31 national networks were established (table 1) in Europe. The European Network for Rural Development started its operation in October 2008. This network is aimed not only to organize meetings for those interested in the European rural development policy but to apply real and significant incentives and measures that contribute to the realization of the rural development strategy formulated in the framework of the European Commission.

Its operation started a new chapter in the rural development policy of the EU despite the fact that in this the EU can record results back for several years.

**Table 1.** National Rural Development Networks of the member states of the European Union  
(Source: [http://enrd.ec.europa.eu/en/home-page\\_en](http://enrd.ec.europa.eu/en/home-page_en); own structuring)

01. Austria		Netzwerk Land
02. Belgium		
• <i>Flemish</i>		Vlaams Ruraal Network
• <i>Walloon</i>		Réseau Wallon de Développement Rural
03. Bulgaria		Национална селска мрежа
04. Cyprus		Εθνικό Αγροτικό Δίκτυο Κύπρου
05. Czech Republic		Celostátní síť pro venkov
06. Denmark		Det Nationale Netværk for Udvikling i Landdistrikter
07. Estonia		Eesti maaeluvõrgustiku üksus
08. Finland		Maaseutuverkosto - Landsbygdsnätverket
09. France		Le réseau rural français
10. Germany		Deutsche Vernetzungsstelle ländliche Räume
11. Greece		Εθνικό Αγροτικό Δίκτυο Ελλάδας
12. Hungary		Magyar Nemzeti Vidéki Hálózat
13. Ireland		National Rural Network
14. Italy		Rete di reti nel Network Europeo dello Sviluppo Rurale
15. Latvia		Valsts Lauku tīkls
16. Lithuania		Lietuvos kaimo tinklas
17. Luxembourg		Réseau rural du Grand-Duché de Luxembourg
18. Malta		National Rural Network Malta
19. Netherlands		Nationaal Netwerk Platteland
20. Poland		Krajowa Sieć Obszarów Wiejskich
21. Portugal		Rede Rural Nacional
22. Romania		Romanian NRN
23. Slovakia		Národná sieť rozvoja vidieka
24. Slovenia		Nacionalna mreža za podeželje
25. Spain		Red Rural Nacional
26. Sweden		Svenska Landsbygdsnätverket
27. United Kingdom		
• <i>England</i>		Rural Development Programme for England Network
• <i>Northern Ireland</i>		Rural Network for Northern Ireland
• <i>Scotland</i>		Scottish National Rural Network
• <i>Wales</i>		Wales Rural Network

Rural development networks became rural policy measures of European dimension. They provide information for the 27 member states and for third party countries. Rural companies and institutions, various expert groups, agricultural and forestry organizations co-operate in the networks on partnership basis.



**Figure 2.** The original OECD urban-rural typology applied to NUTS 3 regions (left) and a new urban-rural typology<sup>1</sup> for NUTS 3 regions (right)  
(Source: Eurostat, 2010)

The aim is the successful development of *rural areas*<sup>2</sup> (figure 2). National networks were established in not uniform ways. Most of the member states operate one network, two countries (Belgium, United Kingdom), however, developed several networks (table 1). No uniform practice was developed for the operation of the networks. In most of the member states the national rural development network is operated in the organization of the ministry. In seven countries the national network is operated as an independent organization separate from the ministry while in the case of three countries the organization is shared, i.e. part of the activities is operated by the ministry and the rest are organized outside the ministry in contractual form.

