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VALIDITY OF THE LOCAL ECONOMIC DEVELOPMENT
IN THE PERIPHERAL AREAS
Through the Example of Disadvantaged Settlements of Ems Subregion

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I, Helena Polomik, hereby confirm that I have independently composed this Master thesis and that no other than the indicated aid and sources have been used.
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I. Introduction

This work examines the validity of the local economic development in peripheral areas through the example of two settlements in one of the least developed areas of Hungary, the Encs subregion from 2001 to 2010. The studied villages, Felsőgagy and Beret come from the same socio-economic background and have received almost the same exact amount of financial resources during the examined period. The only significant difference is the usage of these resources. The area is extremely disadvantaged thus it is of a key importance to find an approach which can answer the challenges and implement it as fast as possible.

Since the EU’s allocation policies rose in popularity, two types of local level developments have become well known. One of them, the externally influenced traditional development is more common in Hungary and involves external resources which do not regard local potentials highly, but rather put more significant emphasis on the requirements and the given opportunities of the external – primarily financial – resources. The strategy of the other type of development, the local economic development (hereinafter LED) is based on local conditions and is built on these. It is a common practice, a traditional way of development in Hungary to see settlements planning their future in line with their tender opportunities as opposed to applying to tenders based on their strategy. Even though, it can be partially explained with a huge lack of financial assets, there are still some settlements which do follow this aforementioned principle, and having their own vision and strategy, implement the correct programs to answer their potential challenges. One of the methods which can be used to approach development in this manner is the LED. This is the focus of this document. This tool when correctly applied is gaining popularity around the world but is still less widely known and utilized in Hungary. The approach can be a great mean for municipalities to develop with all the benefits of creativity guaranteed by its usage. In Hungary, most of the examples of LED are initiated by NGOs or civilians rather than the local municipalities. Ultimately, the goal is to integrate its thinking into the municipality’s everyday work involving all the different stakeholders.
Thus the main and most significant difference between the two settlements being discussed is that in Felsőgagy one of the major investment and development projects was a LED program, while conversely, Beret adjusted to external conditions, applying to any opportunity that arose.

The settlements I chose for analysis are two of the smaller settlements in the Encs subregion – expecting that their change or lack thereof as a result of their development projects and especially the LED’s influence on Felsőgagy is more visible and more easily modeled in a less developed, smaller territory. The ultimate aim of this document is to examine how the different development initiatives affect the economy, society and environment of the examined villages and their neighborhood and how successful the certain projects themselves are within the given background.

We will see that in 2001 the settlements were at their most identical state and their disposable financial assets did not differ significantly. The fact that they exploited their potentials using different methods led them to very different results by 2010; the successful, Felsőgagy overtook the other settlement and is on more dynamic growth path while the development of Beret is less spectacular.

This paper aims to explore the reasons behind this, and answer on what factors local economic development’s success depends on.

Hereby, I would like to express my most sincere thank you to my supervisor, Dr. László Jeney who did not only guide me with his best effort at all times but also took me several times to the examined area connecting me with different stakeholders to get the opportunity to gain hands-on experience and the most correct impression possible on what I write about.
II. The Concept of Local Economic Development

There are several ways to categorize development. In this paper, the methodology distinguishes primarily between the development influenced from outside the region, the *traditional one* and the so called *local economic development* (LED). While the first one can be considered top-down, the other one is rather a bottom-up solution. In contrast with the traditional one, LED also adjusts to the principle of subsidiarity of the European Union – the decisions related to the development are made at the closest level possible to the problematic area – and involves local stakeholders and local resources. Thus, LED encourages local dialogue, motivates people to be more proactive, and enables local institutions to better contribute to development and make economic activity dependent on the comparative – specific and unique – advantages of the territory. This independence from external resources is a very important element of LED, while the traditional development – which can be seen often in the Hungarian settlements’ examples – focuses on the external tender opportunities and adjusts the settlement’s strategy and operation to them as opposite to adjusting the well planned strategy to the financial assets (Moskovits, Á., 2011). The implementation of these different programs then might end up not being coherent, several problems can occur; if these settlements are not developed enough or the right business environment has not been set up yet, their municipalities might face further financial difficulties simply by for example, maintaining their newly supported investment developments. Worse examples can be seen too; if the settlements apply for these resources without any planned out strategy then these different, awarded tenders can have a quenching effect on each other.

Economic development activities in developing countries tend to be uni-disciplinary, initiated and implemented by just one ministry or agency. An advantage of LED approaches is that they facilitate a multi-disciplinary approach. This is also confirmed by the further advantage of LED which is that while the top-down, centrally distributed subsidies have a sectoral approach, the local ones are independent from any sector thus can choose the right tool to fix their problem as opposed to struggling to adjust the problem to the tool.
It is also necessary to mention LED is not an isolated method from its environment, but is in fact a built in, integrated one that fits smartly into a bigger structure set up by the government while also taking other plans into account (Figure 1).

These two methods are often used exclusively; however their optimization might be the most efficient.

Nonetheless, the aim of this paper is to prove – through the existing example of two settlements – that when correctly applied, the usage of the local economic development as an approach contributes in a more efficient and sustainable way to the local and broader economy’s success than the traditional practice.

In this work the methodology of the research will be explained in course of the relevant section.

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**II.1. The Evolution of the Local Economic Development**

Originally at any territorial level, the economic development was almost exclusively the responsibility of national governments through intervening directly into the economic processes to achieve changes. In the case of LED, which is a relatively young approach appearing first in the developed countries, it is different. The literature describes it in three phases (The World Bank Group, 2011a):

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*Figure 1. Integrating LED in the local governmental system*  
Source: UN-HABITAT, 2005, p. 26
1) In the 1960s, after recognizing the insufficiency of the only central governance the developed countries’ governments started to consciously work out different local economic development programs. This period lasting until the 1980s is considered to be the first wave of the LED. During the first wave, the focus was on hard and physical investments and on the development of the institutional infrastructure and so on the attraction (with mainly cheap prices of e.g. workforce, rents etc.) of competitive investments. In this stage it is still the central government which ruled the actions as these require respectable financial resources that could be provided through different subsidies, grants, subsidized loans, tax allowances and so on.

2) The second wave started in the 1980s and lasted until the middle of the 90s. Here the physical and institutional background have already developed and workplaces had been created thus the focus moved towards creating better paying jobs by strengthening the already existent corporate background – sometimes even with individual, direct firm financial transfers – and improving the skills of both employees and employers. Recognizing what efficiency requires, the central government involved the stakeholders of the private sphere to the strategic development at this stage already.

3) In the third wave which started in the 90s and lasts even today these local economies are already considered competitive, the average wage is high and thus the standard of living has to be increased. The focus shifts to strengthening the entire business environment by developing soft infrastructure, by supporting public-private partnerships, networking and collaboration, by encouraging workforce education and the development of business clusters, by supporting the R&D sector and by promoting inward investment attraction to contribute to the competitive advantages of the local areas. In this stage, the public and the nonprofit sectors are already involved as well.

However while LED has theoretically moved through these waves in the developed countries, elements of each wave are still practiced today in the less developed ones.
The above derived history also shows the general trends of the LED’s evolution process; according to it, the “right” order of investing is from hard to soft investments expanding the number stakeholders (from the government to the private and then public and civil sphere so facilitating the correct recognition of the local potentials) thus creating an environment for the bottom-up initiatives in which they can be successful even independently (Table 1).

<table>
<thead>
<tr>
<th>INVESTMENTS</th>
<th>FIRST WAVE</th>
<th>SECOND WAVE</th>
<th>THIRD WAVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTORS</td>
<td>Hard</td>
<td>Government</td>
<td>Soft</td>
</tr>
<tr>
<td>DIRECTION</td>
<td>Top-down</td>
<td>All stakeholders</td>
<td>Bottom-up</td>
</tr>
<tr>
<td>RELATION</td>
<td>Dependent</td>
<td>Independent</td>
<td></td>
</tr>
</tbody>
</table>

Table 1. The evolution of the local economic development
Source: own compilation based on World Bank

Once this aforementioned socio-economic environment is provided, in order to improve the local economy, the LED strategy needs to consider three kinds of economic opportunities (UN-HABITAT, 2005, p. 22).

1) To avoid that the capital leaves the region (e.g. if the good is also available in the region then not to spend on import),
2) To be able to keep attracting capital,
3) To keep capital that has entered the local economy circulating longer.

II.2. The Understanding of LED

Earlier I gave an explanation of LED, however the fact remains that the meaning of the local economic development differs for different organizations. This is due to local economic development projects which concern several initiatives differing according to the problem which they have to manage. For example some address a specific topic, others focus on general socio-economic and environmental improvement depending on the particular needs of the region sometimes in conjunction with and other times distinguished from the municipalities. Thus the local economic development does not have a commonly accepted and precise definition; most of the institutions dealing with it have their
own approach. So the aim of this chapter is to present some of the well-known ones – going through the different territorial levels – and find the commonalities within them which will present my understanding of the term used throughout the document.

Although LED does not have any commonly accepted and precise definition the institutions which have to be highlighted in dealing with this topic on the global level approach it with a similar concept. Several institutions could be mentioned in connection with the notion but in this document only the two most involved, the World Bank and the United Nations will be discussed.

As we saw earlier the World Bank has had the local economic development as its focus since the 1970s beginning with analyzing the situation largely in the developed countries. Since the Transition of the East Central and Eastern Europe these countries have gained its attention too. In contrast with the World Bank, the United Nations’ LED has always been more designed for the least developed countries (Table 2).

<table>
<thead>
<tr>
<th>WORLD BANK</th>
<th>UNITED NATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>“The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.”</td>
<td>“Local economic development (LED) is a participatory process in which local people from all sectors work together to stimulate local commercial activity, resulting in a resilient and sustainable economy. It is a way to help create decent jobs and improve the quality of life for everyone, including the poor and marginalized.”</td>
</tr>
</tbody>
</table>

*Table 2. LED’s definition on the global scale*
Source: UN-HABITAT, 2005, p. 8 and the World Bank Group, 2011b

Both of the definitions emphasize the importance of stakeholder (local governments, the private and nonprofit sectors and local communities) cooperation, economy stimulation (including the creation of workplaces, enhancing competitiveness) and the improvement of the quality of life. The – not surprising – difference is that while the World Bank is more economy oriented, the UN’s definition is more human- and environment-oriented mentioning the need of supporting the poor and marginalized in addition to sustainability. What I am missing from both of these definitions is that, apart from the human capital,
none of them list any other local potentials (e.g. environmental or cultural potentials of the certain territories etc.) and the related, possible benefits of their exploration.

The European Union has several institutions (e.g. the Directorate General for Regional Policy), tenders (e.g. via the European Regional Development Fund or the European Social Fund), projects (e.g. LEADER\(^1\) which is bottom-up initiative designed to help rural actors consider the local, long-term potential of their region cooperating or URBACT which is a European exchange and learning program promoting sustainable urban development\(^2\)) and supports (e.g. JESSICA\(^3\) which supports sustainable urban development and regeneration through financial engineering mechanisms or JEREMIE\(^4\) which promotes the usage of financial engineering instruments to improve access to finance for small and medium enterprises) that more or less directly regulate the processes of LED. At the same time though, the EU does not have any concrete definition for the term of the local economic development either.

Even though it is not precisely defined, we can meet several aspects of the LED’s concept (e.g the bottom-up development, wide range of stakeholders, autonomy of local level etc.) in the principles of the European Union’s regional policy. For instance, the *subsidiarity* ensures that decisions are made as closely as possible to the citizen. The Union takes action only in the areas that fall within its exclusive competence or when more effective than action taken at national, regional or local level (Article 5, Treaty on European Union). *Decentralization*, a very similar concept to the principle of subsidiarity, establishes that actions should be taken at the lowest territorial level possible so decisions are never made without the involvement of locals. *Programming* at the same time, which does not allow unique, non-coordinated project financing but the Member States have to work out comprehensive development plans in line with the community objectives emphasizes that development should be integrated smartly into a bigger structure that also takes other plans into account (*Figure 1*) while *partnership* promotes the

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1 More about LEADER here: [http://www.umvp.eu/?q=leader](http://www.umvp.eu/?q=leader)

2 More about URBACT here: [http://urbact.eu/](http://urbact.eu/)

3 JESSICA: Joint European Support for Sustainable Investment in City Areas, more about it here: [http://ec.europa.eu/regional_policy/thefunds/instruments/jessica_en.cfm#1](http://ec.europa.eu/regional_policy/thefunds/instruments/jessica_en.cfm#1)

– both horizontal and vertical – cooperation between the stakeholders. Finally, by having co-financing as a condition for EU subsidies (additionality), by requiring contribution of own funds, the EU also provides the local level with a certain level of autonomy in decision making.

Therefore these principles of the EU also outline that projects should be based on wide participation of different local stakeholders. Their discussion should fit into a bigger structure of state and community level planning and once the project is accepted, sharing the financial obligations between the EU and the local level gives the local level the opportunity to apply its preferences more decisively.