The European Network for Rural Development is an open network which any organization operating in rural areas and interested in the rural

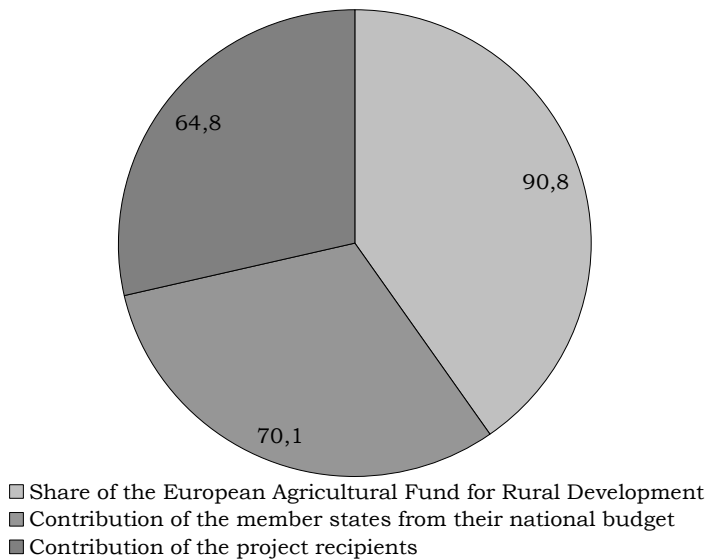
<sup>1</sup> The OECD approach classifies regions as predominantly urban, intermediate or predominantly rural, based on the percentage of population living in local rural units. A NUTS 3 region is classified as: predominantly urban (PU), if the share of population living in rural LAU2 is below 15%; intermediate (IN), if the share of population living in rural LAU2 is between 15% and 50%; predominantly rural (PR), if the share of population living in rural LAU2 is higher than 50%.

<sup>2</sup> Rural areas in the EU member states give 90% of the total area where 56% of the population live, 43% of the national product is produced and 55% of those employed live. Majority of the natural resources is found in these rural areas and they are a mixture of cultural and landscape heritage.

development policy can join. They can use the services and information measures of the national and European rural development networks. The new organizational philosophy regards partnership between the civil society and the representatives of the private sector as an important element in networking. Everyday experiences in practice reveal that decision makers and executors have to be helped in making decisions that contribute to the realization of the strategic targets of the rural development programmes (Fehér, 2009).

In the institutional system of the rural development policy of the European Union a significant innovation is made in the current budget period as a National Rural Development Network is established in every member states and two European networks have been established as well. Furthermore, the demand of applying the *LEADER-method* was also introduced as a new aspect in the field of all of the four axes.

The European Union allocates 225 billion Euros for financing rural development projects in the period between 2007 and 2013 in the framework of 94 Rural Development Programmes. From this amount the European Agricultural Fund for Rural Development receives 90.8 billion Euros that is completed with 70.1 billion Euros by the national budget of the member states. Planned contribution of the project recipients is 64.8 billion Euros (figure 3).



**Figure 3.** Financing of rural development projects, 2007-2013 (billion Euros)  
(Source: Fehér I., 2009; own construction)

These significant planned financial commitments prove that the rural development policy of the European Union give significant support to the rural areas of the 27 member states in the interest of long-term development. The four closely integrated priorities can be noted in all of the 94 Rural Development Programmes in which the specifics and demands of the member states considered in the composition of the programme can be clearly identified. Significance of the four priority axes is reflected in that they contribute to the joint aims of the EU, the economic growth, the improvement of employment, the establishment of sustainable environment and society (Fehér, 2009).

### **HUNGARIAN NATIONAL RURAL NETWORK**

Professional beginning of the Hungarian National Rural Network dates back to the years prior to the country joining the European Union. At that time the ECOVAST (European Council of Villages and Settlements and its Hungarian group) and others (Village Parliament, National Association of Village and Farm Stewards, etc.) tried to establish professional rural development civil organizations that were operated as a network in other countries with successful rural programmes already in the early and middle 1990s. These had significant role in Europe in the acceptance of the famous Cork declaration<sup>3</sup> and in the elaboration of the European rural development methods and programmes called today simply as LEADER type. The Hungarian National Rural Network – based on the Union decree affecting the entire rural Europe – was established in December 2008 to ensure better professional-social acceptance for the currently valid uniformized agricultural and rural development resources with the demand of spreading good rural practice (Csatári, 2011).