In addition to these principles, the Barca Report published in 2009 has opened new dimensions of European regional planning. It is an independent report prepared by Dr. Fabrizio Barca (Director General, Ministry of Economy and Finance, Italy) on the possible future reforms of the cohesion policy. It emphasizes the need of the so called place-based approach (def: Barca Report, 2009, p. VII). This is the first time when the “local economy” comes so directly into the fore. Since this time, this message has appeared in more relevant EU documents, here including the Territorial Agenda 2020, developed by the Hungarian EU presidency of 2011. By accepting this framework document the Member States jointly laid the foundations of a new, place-based regional policy that is built on local potentials. It also emphasizes that the European Union is composed by very diverse territories from geographic, economic and social points of view. Thus to improve competitiveness, the development of these areas requires a differentiated regional development policy (Territorial Agenda 2020, 2011).

An example of the importance of the local economic development is given by the First ESPON 2013 Synthesis Report (Figure 2) where through a simple population growth analysis it aims to raise the awareness on the need of multi-level governance. Beginning from the global level zooming – through 4 levels – into Budapest, the deeper and deeper analysis illustrates well how various the characteristics of the territories are on different scales, thus how different the manner is with which they have to be governed. This also emphasizes the importance of the local scale on which the local economic development may be a useful mean.
Figure 2. Example on the importance of multi-level governance

According to one of the most accepted professional opinions in Hungary\(^5\), the definition of LED is: *conscious, community intervention in the local economic processes in order to improve the competitiveness of the region* (Lengyel, I., 2010, p. 141.). This concept of the local economic development has a prestigious place also in the Act XXI of 1996 on Regional Development and Land Use Planning and its modification of 2011 between the national planning’s goals and tasks; to reach a harmonious, sustainable, and innovative socio-economic environment that attracts investors and where the territorial differences can be decreased, it promotes on one hand the usage of regional resources and on the other hand the developments realized with regional collaboration (Paragraph 3, (2)a) and (3)h), Act XXI of 1996 and its modification of 2011).

It can be also found in the National Spatial Development Concept (NSDC) adopted in 2005 which defines “Hungary’s spatial vision, the comprehensive, long-term spatial policy objectives necessary for achieving that vision, and medium-term spatial objectives, outlines spatial policy priorities, sets out the

\(^5\) Other, more economy oriented definitions exist (e.g. Bajmócy, Z., 2011) however I prefer Lengyel’s definition especially for its broader approach.
conditions for institutions and instruments of policy implementation, and contains conceptual objectives for the individual regions” (NSDC, 2005). The NSDC endorses the sustainable usage of local resources “so that the development is consistent with the characteristics of the locality and even contributes to safeguarding them” (NSDC, 2005). Developing while keeping sustainability in mind does not have advantages only in the area where the development is applied but it might have positive effects also on its surrounding by, for example, decreasing the environmental burdens (e.g. pollution caused by transport, travel etc.) and thus having lower socio-economic costs.

The governance of East Central and Eastern Europe in general often “gets the complaint” that it allocates tasks to the municipalities without guaranteeing financial support (e.g. Swinburn, G. – Goya, S. – Murphy, F., 2006 – but this phenomenon has been recognized by Hungarian politicians too). In the new Act CLXXXIX of 2011 on Local Self-Governments, the need of linking the tasks with the correspondent funds has come to the fore (HVG, Index, 2011) which supports the basic principles of local economic development. As these elements will come into force only in 2013 (Act CLXXXIX of 2011 on Local Self-Governments), the success cannot be considered guaranteed but the approach is promising.

There are also specific programs which also take these aforementioned elements into account. For instance, the National Development Agency’s Least Developed Subregions Program is a hybrid solution where the state allocates the money on different programs but they are spent primarily according to the local decision makers’ strategies and cooperation.

Hungarian territorial planning has recognized the term of local economic development and understood its advantages. As a result, it is becoming more and more popular appearing in the most recent legislation and programming thus it is to be completed with its correct practical utilization.
II.3. Classification of the LED

After revising the different possible approaches to the term of local economic development, this chapter will go through its different types (accepting the categorization of Ricz, J. – Horkay, N. – Czene, Zs., 2010, pp. 22-27.). In line with the aforementioned definitions what is in common in all of them – and will represent my understanding of the term: LED is based on local initiatives, driven by local stakeholders and it requires recognizing and using primarily local resources, ideas and skills in an integrated way to stimulate economic growth and development (Figure 3).

![Figure 3. LED’s pillars](Source: own compilation)

Normally, the local economic development is maintained by local resources. At the same time the external resources have a significant role too for launching different projects. In the long term, the aim is that the initiatives become self-sufficient.

The territorial dimension of LED is the local level. Local can be understood as:

a) The territorial level found under the regional in the context of the international-state-regional-local scale.
b) It can be also understood as the opposite of central, where regional can be part of central. For example, the county municipalities are also local municipalities as they do not mean the central governance\(^6\). This way the possibility of cooperating is not limited.

The interventions according to their nature can be tangible physical investments and investments that do not appear in physical form (e.g. raising awareness). However the ideal solution is the optimization of these two.

LED can address several topics with its various assets (**Figure 4**). The most efficient is to use more of these tools at the same time which when built on each other can create a consistent program. In the following paragraphs some of these assets and also matching examples from Hungary – to present their point – will be introduced. According to what they address three categories can be distinguished; community engaging-, task focused- and market focused initiatives.

![Figure 4. Groups of LED’s assets](source)

**Figure 4. Groups of LED’s assets**


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\(^6\) There has not been a consensus on the precise definition of “local”; while in the Act CLXIV of 2005 on Trade and its modification of 2011, Paragraph 2, 5a it is defined as territory located within a 40 km radius from the market, some define it as HUB regions (Bajmócy, Z., 2011). However smaller settlements can implement LED projects too so I do not want to exclude them from this listing.
II.3.1. Community Engaging Assets

As seen, a very important element of the local economic development is the involvement, the presence and the participation of the relevant stakeholders (municipalities, NGOs, residents, corporations etc.). There are several tools which can contribute to their motivation; among others awareness-raising can be listed, but once there are enough interested people there is a need of teaching them how to communicate, so community development and trainings are unavoidable.

**Corporate and Residential Awareness-Raising**

In order to develop the local economy efficiently, there is an extreme need of aware local stakeholders. If it is missing, awareness-raising is indispensable. Without the locals’ motivation, enthusiasm and interest in the region, there is no way to reach the local economic prosperity. A good example on the usage of these assets is the recently increasingly common program of Hungarian universities (or one of their departments) “adopting” one of the least developed subregions (e.g. partaking such cooperation is University of Miskolc and the Szikszó subregion, ELTE University and Lengyeltót subregion as well as the Corvinus University of Budapest and Encs subregion). To raise the awareness on potential national challenges, the cooperation is supported by an official, institutional framework set by the government. While one aim of these projects is to teach the new generation of students through hands-on experiences real socio-economic and environmental challenges, the other – among other benefits – is raising the awareness of local stakeholders.  

**Community Development**

Key elements of LED as a method – which make it different from other methods – are the initiative, participation and support of the local stakeholders throughout the whole process of the development. Thus the activities that aim to strengthen the community are elementary. A common solution for facilitating the

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7 More about the project here (Downloaded: August 19, 2011): http://mitemuhely.hu/lhh/
communication between the different stakeholders is to provide them with basic physical spaces where they can talk; a forum. A good example can be seen with ZACC (Zöld Autonóm Civil Centrum – Green Autonomous Civic Center) community coffee shop. It is an association having very diverse programs in relation with sustainability and community development. To motivate the locals to discuss their every day issues and problems they all face, they opened a coffee shop – in the 9th district of Budapest – where they let people decide on how much they want to pay for their beverages. Here – not worrying about finances – they can get to know each other and each other’s opinion of their environment. Together, it might be easier to stand up for their interests. As it can be read on their website, the association “strives to inhabit the spaces around us. Be it a house, street, or any virtual space, such as politics, law, science or art forums… to make their limits permeable to feel more comfortable with them.”

Vocational Training of Local Interest

Organizing vocational trainings is in the interest of all stakeholders. To achieve the potential benefits, the trainings have to be based on local needs (on what professions and skills are missing in the area). It helps companies be more efficient and keeps the workforce in the region which is especially important to the young generation. Recognizing its importance, Audi Győr, for example, has launched a program where they would offer vocational trainings (short- or long term internships) to high school students of the area interested in car engineering.

II.3.2. Task Focused Assets

The task focused assets go beyond community engaging assets; these initiatives already strive to address the exact tasks and challenges, whether in conjunction with the local government, helping directly the municipality by doing – or completing with some service – one of its mandatory tasks or addressing a

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8 More about the project here (Downloaded: August 19, 2011): http://zacc.name/zacc.html
9 More about the project here (Downloaded March 25, 2012): http://www.audi.hu/hu/karrier/gyakorlati_kepzesek/
specific problem of the region and building programs which aim to improve the situation.

**The Local Economic Activities of the Municipalities**

The local municipalities are in charge by law of providing some services (like for example the public lighting of the settlement – see Paragraph 13, Act CLXXXIX of 2011 on Local Self-Governments). Using some type of creativity the municipalities can establish good, cost effective solutions which – besides serving the residents – may attract tourists or other visitors (e.g. scientists or other professionals). Several creative solutions can be found where the local government shares this responsibility with other actors. For instance, in Kisgyőr, found in Northern Hungary, the solution for public lighting – motivated by a local action group – was not only its replacement with a – on a longer term – cost efficient solar energy system but the public lighting columns along the street were turned to wooden statue columns made by local artists which, besides employing locals, gave a special and unique image to the settlement.  

**Social Economy**

In addition to the economic benefits, all the initiatives which focus also on social profit belong here. These are initiatives that fight exclusion by supporting different social groups whether financially creating different programs or helping reintegration to the society. A great example for this is Bődvalenke. It is a small village situated in the north of Hungary inhabited mainly by Roma. The specialty of this settlement is that local values have been recognized – notably the artistic skills of the inhabitants – and they have been expanded; the settlements’ houses have been renovated in a way that the locals painted huge frescos on the facades, everyday scenes is the topic. Apart from creating a special new image to the village, a big Roma festival is organized every year – known as the Dragon

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10 More about the project here (Downloaded: August 21, 2011): http://www.ujszchenyiterv.info/2011/08/bukkaranyosi-alternativa/
Festival – where the interested people can hear Roma music, taste Roma food and just explore the culture itself walking in the specially renovated village.  

II.3.3. Market Focused Assets

Market focused assets highlight one of the aspects of the market and aim to improve that. Such aspects can be the local economic cooperation, the local products and their marketing, the local companies and the payment instruments. All these elements belong to the market processes and their change might have a significant influence on the local economy.

Local Economic Cooperation

It is obvious that when – local economic – cooperation brings advantages to all the partners, it can lead among others, to increased efficiency, decreasing social and environmental externalities (for example pollution caused by the transport) or development that serves more stakeholders’ needs at the same time. An example of recognizing this latter phenomenon is the main shopping street of Győr which had been facing more and more significant financial problems as a result of the attracting power of the newly built malls. To regain customers the shops along this street had to realize the need of cooperation; they decided to unify their profile by creating a common marketing strategy including logo, opening hours or issuing a shopping card that gives unified discounts. Further advantage of the project was that this way they have not only improved their own situation but the main shopping street got a nicer, more uniformed outlook.  

Development of production and marketing of local products

One of the best known actions in relation to LED is the development of the production and marketing of local products. This requires a well organized strategy where the stakeholders are aware of their own region’s values and are familiar with the demand and supply of the local market. There are several ways

11 More about the project here (Downloaded: August 19, 2011): http://www.bodvalenke.eu/
12 More about it here(Downloaded: August 20, 2011): http://www.gyoribevasarloutcak.hu/
to promote local products – fairs can be organized, guidebooks can be written focusing on these or local brands can be created. For example, to stimulate local economy and motivate people to buy local products, the Association of Conscious Consumers (*Tudatos Vásárlók Egyesülete*) published guidebooks on several cities where they evaluated the available local product supply.\(^{13}\)

**Development of local companies**

The development of local companies stimulates the local economy most directly, while it also contributes to creating and keeping workplaces. This can be achieved through both hard (for example infrastructural) and soft (for example skill training) investments too. For instance, for historical reasons (as its establishment was the result of unification of more settlements) Tatabánya city has had no main, central public square. In order to create a unified main square, a local platform was organized in 2008 where the local enterprises were also invited. Taking their interest into account the aim was to create a potential, new market opportunity for them thus both to stimulate the area’s economy and to gain a new urban identity.\(^{14}\)

**Financial incentives of the local economy**

The local economy can be supported through different financial aids (e.g. subsidies, grants, subsidized loans, tax allowances and so on). The point of these aids is that they only contribute at the starting phase of the project development and that later it becomes self-sufficient and profitable.

For instance, a creative way of financial initiatives is the introduction of a new local currency that can be used to buy only local products. While the production supplies the needs of the locals, the money spent on the products stays in the region – as it was mentioned earlier – supporting its development. For example in 2009, in Sopron a cross border (involving the ethnicities of the region’s origins – Croatian, Austrian and Hungarian) money replacing voucher was introduced. These vouchers can be used on products of shops which joined the project (since

\(^{13}\) More about the project in the example of Veszprém here (Downloaded: March 25, 2012): http://www.helytermekfesztival.hu/tudatos-vasarlo-kalauz----veszprem.pdf

\(^{14}\) More about the project here (Downloaded: August 19, 2011): http://www.tatabanya.hu/
the debut their number has increased by 2% to about 500 by 2011). This project has several benefits; on one hand, it stimulates the economy, keeping the money in the region and on the other hand the customers appreciate getting a discount of 5-10% on some items.\textsuperscript{15}

\textsuperscript{15} More about the project here (Downloaded: August 19, 2011): http://www.kekfrank.hu/
III. Possibilities of LED in the Encs Subregion

This chapter will present the area of examination – first the broader area, the Encs subregion and the chosen villages – and then the chosen settlements’ municipal and other, traditional and LED projects and their results. Following that, the development of these settlements and the reasons behind it will be analyzed.

III.1. The prospects of the Encs subregion

This section is about the Encs subregion aiming to gain understanding of the processes analyzing the statistics and also completing them with personal experiences. Overall, unfortunately we will experience that the picture is very negative.

The subregion’s geographical position is unfavorable, floods hit it often, it is not considerably rich with minerals and the possibility of creating considerably big farms is limited. As a result of this, neither agriculture nor industry has a significant history in the subregion. The geography has also influenced the creation of the settlements; most of them can be found isolated from each other lying in the valleys of the hilly landscape having limited possibility for development.

Throughout its history, this area situated in Northern Hungary has come through severe afflictions; following World War I, the subregion lost its center of that time, the loss of Kosice has not been compensated by Encs or Miskolc until this day. In the socialist Hungary of 1970s the focus was on spectacular performances; big power, mass production, great throng etc. This explains how the preferred sector of development became the heavy industry and the bigger urban centers came into the fore. While some could benefit from it in the county, the Encs subregion benefited less. The Transition was not advantageous for the area either; the metallurgy, the mining, the engineering and the chemical industry etc. underwent a crisis and a lot of people who commuted from here to the bigger centers got unemployed. This is still one of the most relevant problems of the region.
The unemployment influences other aspects of life as well; it makes for example several youngsters as early as their study years arrive leave their homes and move further. The settlements left behind get tiny and less populated, and face the problem of aging which further decreases their economic possibilities. It can be felt throughout the area how this influences it and a slow degradation can be noticed which can be seen on all the spheres of life such as infrastructure and housing etc.

As the area got less popular, the real estate got cheaper, more and more poor Roma families appeared. Today the area is characterized by a high Roma population. This does not cause real tension between the Roma and the non-Roma populations – perhaps due to the isolation of the two ethnic groups that has become more and more prevalent – but as a result of lack of education and their poor financial situation, their living conditions are especially disadvantageous. Most of the populace live on subsidies and in conditions that are harmful to their health.

The unemployment is also coupled with the shortage of workplaces. The companies are characterized with a low number of employees and many of them operate under compulsion, thus in today’s economy their situation is even more uncertain.

Tourism is rare within the region, mainly only backpacker tourism comes through the area, but as the infrastructure of hospitality has not been developed yet, this is not typical either.

Finally, we will see that the dissatisfying technical infrastructure makes the mobility between already isolated, small villages even more difficult. The institutions are concentrated in larger settlements (apart from Miskolc, it would not be typical for a settlement in the area to have more institutions) thus running errands causes serious challenges to the already financially weak residents.

### III.1.1. Geographical and environmental resources

The Encs subregion is situated on the Hungarian–Slovakian border, in the Northern Hungary Region, in Borsod-Abaúj-Zemplén county.
Just like how it characterizes the other parts of the county, poverty plays a significant role in people’s life here too. The Government Decree number 311/2007 (XI.17) classifies the Hungarian subregions in more groups. The categorization is based on a complex index using 32 socio-economic and infrastructural indicators. The least developed are those 33 micro-regions which have the lowest aforementioned complex index and where 10% of the country’s population lives (Figure 5). According to the ranking list set up by this decree the Encs subregion is one of these 33 regions, notably the 8th least developed subregion.

The subregion is composed of 36 settlements. There is just one city (Encs) and among the other settlements there are only some (Forró, Ináncs, Méra, Novajidrány, Szalaszent) which have a population exceeding 1000 persons. The average number of inhabitants is between 100 and 500 people while in case of seven villages (Abaújalpár, Gagyapáti, Kány, Keresztéte, Litka, Pamlény, Perekse) that number does not even reach 100 people (Figure 6). Some of these villages are not only the smallest settlements of the county but of the country as well.
Moving away from the Main Road 3 and Encs (its institutions, services, workplaces etc.) the micro region’s – which is already low – density further decreases. The isolation of the settlements spread far from each other is emphasized due to the fact that there are nine “dead-end” villages in the region. It is further aggravated by the fragmented geographical structure of the area which caused the settlements to be created isolated from each other.

Even though the Encs subregion has environmental potentials that could be exploited (Figure 7). These have not been adequately highlighted yet which increases the underdevelopment of the subregion. The area is crossed by the Hernád river. Its size – after the improvement of its quality – would justify the need of its development with a touristic aim.

As a result of having a shortage of raw materials, heavy industries have not been developed in the subregion. Although, the slanted fields of the subregion are not suitable for cultivation, the slanted areas with warmer climate are perfect for pomiculture, while the ones with the cooler climate favor forestry. In contrast, the proportion of forests is very low in the area (approximately it is only around 10% of the territory\textsuperscript{16}). Similarly, the manufacturing built on the orchards has not been implemented either.


![Figure 6. Distribution of settlements according to population, Encs subregion, 2010](image.png)

Source of data: KSH, T-STAR
As aforementioned the soil qualities are especially suitable for fruit production and forestry. The development of the food industry – which earlier had a more significant tradition in the area but today has lost its importance – could contribute to the area’s economic development and to decreasing the unemployment.

![Landscape structure of Encs subregion](image)

*Figure 7. Landscape structure, Encs subregion*
*Source: own compilation, Marosi, S. – Somogyi, S., 1990*

Although cropping and breeding are still an important part of the agriculture, these as well as forestry are done mainly on small and fragmented farm structure which is not an economically benefiting and efficient solution. More over the situation is further aggravated by the fact that the agricultural machine stock is low in the subregion and in order to decrease costs, the farms are minimizing the mechanical work as well as the chemical and fertilizer usage so the yield further decreases.
III.1.2. Human Resources

As aforementioned, apart from some exceptions, the number of inhabitants in the settlements is very low and recently it has been slightly decreasing, the changes in total residential population are rather constant and unchanged (Figure 8).

Figure 8. Population change, Encs subregion, 1996-2010
Source of data: KSH, T-STAR

Even though the tendency is constant and unchanged there are very active processes in its background; the most influencing factors behind this phenomenon are the ageing (which characterizes several villages which were left behind and is accompanied with a high death rate), the migration and the Roma population’s high fertility rate. All these processes are highlighted even more when we understand that 30% of the population lives in Encs.

The migration processes of the subregion are mainly explained by the structure of the settlements and the unemployment. As aforementioned, the number of inhabitants is very low in the settlements. The infrastructure connecting these villages is qualitatively and quantitatively inadequate thus the access to both the subregional (Encs) and county (Miskolc) center is very hard. Travelling within the subregion is possible by bus or car. The bus goes through rarely while travelling by car is limited due to the resident’s bad financial conditions (e.g. 20 cars on 100 people, own calculation based on TeIR data) and of the state of the infrastructure.

The number of workplaces is very low and the poverty is very dominant in the region. Although it has always been the agriculture as opposed to the industry
which was more developed in the subregion, the small size of parcels, the natural disasters, the lack of money, the fierce (global) market competition and the unqualified workforce make it difficult to boost agriculture.

The closest workplace opportunities (or at least a higher chance to find job) are in Miskolc and in Kosice situated on the other side of the state border, in Slovakia, but due to having a lack of qualified workers, these opportunities do not provide real solutions to the problem. Either way, because of the distance – and here the distance is not meant in absolute way, in kilometers but in relative way, taking into account the quality of the infrastructure and the financial situation of the locals – residents need to make more definitive decisions and as opposed to commuting, it is very common that they rather move away with their whole family. Thus, in the subregion, when someone does not decide to accept a local job, they end up very often having only one opportunity left which is to move away. This is also the case for the youngsters who would like to continue their higher academic studies.

Although the subregion is characterized with an outward movement, an intra-regional movement – as a result of natural separation between the Hungarian a Roma population – is apparent as well. The villages with a Roma majority formed in the last decade – of which there are more and more in the area – have only few native Hungarian inhabitants, most often an elderly person who does not see moving worth their time anymore, while the others, if they could, have already left.

Inward migration to the subregion is less typical, however recently Slovak and Dutch investors have appeared in a small number. The few Slovak – not limited to ethnic Hungarians – families might have come to the region due to cheaper real estate, while the Dutch are looking for safe investments rather than real population movements.

The most typical outward movement is that those who can afford to do not go to the subregional center Encs, but to the county center, Miskolc or even further.
Therefore, it is not a coincidence that several settlements have or would like to become a “holiday” village\textsuperscript{17}.

Based on the aforementioned, it can be already deduced that the migration balance of the Encs subregion is not showing very favorable trends (Figure 9). However, there were some years at the turn of the century when its tendency was positive today it is far more negative.

In the course of the examination of the subregion, the increasing proportion of the Roma population has to be mentioned. As it has already been discussed, as a result of the disadvantaged evolution of the area throughout the history, the living costs (here including the real estate) have decreased. This attracted poor people most of which were Roma. Today 25\% of the territory’s population is Roma (Annex 1) and more and more villages are inhabited only by them. Their situation is special because their finances, housing, education, health – basically all aspects of their living conditions are extremely poor. Several families live on social allowances and some are not even entitled for that anymore. On the map below

\textsuperscript{17} This is a phenomenon when settlements come close to being uninhabited and are used mainly for recreational purposes by the returning residents on holidays. Nonetheless, it can be often experienced that there are registered inhabitants while the settlement is basically empty. The reason for this is in connection with taxing policy; unfortunately, to ensure their election victory some mayors let people register in their town where they would pay lower tax on some items (for example their vehicle).
(Figure 10) it is evident that in the Encs subregion the number of regular social benefit recipients is very high compared to other parts of the country.

![Figure 10. Regular social benefit recipients per 1000 capita, Hungary, 2010](image)

Source: own compilation, TeIR

### III.1.3. Economy

One of the most serious problems of the subregion is the unemployment. Analyzing what the diagram (Figure 11) presents, it is noticeable that every 4th person is unemployed and that the tendency does not show any easing in course of time. Its dynamically growing value of approximately 25%\(^\text{18}\) is much higher than the national, regional or county average.

The situation is further aggravated by the fact that not only are there inadequate workplaces but also labor scarcity is present in the region which have further amplifying effects on each other. First, the unemployment is to be discussed then in the next section the workplace scarcity will be presented. Finally, we will see how the tourism contributes to the local economy.

\(^{18}\) For the most active age group of 19 to 49 it is even higher with its value of 27.5%, and it is only the registered unemployment.
The labor scarcity is present mainly as a qualified labor scarcity (the rate of those who have not even finished the 8 primary school classes is here the highest in Hungary\textsuperscript{19}). As it can be seen on the Figure 12, the biggest part, ca. 60\% of the job seekers has only the primary school finished (more over 22\% has not even that type of “career”).

\textsuperscript{19} Website of the Encs subregion (downloaded: October 29, 2011): http://www.enceskisterseg.hu/
Miskolc and Kosice are within a reasonable distance in sense of offering potential workplaces but for the reason of the big amount of unqualified workforces – as aforementioned (also Figure 12) – it does not provide a real solution to this problem yet. Apart from that, Encs as a peripheral region is in an even more difficult situation as the unemployment is high in the county and in the region as well (Figure 11), and as the most reasonable way of employment is the employment of locals, the periphery is not favored.

The significant, nearly 25% Roma population also contributes to the high unemployment rates. Their skills are often not adequate for the long term but for seasonal, usually found within public work (e.g. cleaning up snow from the roads in the winter). Another problem is that their jobs are often black. Recently, a slight improvement could be observed in their educational situation however, it is still not enough to significantly improve their welfare. It is a severe problem that involves not only one, but more generations, thus the youngest ones grow up seeing their both parents and grandparents not working regularly which teaches them a bad example.

Summing up what we learnt about the employment opportunities of the region, as it can be read on the website of the Encs subregion, the statistics confirm that who once becomes unemployed gets sidelined most likely permanently from the employment lines.

**Corporate Environment**

Earlier, the labor shortage and its reason were examined. In contrast, this section is about the workplaces.

As a result of the limited market opportunities, and the insufficient business environment, the number of corporations in the subregion is very low (there are only 101 registered companies per 1000 people (own calculation based on TeIR) thus, the income of local business tax is not significant and there is only one industrial park in Encs). As it can be seen on the chart below (Figure 13) these enterprises operate primarily in the agricultural sector (it is here clearly visible how – as a result of mineral shortage – the industry has not developed) so it may not be surprising that according to their skills most of the employees are qualified
for manual work (Figure 12). While industry does not have a long history in the area, agriculture does have, but it does not present enough income. Nonetheless, some see that and especially the fruit manufacturing when further developed, as one of the potential future economy stimulators (G. Fekete, É. – Gazsi, P., 2011).

![Figure 13. Sectoral distribution of enterprises, Encs subregion, 2009 Source of data: TeIR](image)

However, in the recent years some changes have appeared (e.g. improvement of utility services, infrastructure etc.), further improvements are necessary to ensure the right conditions and business environment that would create and provide workplaces.