In June 2010 the decree (Rural Development Ministry Decree 36/2010 (XI. 30.) on the Hungarian National Rural Network) on the HNRN was modified involving new structures and action plans in order to operate the network more effectively. New priorities also appeared for the period between 2011 and 2013 besides former aims placing emphasis on multi-level discussions and international relations (Fehér-Kujáni, 2011). Task of the HNRN includes the joining of all interested in rural development into one co-operation network, i.e. joining local government, civil, farmer and social organizations, professional boards into information and co-operation networks harmonizing their activities. Its targets are the social-economic development of rural areas and the effective utilization of support resources. Further aims are the establishment of practice centred inter-regional and international relations, European representation of Hungarian national interests and values. Activity of the HNRN enables the 27 member states co-operating in the European Network for Rural Development to receive information on the Hungarian development results and the Hungarian rural development communities can learn from the foreign models as well ([mnhv.eu/szervezet-celja](http://mnhv.eu/szervezet-celja)).

### **RURAL DEVELOPMENT IN HUNGARY – NEW HUNGARIAN RURAL POLICY**

Giving new definition to rural areas and the reformation of rural policy have been started in Hungary transforming rural areas into liveable places again and targeting the closing-up of rural areas. The time period when Hungarian rural areas were characterised by migration and hopelessness has to be overcome. In the heart of Europe we, Hungarians have the task to bridge between east and west, north and south so that we remain to be Hungarians and to establish the economic and cultural possibilities for following generations necessary for growth. Rural development is regarded to be a highly important strategic sector across Europe in the 21<sup>st</sup> century. Countries of the region have to co-operate along the idea of the European unity if all of us want to belong to the successful nations (Fazekas, 2010). Hungary in this way can become a

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<sup>3</sup> Respect for the cultural and natural values of rural areas was demanded by various campaigns and civil communities so consistently throughout Europe that even the European Council put it on the agenda organizing a two-day conference in the autumn 1996 in order to advance in rural development. This conference was closed with the acceptance of a declaration (The Cork Declaration – The living countryside) in which principles of rural policy were summarized in 10 points (Kovács, 2012).

country where European multi functional quality agriculture, environmental management and land management are universal. These produce valuable, healthy and safe food products and local energy and other raw-material preserving in the meantime our soils, drinking water bases, flora and fauna, the landscape and man, our communities and culture in it. Providing also work, living and reasonable income for as many people as possible (Ángyán, 2010).

### **NEW HUNGARY RURAL DEVELOPMENT PROGRAMME (2007-2013)**

The European Union focuses on the realization of consistent rural development strategies throughout the EU. Realization of the aim can be achieved via the national strategy plans that were worked out by the member states on the basis of the strategic guidance of the EU. The system enables:

- The determination of those fields where Union rural development support produces the greatest value at Union level;
- The identification of connection points to the high priority Union aims (e.g. aims determined in the Lisbon and Göteborg timetables);
- Ensuring harmonization with other Union professional policies regarding especially economic cohesion and environmental protection;
- Accomplishment of the new market-oriented agricultural policy and the execution of the associated structural transformation in the old and the new member states as well.

All member states have to submit to the Committee their national strategy plan (in the case of Hungary: New Hungary Rural Development Programme) that contribute to the realization of the national strategy plan between 2007 and 2013.

43.1% (371.2 billion Euros) of the total budget of the 7-year planned time period can be allocated for agricultural and rural development. 79% of the agricultural budget can be used for direct and market support, 19% for rural development and 2% can be used for fishing, life quality improvement and other targets. Financial support for agricultural and rural development decreases from 55 billion Euros to 51.1 billion Euros between 2007 and 2013. Therefore in 2013 financial resources are less by 7% and 12% for agricultural support and rural development respectively compared to 2006 (Buday-Sántha, 2011).