Besides the low number of companies, another problem is that the existing companies are very small (Figure 14) thus they are very sensitive to the economic changes. It has to also be mentioned that a lot of the local businesses are operating under compulsion – meaning that there are several small companies, like e.g. small food stores that do not have real marketing strategy, vision or significant effect on the development of the area thus their profit is usually only enough to cover the cost of functioning.

As a conclusion of the work opportunities and the qualification of the labor, the main employer of the region is the local municipal sector (mayor's offices, public workers, public administration, educational and health facilities, village-caretaker
service). The unemployment rate of the region is greatly influenced by the evolution of the public work.

![Registered companies according to the number of employees, 2010](image)

**Figure 14.** Registered companies according to number of employees, Enes subregion, 2010

Source of data: TeIR

**Tourism**

Among the three pillars on which the tourism could be built (nature, built and cultural heritage, and events and programs), the region is the richest in natural heritage. At the same time, however, the subregion is great for hikers (Blue Hiking Roads, hunter tourism, Hernád Valley etc.) the infrastructure that could support tourism is completely underdeveloped and not constructed (hotels, cheap accommodation for hikers, restaurants, other leisure services etc. are missing from the area).

During my last visit, I could barely find accommodation. Among the first places I called based on the internet there were accommodations which have been shut down for 8 years already but presenting their negative approach to tourism they were still advertised online. Originally I went to Felsőágagy for an interview but the closest lodging was in Krasznokvajda (8kms). To get there I could only walk due to the road damage by the previous floods thus no car could cross it (not that otherwise I could have taken a bus as according to the schedule there are only a few a day). There was no public lighting, walking in total darkness, in the neighborhood of the poorest Hungarian villages was not enjoyable.

The next day to get from Krasznokvajda to Szalonna (25 kms) – where my next interview was – I had to walk again (as again there was no bus) another 18kms and the rest I hitchhiked which took me another few hours. In the course of these 4 hours there were only 5-10 cars on the road. The last shop on my way was in Krasznokvajda. We barely made it as it closed at 11:30 am where the bread could only be bought if pre-ordered. I do not think crossing the poorest villages can attract tourists (what is also proven by the fact that on our journey we have not seen any). It was also surprising to see how dirty the nature was; the litter caught in the bushes must have most likely
As it can be seen on the map below presenting the Borsod-Abaúj-Zemplén county’s subregions (Figure 15) the number of visitor nights in the Encs subregion was extremely low.

It can be affirmed as a conclusion that at the current state, tourism does not contribute significantly to the area’s economic improvement and to attract more tourists major work has to be done.

![Visitor nights in commercial accommodation](image)

*Figure 15. Visitor nights in commercial accommodation, Borsod-Abaúj-Zemplén county, 2010
Source: own compilation, TeIR*

### III.1.4. Infrastructure

This chapter is about the supporting both soft and hard infrastructure of the subregion. First, the institutional framework will be talked about then the accessibility of the area will be primarily discussed.

The county and state level administration institutions (courts, prosecutors, police headquarters, fire departments, civil defense agencies and job centers) can be found in the center of the subregion, in Encs.

Several municipalities of the Borsod-Abaúj-Zemplén county have financial problems. Thus, as a result of their low population and in the spirit of the economies of scale, it is typical that they tend to share their tasks both on the

been the sediment of the current floods which no one took care of. The fact that I had a very bad mobile reception made me feel even more lost in this quiet, poor region of Hungary.
subregional and the settlement level. We can see examples of that in the education and health. In fact, although there is outpatient care in Encs, hospitals can be found only in the neighboring subregion. Not all of the subregions can provide, and thus afford, basic health care so for this reason the general practitioners work in a rotational system.

Not all of the settlements have schools (more than the half of the thirty-six settlements contain no schools), kindergarten, medical center, pharmacy, petrol station, railway, restaurant or financial institutions (including ATM). There is no higher educational institute or outsourced educational department in the subregion.

As it has been discussed in the chapter on migration, the heart of subregion is not Encs but rather Miskolc, the county center. The fact that residents of the subregion would rather run errands in Miskolc striving to complete more tasks at once, instead of going for each task to a closer but different settlement characterizes life in the county well. Thus the accessibility in the area would be of a high importance as it cannot be expected that all the settlements provide all the services but it can neither be functional that running errands without a car (and in the subregion a lot of people are in this situation) takes a whole day.

The Main Road 3 can be found in the Eastern side of the subregion. However, this Southwest-Northeast road is in considerably good condition and being that it is connected to the international and national circulation (it is part of TINA\textsuperscript{21} and the highway is close too) it can get very congested. At the same time, North-South roads are one lane, crooked, seriously damaged containing many deep potholes. There are also intra-settlement roads causing drivers to slow down when passing through each village. So although the distances are small, the quality and possibility of mobility are limited. The train stations are typically found in the Eastern side of the subregion (at Encs and some settlements along the Hernád Valley), and after leaving the station, it is possible to travel around with a bus.

On the map below (Figure 16) it is indicated that from the parts lying closer to Miskolc, the county center can be reached in 30–45 minutes while from the further parts it takes 45–60 minutes. The accessibility of Encs from all the parts of

\textsuperscript{21} Transport Infrastructure Needs Assessment
the subregion is estimated to be less than one hour by the statistics (however the former subregion center, Kosice might be still closer). Seven of the subregion’s villages are among the 100 furthest Hungarian settlements from their closest railway station; from Kány, Perekse, Büttös, Keresztéte, Pamlény, Krasznokvajda, Csenyéte it takes ca. 25 minutes to reach the closest station (TelR). Overall, the bad financial situation of the residents, the poor circumstances of the infrastructure and the limited public transport opportunities make the subregion really isolated.

![Accessibility of the subregional and the county center](image)

*Figure 16. Accessibility by car of the subregional and county center, 2010
Source of data: TelR*

The proportion of households connected to the water supply has been increasing but with its 71.9% it is still far behind the county – 87.6% – and national – 95% – average (*Figure 17*).

Moreover, depending on the welfare of the inhabitants, the situation differs per settlement; there are villages where the proportion of households connected to clean water supply is only 3.9%. The worst standard of living is found in the Roma villages. In some settlements it is not only the sink which would be missing but there are complete walls missing from the house, and families still live there –

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22 My personal experiences can prove this and an even worse numbers.
23 Website of the Encs subregion (Downloaded: November 12, 2011): http://www.entsikisterseg.hu
sometimes more than one together. The majority of the settlements are provided with electricity, but 5–10% of households lack proper lighting.\textsuperscript{24} However, the settlements which can provide water only supply it to 60–70% of the Roma households.\textsuperscript{25} The situation is similar for the gas network. While the average number of gas users is 78% in Hungary and 76% in Borsod-Abaúj-Zemplén county, it is only 50% in the Encs subregion. In contrast, the ratio of households connected to sewage system illustrates an even worse picture (\textit{Figure 18}).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{HousesWater2005-2010.pdf}
\caption{Households connected to drinking water supply, Encs subregion, 2005-2010}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{HousesDrainage2005-2010.pdf}
\caption{Households connected to sewage system, Encs subregion, 2005-2010}
\end{figure}

\textsuperscript{24} Website of the Encs subregion (Downloaded November 12, 2011): http://www.encsikisterseg.hu

\textsuperscript{25} Website of the Encs subregion (Downloaded November 12, 2011): http://www.encsikisterseg.hu
III.2. The Right Answer: Traditional- vs. Local Economic Development

In Hungary – as mentioned earlier – it is not rare to find examples on traditional development, where the development paths are defined by the available tender opportunities; the Encs subregion can serve several examples as well. In contrast, it is rare to find local economic development projects, coherent developments built on local potentials, on local needs which would provide a long term perspective and would stimulate the economy.

After discussing the local economic development in theory and presenting the examined subregion’s prospects, this chapter focuses on proving the benefits of the LED through practical examples. For this reason two types of settlements and their programs will be presented from the subregion; Beret which follows mainly the traditional type of development applying for available tenders as opposite to justifiably necessary ones and Felsőgagy where a major LED project was also launched.

Even though earlier the Encs subregion was presented in a seemingly homogeneous portrayal, to make sure the two types of settlements come from the most similar background possible in 2001 (or available data from the closest year possible) chosen to be the base year of this work, cluster analysis had to be made first. Following that, the two chosen settlements and their programs will be presented to gain better understanding on how they reached their situation of 2010. Finally, it will be shown how LED can explain the results.

III.2.1. “Twins” of the Area

After calculating the normalized values of nine variables, a cluster analysis was made. The nine variables concerning the socio-economic situation of the settlements were the following ones:

1) Residential population
2) 18-59 year-olds of the permanent population
3) Company density per hundred capita
4) Registered job seekers per active capita
5) Internet subscriptions per capita
6) Accessibility of the subregion center optimizing the shortest road in minutes
7) Employment income per employee
8) Personal income tax per capita
9) Ratio of people having finished at least high school in proportion of the relevant age group (18-x)

The result of the cluster analysis defined five groups. Encs on its own creates one group as from all socio-economic aspects it is much more developed than the rest of the settlements. The distribution of the other groups was even; in each cluster there are approximately five to ten villages. In order to fine-tune the understanding of the settlement’s socio-economic difference their distance was also calculated (which also confirmed that the later presented settlement to compare Felsőgagy with was one of the best decisions to choose – all the calculations can be found in the Annex 3). The results of the cluster analysis can be seen on the following map (Figure 19):

Figure 19. Results of the cluster analysis
Source: own compilation, KSH, T-STAR

26 The cluster analysis was made with the SPSS program, using the Ward’s method as it is regarded as a well known, efficient one. As it could be expected that Encs would create a cluster on its own, the most important aspect was to have the best distributed classification of settlements possible into 3 or 4 groups. This method gave the finest results.

27 My personal opinion is that these are distinguished mainly by their number of population, accessibility and income.
The settlement that had a local development action was chosen from a publication (Horkay, N. – Varga, Z. – Makár, S. et. al., 2010, pp. 173-180.) that listed several LED best practices. As there were only few examples from the subregion (only Méra and Szemere taking part in the same project and Felsőgagy), the choice fell to Felsőgagy – as aforementioned hoping that the change or eventual lack of change as a result of its development project and especially the LED’s influence on it, is more visible and more easily modeled in a smaller, less developed settlement\(^{28}\). Apart from the cluster analysis, four other aspects were taken into account when choosing the villages to compare Felsőgagy with. In the examined period of time (from 2001-2010):

a) The total amount of their tender programs’ expenses should be alike,

b) The number of tender programs implemented in the settlements should be alike,

c) The amount of their tender programs’ expenses per tender program should be alike,

d) And finally the amount of their tender programs’ expenses per capita should be alike.

There was only one settlement which complied with all these criteria listed above (\(Table\ 3\)): Beret.

<table>
<thead>
<tr>
<th></th>
<th>BERET</th>
<th>FELSŐGAGY(^{29})</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Total amount of tender programs’ expenses (1000 HUF)</td>
<td>40696</td>
<td>40918</td>
</tr>
<tr>
<td>B) Number of tender programs implemented in the settlement</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>C) Amount of tender programs’ expenses per tender program (1000 HUF)</td>
<td>13565</td>
<td>10230</td>
</tr>
<tr>
<td>D) Amount of tender programs’ expenses per capita (1000 HUF)</td>
<td>152</td>
<td>221</td>
</tr>
</tbody>
</table>

\(^{28}\) Similarly to the law of diminishing marginal utility where the first unit yields more utility than the following ones.

\(^{29}\) The data downloaded from the TeIR were completed based on a phone conversation with the LED project leader, Magdolna Báriné Kántor
III.2.2. The Beginnings, 2001

As aforementioned, the socio-economic situation of the settlements was very alike at the turn of the century. They both fought similar difficulties; basically the conditions of the subregion described earlier are valid for these settlements as well. They both face serious social-economic inequalities, among others poverty, ageing and the migration primarily of youth, unemployment, low incomes and the underdeveloped infrastructure do not ease it either.

The villages’ geostrategic situation is also similar: both – Beret a bit closer to Encs – can be found on the Western side of the Encs subregion having similar benefits of the environment. In 2001, Beret was slightly more populated than Felsőgagy; its population exceeded 200 while Felsőgagy’s was only 171. The population was mixed in both villages; in Beret 57%, while in Felsőgagy 38%, of the residents were Roma (KSH\textsuperscript{30}, 2001). However Felsőgagy faces significant population movements due to being the only entry and exit to Csenyéte, one of the most famous examples on villages with very difficult socio-economic situation and almost exclusively Roma population.

III.2.3. Disposable Resources of the Local Governments

The local governments of both of the examined villages are disadvantaged (lack of operational sources) through no fault of their own. This basically means that their operability is at risk; their disposable resources are not enough to finance their mandatory tasks. At this point, the similar amount of resources of the municipalities, notably 612465 thousand HUF for Beret and 635178 thousand HUF for Felsőgagy for the examined period of 2001-2010 (KSH, T-STAR) was mainly used for paying back their debts (credits and subsidies) and for providing the most necessary tasks and services but was not enough for implementing coherent developments. For that reason, they needed to apply for and participate in different tender projects. This is where a main difference will be seen between Beret’s and Felsőgagy’s development policy.

As it can be seen in Table 3, the money spent on bigger projects that needed subsidies was almost equal in the examined period with the usage differing. In the following pages, this will be discussed.

Beret had three tender projects during the examined period of 2002-2011. As it can be seen in the table (Table 4), the three tenders do not reflect any coherent or complex package of development programs and any relation cannot be seen between them.

| APPLICANT       | PROJECT AIMS                                      | INVESTMENT (1000 HUF) | TIME                               | SUBSIDY  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipality</td>
<td>Preparation of settlement development plan</td>
<td>500</td>
<td>September 2002 – December 2004</td>
<td>62% TEKI</td>
</tr>
<tr>
<td>Municipality</td>
<td>Community house with internet service</td>
<td>5558</td>
<td>December 2005 – February 2006</td>
<td>90% TFC</td>
</tr>
<tr>
<td>F. Gulyás</td>
<td>Grape field installment</td>
<td>34638</td>
<td>June 2003 – December 2008</td>
<td>43% MEA1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>40696</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Table 4. Tender projects of Beret, 2002-2011*

Source: own compilation, TeIR

The first one (*Preparation of settlement development plan*) is a “collection” of three important documents that describe the present primarily physical infrastructure of the settlements and set up future development paths (Act LXXVIII of 1997 on the formation and protection of the built environment). When correctly applied, the plan can be a very useful for the settlement’s future. However, as it is sometimes one of the criteria for tender applications, it is common that this document would have been used only for this reason (*Annex 2*).

*Community house with internet service*, and in general the improvement of internet access might be extremely necessary for the subregion. Not only internet, but wireless phone networks hardly reach the area as well which isolates the population even more (the average internet subscription per 100 people in the subregion is 5.8 while in Beret it is 6 – own calculations based on KSH, T-STAR). Albeit, being of high importance to provide these services in the area, this should not get a priority in an enormously underdeveloped region (and I suppose

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31 TEKI – Municipal development support on territorial cohesion, TFC – Indicative target for territorial development, MEA1 – Support for agricultural core activity investments (*Free translation of Területi kiegyenlítést szolgáló önkormányzati fejlesztési célú támogatás, Területfejlesztési Célleíranyzat, Mezőgazdasági alaptevékenységek beruházásainak támogatása*)
that if the same amount of money could be spent by the settlement for other goals, it would probably not be used for this project). This example shows well how a settlement applies for tenders that are available to it, even though these might not serve the community’s most important needs. This is not a problem only for the latter reason but also because the usage of the subsidy is less efficient and sustainable if it is not part of a coherent, complex program or if it is implemented in a region where people strive to meet completely different needs (see e.g. Maslow’s hierarchy of needs). The third tender (Grape field investment) is managed by a private investor. It – indirectly – might serve the community’s long term needs by offering workplaces, stimulating the market etc. but this program is not addressing the area’s basic problems either in a necessary, complex and coherent way.

<table>
<thead>
<tr>
<th>APPLICANT</th>
<th>PROJECT AIM</th>
<th>INVESTMENT (1000 HUF)</th>
<th>TIME</th>
<th>SUBSIDY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipality</td>
<td>Construction and equipment of a social building part</td>
<td>2500</td>
<td>December 2003 – September 2004</td>
<td>40% TEKI</td>
</tr>
<tr>
<td>Gy. Kéki Luterán</td>
<td>Private, agricultural business mechanization</td>
<td>3900</td>
<td>November 2003 – November 2003</td>
<td>6% MEA1</td>
</tr>
<tr>
<td>Municipality</td>
<td>Transport infrastructure development</td>
<td>14518</td>
<td>July 2008 – September 2008</td>
<td>90% ÉMOP-3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>20918</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Table 5. Tender projects of Felsőgagy, 2002-2011*

Source: own compilation, TeIR

For the first sight the tender programs of Felsőgagy do not show any coherence either (Table 5). Their total is even much lower (ca. 21 million HUF). There are also two municipal programs (Construction and equipment of a social building part which title stands basically for the renovation of the mayor’s office and Transport infrastructure development which in light of knowing that recently the road has been barely used as a result of its flood damage does not show a major utility either) addressing needs of a similar relevance as in the case of Beret and one private business offering similar or even lower benefits as in case of the aforementioned grape field investment (*the project was not highly successful, see*

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32 TEKI – Municipal development support on territorial cohesion, MEA1 – Support for agricultural core activity investments, ÉMOP-3 – North Hungary Operational Programme (*Free translation of Területi kiegyenlítést szolgáló önkormányzati fejlesztési célú támogatás, Mezőgazdasági alaptevékenységek beruházásainak támogatása, Észak-Magyarországi Operatív Program*)
Annex 2). The only significant difference might be the fourth program not listed below – as its 20 million HUF were not accounted in the region. It is a LED program addressing the most important needs and problems of the area. In the following chapter this will be presented in details.

III.2.4. LED in Felsőgagy

The village of Felsőgagy was chosen to present an example on the LED’s possible usage and its territorial effects. This LED project was launched by the Settlement Association of Cserehát (Csereháti Településszövetség) in more settlements of the region, here including Felsőgagy.

The project’s aim was to build several arts and crafts workshops with all the needed equipments which could employ some of the unemployed locals. These people would get training and help in course of the whole program. The products they would prepare would represent the characteristics and traditional design and heritage of the area so completing the gap of the missing souvenir market of the region and hoping that it could supply the touristic needs (or firstly also have an influence on attracting tourists). The most important element of the project was to create a sustainable business where the employees could produce enough profit to sustain themselves.

The project had more phases. It started in 2002 in a few pilot settlements. Felsőgagy joined only during the second phase in 2005. At this stage the range of professions became wider; besides traditional arts and crafts forging, candle making and other traditional occupations appeared. During this stage, 33 new people got involved (20% Roma, 70% woman, and 80% low-skilled people). The program consisted of 2 months of training and 16 months of employment. Following this period, the newly employed craftsmen were monitored by their mentors to help them stay. The project’s goal was also to raise the awareness of the residents not involved directly; it gave opportunity for organizing open days where the professions could be presented, children could see good examples and

33 Apart from Felsőgagy, the project involved Gagyvendégi, Hidegváró, Szendrő, Lak, Irota and Homrogd.
exhibits could take place. This is what the third stage consisted of. After building out a network of sale, the aim was to find a way to keep production sustainable.

**How is it LED?**

According to the definition given earlier, it can be clearly seen that this initiative was *local*, meaning that the answer on the problematic was given by a local association which was aware of the local situation and needs. It is also *driven by local stakeholders*, apart from the association, municipalities (of Gagyvendégi, Hidegváró, Szendrő, Lak, Irota, Homrogd, Felsőgagy), Romani people's minority municipality, local companies and civilians were involved as well. *Local resources* were used: to develop a business they employed the locals who were familiar with their own heritage (thus in this case the free labor can be considered as a given potential). Finally, it is *integrated* in the local context: it recognizes the main problems – the multi-generational unemployment, the not qualified workforce, the need of a sustainable business etc. – and strives to answer them in line with the local aims and strategy (Fekete, I. – Kacser, F., 2007, p. 59.) aiming to:

1) Stimulate the economy,
2) Develop the tourism,
3) Increase the employment,
4) Define the cultural identity,
5) Reach higher salary,
6) Achieve that children see good examples on work culture,
7) Raise the awareness of the locals.

In the long term, it also follows the aforementioned economic opportunities listed by UN-HABITAT (see p. 9.):

1) *It aims to avoid that capital leaves the region:* the profit gained on the project is reinvested so that it can sustain itself and ultimately provide further workplaces. The salaries paid to the craftsmen would be also mainly spent in the area which has further stimulating effects on the region.
2) *To be able to keep attracting capital:* in the long term the project aims to attract tourists and offer them potential souvenirs. The developing region might attract further investments.

3) *To keep capital that has entered the local economy circulating longer:* the project has a long term perspective, complex goals (increasing employment, attracting tourists etc.) to keep the capital in the local economy longer.

Finally, what also proves the project’s complexity is that it concerns more of the LED’s assets discussed earlier (*Figure 4*):

1) *Development of the production and marketing of local products:* As we could see, one of the aims of the project was to develop local products and to find a way to advertize them.

2) *Development of local business:* Another goal of this LED project was to create a sustainable, self-supporting business for long term giving opportunity to the earlier unemployed people teaching them a useful profession and helping in developing the market.

3) *Local economic cooperation:* The whole program implementation was based on cooperation; several local stakeholders and also six other settlements were involved to help in creating a network which can serve as a stronger background.

4) *Local economic activities of the municipalities:* the municipalities of these villages face several serious socio-economic problems. As aforementioned, they are *disadvantaged through no fault of their own* which means they lack operational resources. An initiative striving to answer their elementary problems definitely supports the municipalities’ action.

5) *Social economy:* As it could be seen, the project promoted the principle of equal opportunity. During the implementation 20% of the occupied employees were Roma, 70% were women, and 80% were low-skilled people.

6) *Vocational training of local interest:* An important element of the project was to train and mentor the participants in course and after the given
period of time. In order to do a quality job which can be sustained this is of a key importance.

7) Corporate and residential awareness-raising: The unemployment of the region is a serious problem. A lot of children grow up not seeing the older generations ever working regularly. For this reason the different events that involve them might change their view on the importance of honest work.

Summarizing the aforementioned it could be seen that the program launched in Felsőgagy was a very complex example on a local economic development project striving to take both social and economic challenges of the area into account and to answer them.

III.2.5. Different Development Paths

As aforementioned, in 2001 the two villages came from the most similar background possible. During the upcoming, next decade their tender project expenses were almost equal. The only thing that differed was that Felsőgagy had a more complex LED program launched which attempted to answer the most elemental problems and needs of the area. In this chapter the period of 2001 to 2010 will be analyzed; this section will answer whether Beret or Felsőgagy has developed more since 2001 and its reason will be established through the interviews given by locals.

![Figure 20. Encs subregion’s problem tree
Source: The subregion’s official website](image-url)
As it can be seen on the problem tree of the Encs subregion (*Figure 20*), the main challenges that need to be solved are the socio-economic inequalities, the poverty (as a result of primarily the low incomes and unemployment) and the high mortality and migration. Thus in this chapter I will look for the answer on how the society and the economy have changed\(^\text{35}\) throughout the examined time of 2001-2010. The work is based on both quantitative and qualitative analysis (*see the interviews in the Annex 2*) so that the examinations are completed with deeper explanation.\(^\text{36}\)

**Changes in the Society**

Both the resident and the permanent population were slightly bigger in Beret in 2001. This situation has not changed throughout the time. At the same time though, by 2010 Beret’s permanent population rose by only 6.8% while in Felsőgagy, it grew much faster (14.4%) which is considerable considering that the Roma population’s ratio is higher in Beret. Felsőgagy’s trends are outstanding even when compared to the whole subregion; out of the thirty-six settlements only six had a more dynamic population increase. Zooming into its distribution by age, it can be seen that the ratio of 18-59 year-olds of the permanent population has significantly increased while Beret’s has decreased (*Figure 21*); the number of the active population grew by 12.6% while in case of Beret it has decreased by 3.2%. To a certain extent, this might show that the village became more attractive.

Even though the migration balance of the two settlements presents similarly chaotic processes (*Figure 22*), on the graph below it can be clearly seen how the trend of Felsőgagy’s migration tends to be positive throughout the examined years while Beret’s is trending negative.

As we could see in course of the Encs subregion’s analysis, the number of those who get regularly social aid is very high. Even though in Beret this is still increasing slightly, it shows a positive tendency that the number of regular social benefit recipients per 100 capita has significantly decreased in Felsőgagy (*Figure 23*).

\(^{35}\) Except the high mortality as it needs decades to show really analyzable results.

\(^{36}\) Not only because statistics might not reflect always the reality but also because there is a lack of data for the settlement level (see e.g. data related to tourism).
Changes in the Economy

Throughout the time it is not only the active population which got higher but also the number of the employed ones (by 90% in Felsőgagy). Accordingly, the number of registered job seekers per active capita slightly decreased (Figure 24). It has to be mentioned here that the unemployment is still extreme in these settlements. Basically, every other active person has no job. Nonetheless, while in Beret the number of registered job seekers per active capita increased by 33% in Felsőgagy it decreased by 28.3% by 2010.

Another positive change is that the decrease was also followed with a slight structural shift; it can be noticed – primarily in Felsőgagy – that among the job-seekers more white-collar workers appeared, their number grew while the number of the blue-collar workers decreased (Figure 25). Although public work is not considered to be the right solution on unemployment, in such underdeveloped territories it is a relevant financial source for people. From that sense its growth can be considered as a positive phenomenon; by 2010 23.1% of people are involved in Felsőgagy while only 16.4% in Beret (Figure 26).

Employment can be also the result of the much higher company density. There is data available only from 2005 but during that period from 2005 to 2010 the company density per 100 capita grew by 55.8% in Felsőgagy and it decreased by 2.6% in Beret (Figure 27). The fact that the willingness to invest increased during the examined period also shows that the business environment had to be more attractive in Felsőgagy than in case of Beret.