In the framework of the New Hungary Rural Development Programme (NHRDP) Hungary is entitled to use 1 300 billion forints of support between 2007 and 2013 that can be allocated entirely for agricultural and rural development. The NHRDP involves the priorities of agricultural and rural development for the above mentioned period at the level of actions. These priorities can be summarized in the list below:

- Improving the competitiveness of the agriculture, forestry and food processing sectors, helping the transformation of the production structure;
- Establishing the human conditions of competitive agriculture with special regard to the spreading of the innovation and market-oriented attitude;
- Strengthening the guarantees of sustainable management;
- Easing rural unemployment, extending the possibilities of earning an income, improving the quality of life, making the availability of services better;
- Developing local communities.



The NHRDP contains the measures related to rural development. The programme is based on four axes:

1. Improving the competitiveness of agriculture and forestry
2. Developing the environment and rural areas
3. Diversifying the quality of rural life and economy
4. LEADER programme

### **NATIONAL RURAL STRATEGY 2020**

The National Rural Strategy (NRS) planned until 2020 has started. General long-term concept like this has not been composed for decades. Its aim is to define the targets, principles of the rural policy of Hungary together with the programmes and execution framework of measures ensuring the achievement of the aims on the basis of a view of the future focusing on sustainability and the values of rural life reversing the disadvantageous processes characteristic for the majority of our rural areas. The National Rural Strategy determines tasks related to rural development, agriculture and food industry, sustainable utilization of natural resources, preservation of natural values and environmental protection.

Adjusted to the Europe 2020 Strategy<sup>4</sup>, of the European Union and to the time period of the programme financing of the EU between 2014 and 2020, the programmes of the measures of the National Rural Strategy targets the improvement of the social and economic processes and the quality of life in rural areas by 2020 tangible for local inhabitants as well. Most important fields of this include the increase of employment, balanced and diverse agriculture and production structure based on small and medium sized farms and their associations strengthening of local food production and food markets, strengthening of the local communities of rural areas, improvement of their demographic parameters and the preservation of biological diversity and healthy natural systems.

The overall aim of the Strategy is the improvement of the population retaining capacity of the rural areas of the country. In order to achieving this, five strategy goals are determined (*videkstrategia.kormany.hu*):

- preserving the natural values and resources of our landscapes;
- diverse and liveable agricultural production;
- catering and food safety;
- ensuring the financial basis of rural farms, increasing rural employment;
- strengthening rural communities;
- improving the quality of life in rural areas.

### **THE DARÁNYI IGNÁC PLAN**

The execution programme of the National Rural Strategy is the Darányi Ignác Plan for the support of which 300 billion forints are available by the end of 2013. This amount can be used for the support of several goals including the higher level of food processing, food industrial developments, indigenous animal and plant species, afforestation, micro-enterprises, starting young farmsteads, and young farmers. The 2.5 years long programme is harmonized with the

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<sup>4</sup> *Europe 2020* is a European Union strategy of growth for the upcoming decade. Its goal is to make the economy of the EU intelligent, sustainable and inclusive in our changing World. These three priorities strengthening each other can help higher employment, productivity and stronger social cohesion in the Union and in the member states ([ec.europa.eu/europe2020](http://ec.europa.eu/europe2020)).

European Union budget and is continued in the next European Union budget cycle. The farm programme has been started with 1.5 billion forints in order to regenerate farmsteads. The target is to bring healthy, locally produced food into public catering by supporting butcheries and opening farmer markets with simple rules. Renewing village-halls also contain economic function, e.g. internet access. Furthermore, various office service points help the farmers to receive services quite natural in towns (*kormany.hu/hu/vidékfejlesztési-miniszterium/hirek/daranyi-ignac-program*).

- Overall aim:
  - Improving the population retaining capacity of our rural areas
- Strategic aims:
  - Preserving the natural values and resources of our landscapes
  - Diverse and viable agriculture
  - Catering and food safety
  - Ensuring the financial basis for rural economy, increasing rural employment
  - Strengthening rural communities, improving the life quality of rural population
- Horizontal aspects:
  - Sustainability
  - Spatial and social cohesion
  - Town – rural area relationships

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- [http://ec.europa.eu/europe2020/index\\_hu.htm](http://ec.europa.eu/europe2020/index_hu.htm).