Finally, it is not only the quantity but also the quality of work related opportunities which has changed in the settlements. Although the index does not take the inflation into account, it can be stated that in both villages the average employment incomes have increased (Figure 28) and it is again Felsőgagy which had a more dynamic change in this sense overtaking Beret.
Figure 21. Permanent population aged 18-59, Beret and Felsőgagy, 2001-2010
Source of data: KSH, T-STAR

Figure 22. Migration balance, Beret and Felsőgagy, 2002-2010
Source of data: KSH, T-STAR

Figure 23. Regular social benefit recipients per 100 capita, Beret and Felsőgagy, 2001-2006
Source of data: TeIR

Figure 24. Registered job seekers per active capita, Beret and Felsőgagy, 2001-2010
Source of data: KSH, T-STAR

Figure 25. Registered job seekers according to the type of job, Beret, Felsőgagy, 2001, 2010
Source of data: TeIR

Figure 26. Public job per capita, Beret and Felsőgagy, 2003, 2010
Source of data: TeIR

Figure 27. Company density per 100 capita, Felsőgagy and Beret, 2005-2010
Source of data: KSH, T-STAR

Figure 28. Employment income per active capita
Source of data: TeIR
III.2.6. Behind the Performance

Even though it has to be established that the examined areas are still very disadvantaged, from 2001 to 2010 – as seen above – Felsőgagy’s socio-economic situation developed much more significantly than Beret’s. In order to see behind their performance, to gain understanding on their development interviews were made with stakeholders (Annex 2). Mainly these will be used to explain the current territorial processes.

First of all, the point of this work is to prove the local economic development as a method when correctly applied is more sustainable and efficient than the traditional practice. It has to be emphasized thus that throughout the analysis it could be learnt this project was not correctly applied. In this section, this will be first explained and then the reasons of why Felsőgagy's results were still better despite the fact that the application of the LED project was imperfect.

**How is it not LED?**

Even though, the title of the section refers to the aforementioned chapter on ‘How is it LED?’ its aim is not to change the point and the message of that chapter but to explain that although the project can be considered a LED project, in course of its application some aspects of it turned to be unsuccessful which caused it to be less efficient.

The LED project did follow the evolution process of the local economic development (*Table 1*); it was a bottom up initiative striving to involve as many stakeholders as possible (governments, civilians, NGOs etc.). It also aimed to reach independency in the long term by creating a self supporting business. At the same time though, the investment was not personalized enough to the region which caused the project to be less efficient.

The Cserehát Settlement Association implemented this program in more settlements. Talking to the project manager (Annex 2) it could be learnt that Felsőgagy’s example was one of the most challenging. Apart from its very disadvantaged geographic situation (it is the only entry and exit to and from Csenyête, one of the most famous examples on villages with very difficult socio-
economic situation) it is also far from any influential city, Encs or Miskolc. It could be also learnt, that the main, basic elements of the LED project, the arts and crafts and the introduced professions, while being traditional were not catered enough for the village and its population. The association working on the project gave it a chance sincerely thinking that the previous generation of our grandparents was still familiar with the techniques but it turned out that this younger generation is less interested.

Another big problem was the lack of motivation and creativity of the participants. There were several examples where it was expressed. An interesting challenge that the project manager remembered was how no matter how colorful their raw materials were, the involved people ended up mixing them until they got grey or brown colors whether it was a carpet or a candle. Part of the project’s elements was to plant flowers and bushes to make their village nicer; while in the other partner villages’ people got excited coming up with creative solutions on what type of gardens they would form, these inhabitants ended up planting them at the end of the settlement, in a not very visible spot (Annex 4). Also problematic was that the participants’ behavior towards their equipment had been showing that they do not trust this project would change their situation; they did not preserve the tools well enough hoping they would need to work with them for a very long term. While in other villages, for example Homrogd, people saw a potential income support in the program and it contributed to the project becoming very successful. In Felsőgagy, the approach was a bit different; and as it has been already mentioned in course of discussing the elements of the local economic development, without the people’s motivation and enthusiasm no change can be achieved.

There are several reasons which can explain this situation. Firstly and most importantly, these people had deeper socio-economic problems and thus an even a slightly incorrect tool of development could reach that they would not be interested enough in the project. The professions or the project should have been better chosen. It is also proven by the fact that the arts and crafts’ building, the raw material and also the equipment can be still found in the area but the renovated building is locked, no one uses it. Another problem emphasized by the project manager was that the circumstances given by the tender were unrealistic.
According to the project manager, a good approach could have been a gradual support; in the course of the first year, they would have bought everything they need, during the second year the participants’ salary should have gotten lower that they feel motivated to earn it on the market and later the point would have been to become totally self-supporting and maybe even profitable. Instead, they got the money and it was not related to performance. It did not matter if the candle maker made one or thirty candles, it did not matter if the candles were pretty or not, he got the same salary from the very beginning. Finally, it can be mentioned that the leader could have kept motivating the community. It was clearly visible that these people needed a hand, both in figuring out what they should work on and also in beginning to trust their own and their settlement’s future.

An ultimate factor which makes the project implementation even harder is that external, uncontrollable situations can always occur, mainly in a less developed region. This project has proven it as well; for instance, in the course of the years, the Association could not gain financial resources on heating and the hostel they owned has slowly deteriorated, also as a result of the lack of disposable resources, they had to sell their car which was supposed to deliver food when groups appeared with requiring meals during their visit. All this which they counted on in course of project planning lowered for example the chances of tourism development. With the same analogy, they have faced several other challenges too.

The Reasons why Felsőgagy Still Succeeded

As we can see, both settlements have successful developments but also maintain challenges they still face. It could be also learnt that although the LED project was not perfect for Felsőgagy’s socio-economic context, it still is having a relevant influence on the settlement. First, financially; half of the disposable tender resources came only from this one project while the other three shared the rest of the finances. It also affected everyone’s everyday life as the village is small enough that people cannot avoid facing novelty.

Nonetheless it can be clearly seen that Felsőgagy’s mayor does have this conceptual thinking that LED also requires. In the interview given by him we
could learn (Annex 2, p. 65.) that although he did have difficulties selecting the right project, in contrast with Beret’s policy, he has been striving to have the logical thinking required as a background for all the LED projects. This has been proven by the projects he ended up choosing; already with the fact that he applied for a major LED program with a so complex concept shows that he is open for such ideas. As it could be understood, one of the most elementary aspects, the aware, motivated and open community is missing from the village. The settlement did demonstrate its dedication to community development (which is one of the most important tools of the LED – Figure 4); for instance there was a competition launched by the Delikát – spice mixture of Unilever Magyarország Kft. – which had a playground as a prize for the best performing community. In course of this competition the task was to collect the barcodes of the different products so collecting i.e. representing the highest consumption per capita. The mayor did big efforts to reach this goal which led his village coming in second nationally in 2010. With some luck with the lottery, they ended up winning the well-deserved playground (Annex 4). The most current project also proves that the mayor did recognize the weakness of the settlement; to develop the community, he did not only build a new community house (Annex 4) but he filled it with content. Apart from the library and the internet room, there is a big space for community meetings. Among his plans are a big play park which would be right next to this new building and a little stage where community developing programs could be organized. Finally, the newest applications aim to improve the security which is one of the most elementary society forming power and they also strive to reopen a kindergarten in the village (Annex 2). In the new municipal order where the schools would most probably become tasks of the state and the kindergartens would stay at the municipalities (Hungarian Act CLXXXIX on 2011 on Local Governments, Paragraph 13. (6)), it is a privilege to be in charge of one.

As a conclusion this approach was very beneficial to the village and it is the key of its development.

37 More about the project here (Downloaded: April 16, 2012): http://www.delikat.hu/programleiras/hogyan_fozzon_on_is_jatszoteret
IV. Conclusion

In the course of this work, the aim was to analyze the validity of the local economic development in the peripheral areas notably through examining two settlements from one of the least developed areas of Hungary, the Encs subregion.

The Encs subregion is socio-economically extremely underdeveloped, there is a very significant unemployment, people leave the area and the tiny villages which are left behind face the challenge of an ageing population which further slows down the potential development. Thus it would be of a key importance to find the right tool of development and implement it as fast as possible. As we could see in 2001 the two examined settlements – Beret and Encs – came from the same socio-economic context, the biggest difference that could be found is in their disposable resources which they used differently; among others Felsőgagy also invested in a major local economic development project while Beret’s three projects were representing a traditional and not too coherent thinking.

The results clearly showed a more representative development in the case of Felsőgagy. As we could see the main challenges of the area that needed to be solved are the socio-economic inequalities, the poverty (as a result of primarily the low incomes and unemployment), the high mortality and migration. From 2001-2010, Felsőgagy answered all of these and achieved a relatively positive change; the settlement got more attractive, the migration has shown positive trends, the rate of active population has increased, the proportion of regular social benefit recipients has decreased. Less people got unemployed and among the job seekers more white-collar workers appeared which might also show some structural change. Other positive phenomena are the appearance of a higher company density and the higher income per capita. In case of Beret, the picture is more diverse. It is though important to note that in every socio-economic statistical index Felsőgagy performed better.

This work cannot state that this development was clearly the result of the Association’s local economic development project’s effect. We could see that the main challenge for the project itself – even though as the model requires, local stakeholders developed and implemented it – was to define the local needs and
find a way to involve motivated and enthusiastic people without which no change can be imagined nor seen. The area is so underdeveloped that it is very difficult to find elements which affect and motivate the society. And yet, there are still very positive examples thus it is not a lost cause; we could also see that even though the project itself has lost of its efficiency, it still influenced the area significantly. Apart from the relevant financial injection, it did influence the thinking of the village. This is what I consider as the engine of the development. The mayor of Felsőgagy has proven through several examples that although the financial conditions do not leave him a lot of freedom for selection of tenders, he strives to apply for those he does choose in a coherent and logical way.

Nonetheless it can be seen that the principle of local economic development as an approach complies very well with the requirements of the less developed areas, mainly when it is completed with other forms of investment and development. To reach a higher efficiency, I would see four potential opportunities to improve the current practice:

1) First of all, the socio-economic situation of the less developed areas is very complex thus these regions would need serious preliminary analyses taking into account not only the quantitative factors (statistics and data) but also softer, qualitative elements (like people’s needs and preferences). Based on these preliminary development analyses, development concepts should be worked out having enough time and help during the course of its progress. This way a coherent and logical development plan could be created answering the elemental challenges.

2) The social aspects are highly difficult to manage in the less developed areas. These territories are so sensitive that in order to find the right answer for their challenges the local approach is inevitable. Therefore, it would require a much deeper understanding which can be reached through a more significant involvement of the local stakeholders – primarily the citizens. An advantage of the small and tiny villages is that the basic principles of the democracy, being informed and getting involved can be well and profitably utilized. It could be also an asset on the social tensions

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between the native population and the minority which is often slowing down the processes.

3) The **indicator of success should be approached in a complex way**, and should be constantly monitored. The changes in a region like the examined one appear slowly, and most of it cannot be measured with quantitative means. This ‘invisible domain’ (people’s satisfaction, motivation etc.) might be the key of future development so it is of a high importance to pay attention to it.

4) Finally, the thinking of **LED** and thus the development based on *local initiatives*, driven by *local stakeholders*, recognizing and using primarily *local resources*, ideas and skills in an *integrated way* should not be used only on an individual project basis but **should be applied on the settlement level** where the whole settlement’s development would follow its coherent logic. This may be of a special importance for the peripheral areas’ development.

As a conclusion, this work does present that the local economic development as an approach when correctly applied shows more efficient and sustainable development than the traditional one and is especially valid for the peripheral areas. In order to apply it correctly, the potential opportunities listed above could contribute well.
V. Annex

Annex 1. The Roma population’s proportion in the investigated settlements

![Gypsy population’s proportion on the investigated settlements](image)


Annex 2. Interviews

I have visited the region several times. During my final visit, I got the chance to talk to several stakeholders and experts of the region like László Tirpák, Magdolna Báriné Kántor and the mayor of Felsőgagy, János Bogoly. Two of these interviews can be read in the following pages:

Interview with János Bogoly, mayor of Felsőgagy, April 13, 2012

In this interview we get to know the mayor of Felsőgagy. Bogoly János has been the mayor of the village since September 1990. We learn the reasons of his long service also what is explaining the settlement’s development according to him. He does find it important to be aware of the potential resources, however he also emphasizes that it is of a key importance to select the right project as an inappropriate decision might lead to financially unsustainable processes. Although it is hard to waive off certain money resources it might be relevant. Thus the right

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39 The interviews are summarized in English but for preserving its originality the discussions were recorded and typed down precisely in Hungarian.
project has to be part of a logical and coherent structure and if possible it has to be answering the basic challenges like health and education of people. This is also how he explains why the local economic development project of Cserehát Association was a good decision.

Among the challenges he mentions the motivation, the self sufficiency and the different cultural behavior of the area which have to be taken into account when making decision. He has also difficulties with the circumstances of the tender application; no matter how logically he strives to build up his development plan sometimes the central decision easily overwrites it against what he has no tool. He still believes this type of development is what leads the village further.


Az elejétől kell kezdeni, én 1990. szeptember 30-tól polgármester vagyok, egyébként itt születtem a településen, úgyhogy valószínűleg ez is lehet egy apropója a dolognak. Én még itt, Felsőgagyon jártam az első négy osztályt, volt általános iskolája a településnek. Utána az öödiktől nyolcadik osztályt Baktakéken jártam ki, központosították már akkor az iskolákat, utána középiskola, egyetem és utána kis meló, sajnos azért mondom, hogy kis, mert utána elvitték katonának, majd ezt követően visszajöttünk és a miskolci Mezőgépnél dolgoztam. Pár hónap után Mezőcsátra lekerülttem műszaki csoportvezetőnek, ott dolgoztam néhány évet, aztán 1992-ben édesapám megbetegedett, akkor még gazdálkodtunk, és hazajöttünk a szüleimnek segíteni. Akkor a termelőszövetkezethez kerültem, mint gépesítési ágazatvezető és azóta itt vagyok. Eszembe nem jutott, hogy polgármester legyek, a település emberei inspiráltak, hogy induljak, megválasztottak és azóta polgármester vagyok. Tehát, itt kell élni a településen, ha valaki polgármester akar lenni. Azt tudom mondani, hogy nem szabad az
embereknek ígéretettni, az amit reálisan lát az ember, hogy azt tudja produkálni a lakosság felé, annyi kell mondani. A fejlődésnek szerintem az az oka, hogy 

**gyeveszem ott lenni mindenhol, ahol pénzügyi forrásokhoz hozzá lehet jutni.**

A térségünkben pl. itt volt először telefon.

*Volt Önöknek tehát ez a helyi gazdaságfejlesztési projektjük, mennyire járult ez hozzá a település fejlődéséhez? A projekt megcélzota a turizmus fejlesztését, a munkanélküliség csökkentését és a lakossági szemléletformálást. Ezek hogyan változtak?*

Az épület, ahol a projekt zajlott a régi iskola épülete volt, azt felújítottuk. Azért nem működik nálunk a turizmus, mert **olyan kulturális körülmények vannak,** olyan a házak kialakítása, például egy régi ún. paraszti házban, van egy első ház, egy tisztaszoba, ahová senki, a gazda is csak ünnepnapokon... van egy konyharész, sokszor átlakítva, kiegészítve már fürdőszobával és van egy utóház, ahol a lakótér folyik, van nyári konyha. És a régi kialakítás miatt ezt követte egy kamra meg egy ől. Nos, ezek a felépítésű házak még mindig megvannak nálunk, azok az emberek, akik hozzászoktak a szorgos munkához, azok nem igazán engednek be magukhoz idegeneket. A tisztaszobába mivel ő sem megy be, mást meg főleg nem enged be, emiatt nem fogadnak vendégeket. Másik ok lehet, hogy a Roma lakosságnál meg ez szintén kizárt. Tehát a turizmus emiatt nem megy. Továbbá, a településen azért nincsenek rendezvények, mert sajnos a Roma lakosság és a nem Roma lakosság nem vegyül.

Akkik ebben a programban részt vettek, a gyermekkel elvitték egy gagyvendégi táborba. Bár jelentős pénz volt a programra, és minőségi termékeket vásároltak a gyerek, a gyerek elégedetlen voltak. Pedig ezek olyan ételek voltak, amiket maguknak nem engedhetnek meg a szervezők. Na, most ebből mit szürtem le? Ezek a gyerek nem ehhez vannak szokva.

**Hosszú távon ez lehetett volna egy jó megoldás?**

*Igen! Bár a hozzáállás nem volt megfelelő...*

Én azt mondta nekik, itt van három szövőszék, csinálni kell, szőni, segítek az eladásban. Mondjuk csak ebből nem lehetett volna megélni, de kiegészítő jövedelemként nagyon jó lehetőség. Olyat is lehetett volna csinálni, hogy amikor ideje és kedve engedi, odamegy és annyi dolgozik, amennyit gondolja. Abban az
időben koncepciót is kitaláltunk, elsősorban tányéralátéteket készítettünk. Műanyagból voltak, volt négy kisebb, meg egy nagyobb asztalterítő (itt is láthat egy példát). **Önmaguktól nem tudták** megoldani a dolgot, nekik segítség kellett a kitalálásban. Sajnos olyan volt a szemléletük, hogy odamentek dolgozni, és hónap végén vártaik a fizetést, ha nem fizetéstet, segélyt. De önmagában kötöttek, hogy milyen minta, szín legyen, az nem volt nekik egyszerű. Van másik véglet is, ugyanis a gyertyaöntő akkora gyertyákat csinált… mondttuk neki, hogy ennyi fattyút ne használjon el, úgyhogy áttért kisebb formák – gúla, henger, kúp – kiépítésére, meg összeszinezett mindent, meg áramot vezettet bele, tehát kreativitás megvolt, annak viszont nem volt értelme.

És az, hogy a régi iskolát felújították, az inspirálta a gyerekeket?

Megint nincs funkciója, ám most dolgozunk azon, hogy egy óvodás csoportot beindítsunk, most van bent a pályázat.

**Hogy képzeleti a településnek a jövőjét, mire lehet itt építeni?**

Sok ötletem lenne, de sajnos a politikai helyzet – egyik pártot sem bántom, pártok kivüliként mondom -, hogy ezeket a kis településeket le fogják építeni. Én ismerem 90-től a pénzügyi finanszírozásokat, minden évben kevesebb és a járási rendszer bevezetésével most ez még tovább fog csökkeni. Elvesznek tőlünk feladatokat, ez rendben is van, de a fejlődésre ez rossz hatással lesz. Sokan mondják, hogy egy ilyen kis településnek nem is kell polgármester.

**Jegyzőségünk közé négy település tartozik, Alsógagy, Felsőgagy, Csenyéte és Gagyapáti január 1-jétől. Négy település vonatkozásában látjuk, hogy kapunk majd valami normatívát, nem tudjuk még mennyit, de biztosan nem tudjuk majd úgy fejleszteni a településeinket, mint eddig. Ez már most látszik.**

**Milyenek a területi együttműködések? Hogyan hat Felsőgagy fejlődése a többi településre?**

Új iskola épült, óvoda fel lett újítva, most a közmunka programban az egész település árokrendszerét fel fogjuk újítani (mindezt az előbb említett településekkel összefogásban). Gagyapáti egy további közbiztonsági pályázatot adott most be, úgy néz ki, hogy nyertünk is. Felsőgagynban, ahogy már említettem beadtuk az óvodáért a pályázatot, ami csak azért problémás, mert Baktakékhez tartozunk, mint óvoda, közös fenntartású intézmény. Az iskolákat az állam veszi.
át, a vagyon lesz egyedül az önkormányzaté, ellenben az óvoda teljes mértékben önkormányzati feladat marad… legalábbis, most ez a legújabb információ. A Cseréhátnál volt még egy másik programunk, a kézműves programunk felújítása, illetve egy olyan projekt, amelynek során a polgármesteri hivatal melléképületét felújítottam. Ez egy elhanyagolt épület volt, mert korábban állattartás folyt itt, aki itt lakott, ő tartott egy sertést, patkányok voltak itt. Na ezt én teljes mértékben felújítottam, csináltam két garázst, műhelyt, ez utóbbit saját erőből.

Három nagyobb önkormányzati pályázatuk volt 2002-2010-ig.

Infrastruktúrával já passzban vagyok, mióta polgármester vagyok, azóta kétszer is sikerült felújítani a 1,5-2 km-nyi útszakaszunkat. A zöme aszfalt, de ami nem aszfalt az is járható és nem kátyús.

Közösségi összefogást jelképez, hogy a DELI-ben levő vonalkód-gyűjtő pályázatban másodikok lettünk országosan. Ez úgy működött, hogy a lakosságra leszorított legtöbb DELI kg-t fogyasztotta, az nyert. Minket végül a sors fintora sorsolással választott ki és nyertünk egy játszóteret. Az emberek itt lelkeseik, van bennük kreativitás. Nem akarok dicsekedni, de én tartom össze itt az egész csapatot. Azért azt is el kell mondani, hogy nem megy ez olyan simán, ahogy a nagykönyvben meg van írva, itt is vannak veszekedések, viták, de azért elfogadnak úgy, mint polgármester és ez sokat számít. Nem az van, hogy egyik nap azt mondom, hogy ez van, másik nap azt mondom, hogy az van, hanem mindig ugyanazt mondom, és ha nem értenek egyet, akkor beszéljük meg, ha viszont igen, akkor úgy van. De akkor elvárom, hogy mindenki ahhoz tartsa magát.

neki nem sikerült. Felsőgagyhoz tartozott 500 ha föld, Ő nyert valamennyit, de nem eleget. Igyekeztem neki segíteni, mert Ő encsi származású.

Összehasonlítva ezeket a projekteket, a helyi gazdaságfejlesztő példával, mit gondol, mely hasznosítható jobban a térségben?


Fontos, hogy logikusan fel kell építeni a fejlesztéseket. Azt úgy nem lehet, hogy most erre is, majd arra is pályázunk. Valamiről le kell tudni mondani. de amibe meg belevágnak, azt végig kell vinni. Ellenkező esetben olyan bajjal is szembesülhet az ember, hogy később azt nem tudja fenntartani. Nehéz

szelekálni. Mondjuk én is beleugrottam ebe, a legutóbbi pályázatomba. Ez egy 48 milliós pályázat volt. Az épület (közösségi ház) áll, és hát a működtetés… nem azzal van a legnagyobb gond. Logikusan fel volt építve az egész. Az MVH viszont nem ad pénzt, viszont nekem a 30 millió forint körüli összegre megy a kamatom. Logikusan hiába épitem fel, ha a felsőbb szervek úgy beleszólnak, hogy nem… de egyébként más fejlődési szempontból pl. azt, hogy a település fejlődjön, azt azért lehet logikusan követni. És kell is, mint polgármester a közigazgatást nyilván fontosnak tartom, de az egészségügy, az oktatás, az alapigények kielégítése a legfontosabbak. Ez a rendje a dolgoknak. Azért is volt jó a Csereháti helyi gazdaságfejlesztési akció, mert a helyi problémákat célozta. Csak hát nem biztos, hogy ezekkel az emberekkel meg lehet beszélni.

Van fejlesztési koncepciójuk?

Nagyon sok tervet készítettünk. A Csereháti Településszövetséggel voltam Franciaorszában, ez nyáron volt, és mire hazaértünk augusztus közepén mondta, hogy település szerkezetét bemutató tervek augusztus vége lenne a határideje. Mégha kevés időnk is volt megszináltuk. Ugyanúgy néz ki mind a három településé, időre megcsináltuk.

És ez segít Önöknek?
Nem, hát ez akkor azt mondták, hogy a különböző pályázatokhoz szükséges, azóta már elfelejtették. **Akinek nincs településrendezési terve, az nem pályázhatott bizonvos pályázatokra.**

*Mit gondol, mi lehet az oka, hogy Beret kevésbé fejlődött?*

Beret egy Roma település, Felsőgagy egy paraszti település, bár most megfordul az arány. A mi embereink talán egy kicsit jobban hozzászoktak a munkához. Egyébként a bereti polgármester jó barátom, sokat konzultálunk, hogy mire, hogy kellene pályázni. Ő politikai vonalon is aktívvá. Vitt el tölem is pénzt és a kistérségben levő egyéb településektől, nem volt népszerű abban az időben, de Ő is megfogja a pénzt, ahol lehet. Tehát, ha lassabbak is, vannak ott is fejlődések.

**Talán a komplex, logikus fejlesztés hiányzott.**

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**Interview with Magdolna Báriné Kántor, project leader of the LED program in Felsőgagy, manager of the Settlement Association of Cserehát, April 14, 2012**

In the second interview I talk to Magdolna Báriné Kántor who is a manager of the Settlement Association of Cserehát and was in charge of the LED project in Felsőgagy. I asked her about her project, whether it was succesful or not, and the reasons behind its outcome. The same project was led in several more settlements so giving an opinion she was unintentionally comparing Felsőgagy with them. From this point of view it can be said that the LED project did not maximally suit Felsőgagy’s village. According to her the chosen professions were forced on the locals but she was not blaming their lack of motivation as they had deeper, more elementary problems which – turned out in the course of the time – were not answered by the project. On the other hand she emphasizes the unexpected financial changes; their plans had to be modified as a result of not being able to gain resources on their own operational costs.

In case of Felsőgagy she was missing a very strong leader who could have also helped the inhabitants’ very hopeless approach providing emotional support. But the construction of the tender project was not good either. She claims that its implementation should have been more gradual that people do not lose their motivation to produce profit, so that ultimately the project can become sustainable.
on the long term which is the key element of such programs. Finally she finds the principle of the local economic development very important, a good tool for development; as she said it was a common mistake of the Hungarian settlements that they „sew the jacket to the button”, pointing out that it is not an appropriate practice to apply to any available tender but to what is needed.


Szerintem sok szám csak statisztika lehet, egyébként pedig nincs baj ott a vezetéssel. Azt gondolom, hogy Bogoly János intelligens és értelmes ember, de azt is gondolom, hogy Felsőgagy földrajzilag egy nagyon kedvezőtlen helyzetben van. Encs és Miskolc nagyon távol vannak, míg másik hátránya Csenyéte közelsége. Csenyéte mivel zsáktelepülés onnan aztán sehová, csak Felsőgagyba. És ök jönnek is szorgalmasan, általában nem hoznak, hanem visznek. És hát a csenyéteiek nagyon különös népség. Rendkívül mélyen gyökerező társadalmi, gazdasági és egyéb problémával, amire talán huszonhat ilyen projekt sem tudna megoldást kínálni. Sokkal nagyobb emberek, a Ladányi Jánoséktől kezdve, külföldi szociológusok és szakemberek jártak a területet és sehová nem tudtunk jutni Csenyétevel. Egyébként, ha területfejlesztést tanul az ember, és bárhol legyen az országban, akkor azért Csenyéte és Rakaca úgy mindig a vetítő közepén szerepel… hát igen, fontos látnunk, hogy ilyen része is van az országnak, tehát Felsőgagyot valahol ez is visszarántja.

A projektünk kapcsán azt gondolom, hogy a kézművességnek nincs hagyománya a térségben. Egy pár hónapos képzéssel nem értük el, hogy ez nagyobb népszerűségnek örvendjen. Tehát nem volt egy olyan szakma, amire azt mondjuk, hogy ez Felsőgagyban tradicionális szakma és generációkon keresztül ez végigfutott, hanem egyszerűen mi oda bevittük, majdhogyv nem
megerőszakoltuk azt a települést azzal, hogy mi akkor most itt gyertyát öntünk, ti meg szőni fogtok. És csak azért, mert arra gondoltunk, hogy anno mindenki szőtt a nagymamánk korában és, hogy egy szövőszéket nem olyan nagy ügy beszerezni. Anyagellátásunk akkoriban nagyon jó volt a sátoraljaújhelyi börtönből. Ágnynémut varrtak a rabok és a felesleges anyagdarabokat (széleket, hulladéket) nagyon korrekt áron megkaptuk. A gyertyaöntéssel megint volt egy érdekes dolog. Mivel nem csináltuk még azelőtt, úgy véltük, hogy az elkészítése viszonylag egyszerű és, hogy azt egy egyszerű ember kis energiáfordítással meg tudja tanulni. Ez nem egészen így volt. Óriás gyertyákat készítettek, meg WC papír gurigákba öntötték ki, amitől aztán annak megmaradt a gyertyán a nyoma. Ráadásul egy fél kiló parafin 600 forint (képzeljük el, hogy egy kólás üvege több kg belelőről), tehát ez egy drága eszköz, ami nem hogy az árát nem hozza visz, hanem… Mindegy. Ezért sem hibáztatok senkit, mert, hogy nem ez volt a legfőbb vágyuk. Nem ez volt a legelső problémájuk, hanem ennél sokkal mélyebb, elemibb dolgok. Sok olyan pici apró változtatást kellett volna, ami az egész életüket, komfortérzetüket befolyásolja, amitől aztán ha olyan emberekkel tudunk együtt dolgoznia, akik jobb hangulatúak, jobb kedélyűek – legyenek akár alacsonyabb iskolai végzettségűek, illetve bármilyen származásúak –, akkor nincs örökösfelföldelés. Mert az, amiben Ők most élnek, az akaratlanul és öhatatlanul is kivetítő a munkájukra. Tehát pl. színvilág, gyertyák színe. Addig keverték a nagyon élénk színeket, míg szürkévé vagy barnává nem sikerült. És ez már ugyan pszichológia, de az ember elgondolkozik, hogy mi lehet a lelküket befolyásolja a gyertyák színe. A program egy további eleme a virágületetés volt. Vettünk egy csomó egynyári virágot. És valahogy ez senkit sem virágzott fel, hogy színes és, hogy valami trükkös, kreatív módon lehetne ezeket elültetni. Ezt is a falu legvégére sikerült. Míg a többi, projektben résztvevő település látványt akart és kis holland kerteket pl. Homrogdon, addig Ők bekerítették tujával a garázs épületét a virágoknak ástak itt-ott egy lyukat, ehhez sem volt kedvük. De persze, hogy nincs kedvük, mikor teljesen kilátástalan az életük.

A projekt megcélozta a turizmus fejlesztését, a munkanélküliség csökkentését és a lakossági szemléletformálást. Ezek hogyan változtak?
Felsőgagyban nincs iskola, óvoda. Nem a csenyétei iskolába járnak az itteni gyerekek, hanem Baktakékbe. Így a mi projektünk során kevés gyerekkel találkoztunk. A baktakéki iskola messze van a csenyétei iskolában viszont nem igazán fogékonyakat illesmire a gyerekek (később korrigálja, kiegészíti ezt a gondolatát Báriné – lásd köv. kérdés). A turizmus szempontjából előny lehetne ez a csereháti érintetlenség, de a turista nem tud mit csinálni. Nincs egy hely, ahová bemehet, nincs mit csinálnia… és hiába erőszakoskodok én Jánossal, hogy nyissa meg a kézműves házat, mutassa meg a szövőszéket és használják, hisz van még alapanyag, amit fel lehet dolgozni, nem tud csoportot fogadni, mert nincs ahol a gyerek egyen, nincs ahol a gyerek egyebet csináljon, mert egy szövőszéket egyszerre egy gyerek tud használni, és fél nap lenne egy szönyeget megszöni… tehát mit csinálnak addig a többiek?! A turizmus az nagyon jó, de nem ezzel fogjuk megváltani… és ha minden faluban lenne sorba 86 szövőszék és gyertyaöntő, akkor sem lenne ez elegendő. Megint az alapokkal van a gond.

És akkor, hogyhogy mégis ez a projekt került kiírásra, ezt valamilyen szempontból ti szabályoztátok?

Ezt mi szabályoztuk. Meggyőződésünk volt, hogy nekünk igenis van keresnivalónk a turisztikában, merthogy annak idején, mikor Gagyvendégéig még ott volt, és még most is ott van egyébként ez a vendégi kúria, ahol a településszövetség központja van, akkor működött ott egy szálláshely is. És igazából ez nem igaz, hogy nem fogtunk meg gyerekeket, mert most jut eszembe, hogy volt ennek a projektnek egy tábor része. Minden adottságunk megvolt (szállás, park, étterem – Krasznokvajdáról hordtuk a reggelt, ebédet, vacsorát), hogy egy jó kézműves táborot szervezzünk. Az alapötlet tehát nem volt rossz, csak utána jött egy változás, elment az idő a kúria felett, nem nyertünk olyan projektet, amiből fűteni tudnánk, így télen nem tudtuk azt használni. Szigetelni sem volt pénzünk. Az étteremben pedig azért nem tudtunk tovább enni, mert a szűkös anyagi helyzetünkben el kellett adni a szállító autót. Olyan sokat változott a helyzetünk, annyira nem tudtunk forrást szerezni, annyi komplikáció merült fel a pályázataink során, hogy nagyon lejjebb kellett adni az álmaidat. Soha nem gondoltam volna tehát, hogy oda jut a Szövetség, hogy máról holnapra. Hogy akármilyen projekt van, abban arányosan lehet csak a rezsiköltséget elszámolni, a felújításokra milliónyi pályázatot adtunk be és valahogy sosem sikerült. Elfogyott
a pénz, műemlékjelleg, akkor azért, ha nem az, akkor azért… mindig volt valami. Érdekes, mert a Településszövetség épületein fizikailag is végig tudom követni, ahogy a Belső Cseréhát is állapota is egyre rosszabb. Amikor mi kerültünk oda, több tíz évvel ezelőtt akkor még volt posta, bolt, ovi, iskola, nagy kultúrház, és ahogy ment az idős és szűkültek az életlehetőségek, úgy ment tönkre a mi kastélyunk is. És azt gondolom tehát, hogy ha Gagyvendégiben működne a szálló, akkor lenne rá mód, hogy ott elhelyezett vendégek Felsőgagyban szőjjjenek, de egyébként nem tudom, hogy lehetne kivitelezni. És ha hozok a gyerekeknek ebédet, akkor van ebéd, de egyébként semmihez nem tudok jutni, mert, hogy bolt sincs.

\textit{Mi lehetne hosszútávon megoldás?}

Alapjaiban kellene elkezdeni. Csinálok utat, visszaadam a buszokat – mert, hogy nem lehet egy busszal kiszűrni egy térség szemét, ami reggél elmegy, este meg hazamegy… ilyen a világon nincsen – továbbá… nem tudom. Arra is gondoltam, hogy azok az emberek, akik ott élnek bár önellátóak, és ez jó, nem eléggé önállóak, nem ragadják meg a lehetőségeket (gondoljunk pl. arra, hogy Szlovákia közelsége indokolná, hogy esetleg ott próbáljanak szerencsét és eurót keresenek)… mindenesetre, egy biztos, nem jó, hogy \textit{gomb után varrjuk a kabátot}. Van nekünk fejlesztési stratégiánk 140 is a padláson, abban nagyon jók vagyunk. Pályázat kiírói – kormányzati, uniós stb. – szempontból nem fér kétség a jóindulathoz. Viszont a fejlődésnek logikai felépítés kell, nem csak papíron, hanem valós cselekedetek is tükrözzenek. Illetve a \textit{lelki támogatás is kell}. Én a saját szememmel láttam, ahogy Hegedűs Zsuzsa minden gyerek lakjon projektjében osztogatták az állatokat, de megint ott tartunk, hogy ha nincs kedve kimenni a kertbe, mert a problémáitől fáj a feje, akkor akármennyire jó ötlet, nem érünk el fejlődést.

Azt azért hozzáteszem, eleve nem tetszik egy aspektusa a pályázatrendszernek. Az pedig az a burok, amiben a célcsoport tagjaik kezeljük. Amikor az én fizetésem bruttó 80 az övék bruttó 75. És én vittem magammal a projektszervezés összes izgalmat, felelősséget és kockázatát, őket pedig hozzászoktattuk, hogy teljesítésüknek következményeik nincsenek, ellenben magas elvárásaik lehetnek velünk szemben, ami nem a világ valós folyamatait tükrözi. Motiváció nélkül, beleteszem a fenekem a segítő kézbe, és nem tanulok semmit, ilyen a világon
nincs. Felsőgagyban történt az a példa, hogy az 50 éves gyertyaöntőnk épp a projektünk előtt veszette el a munkalehetőségét… mégsem igyekszett jobban, mert rájött, hogy nincs következménye a dolgoknak, nem tudnánk megmagyarázni a közreműködő szervezet felé, ha pl. alacsonyabb fizetéssel jutalmaznánk az alacsonyabb teljesítményt stb. és azóta is munkanélküli. Erre két megoldást tudnénk képzelni. 1) Teret hagy nekem a közreműködő szervezet, 2) teljesítményhez kötöm a támogatás mértékét. Mindemellett, vigyázok az eszközeimre, bizva abban, ha ennek vége, és esetleg megmarad nekem a fizikai lehetőség (épület és eszközállomány), akkor a segély mellett továbbra is tudok szerezni egy kis mellékjövedelmet. Tizenéve ilyen helyzetben vannak, tehát érthető, hogy nem tudják felvenni a ritmust, így egy másik megoldás lehet, hogy egy pályázat hosszabb távú, az önállóságot ösztönzi, nem 22 hónapos, és ekkor: az első év a betanításról szól, megveszünk alapanyagot, eszközt, mert nem tudunk másképp elindulni, második évben elvonom az alapanyagot, de még bérük mindig van, ám keressék meg az alapanyag árát, végül a harmadik évben már csak egy pici bér van, most már meg kell keresni a bér nagyobb részét. Na, erről szó sem volt, megkaptaunk mindent, minimálált – az ugye most sem olyan rossz pénz, legalábbis ebben a térségben – és ültünk a nagy kézben, és mindent megvehetettünk és eljött a péntek, hetfőn már nem volt projekt és mindenki ment haza a segélyért. Lehet, rosszabbat tettünk, mintha hozzájuk sem szóltunk volna. Ha nem lennének ilyenek, amilyenek, akkor még ma is dolgozhatnának. Anyag is van, kialakított műhely is. Mi tartja őket ettől vissza?! Még eladni is segítenék. Nem jobb a lehetősége annak, hogy talán előbb vagy utóbb lesz nyereségük, mint, hogy ennek meg sem adják a lehetőségét?! Ehhez viszont egy erős vezető kellene.

Bogoly János tervezi, hogy kialakít egy közösségi házat (könyvtárral, internetes szobával, közösségi térrel stb.), mely mellett egy játszó park lenne, illetve egy kis színpad. Mit gondolsz erről?

Azt gondolom, hogy az elképzelés kiváló. Tiszta szívemből kívánom, hogy sikerüljön, mert nagyon szép az elképzelés. Fontos, hogy tartalommal legyen feltöltve, illetve megint fontos, hogy ki tudja termelni a fenntartási költségeit – hisz a kézműves háznál is felmerültek ilyen problémák. Illetve, legyenek olyan koncepciók, melyek az alapoktól építkeznek és hosszú távon megvédhetőek.
### Annex 3. Cluster calculations

<table>
<thead>
<tr>
<th>Bennett Settlement</th>
<th>Population</th>
<th>Active population</th>
<th>Company density</th>
<th>Job seekers</th>
<th>Internet</th>
<th>Accessibility</th>
<th>Personal income Tax</th>
<th>Pecuniary income</th>
<th>Qualification</th>
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<tr>
<td>Felsőgagy*</td>
<td>1,000</td>
<td>1,000</td>
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<td>1</td>
<td>1</td>
<td>1</td>
<td>1,000</td>
<td>1</td>
</tr>
</tbody>
</table>

* The distance was measured with the following formula: \( \sqrt[1/2]{\sum (x_i - y_i)^2} \)

**Source:** TeIR and KSH, T-STAR

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### Annex 4. Photos of Felsőgagy

Welcome to Felsőgagy
The main street view

The new community house
Decoration of the settlement
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