

## THE SAPARD PROGRAM IN HUNGARY: PROBLEMS AND PERSPECTIVES A SAPARD PROGRAM MAGYARORSZÁGON: PROBLÉMÁK ÉS PERSPEKTÍVÁK

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### ÖSSZEFOGLALÁS

Az EU Agenda 2000 című, 1997-ben nyilvánosságra hozott dokumentum megfogalmazta azt a pályázati alapot, amelyet a csatlakozásra váró országok vidék- és mezőgazdaságának fejlesztésére hoztak létre. Ez volt a SAPARD program, amelyben tíz, csatlakozásra váró országot igyekeztek támogatni. A program pénzügyi alapja 520 millió EURO évente a 2000-2006 közti időszakban, amit az érdekelt országok pályázhatnak meg. Megfoigyelhető, hogy a SAPARD keretében elosztható pénzügyi támogatás mértéke nem veszi maradéktalanul figyelembe a mezőgazdaság országokon belüli súlyát. (Például 100 forint mezőgazdasági kibocsátásra Lengyelország másfélszer annyi támogatást kap, mint Magyarország.)

A program az eredeti elképzelés szerint 2000 és 2006 között nyújt támogatást a csatlakozás küszöbén álló országok számára. Magyarország azonban még a mai napig nem nyert el pályázati pénzeket, miközben Bulgária és Észtország már igen.

Magyarország késedelme a SAPARD program végrehajtásában abból adódik, hogy a Földművelésügyi és Vidékfejlesztési Minisztériumban problémák adódtak a program kidolgozásában.

Kutatásaink a vidékfejlesztési és az agrárfejlesztési javaslatok közötti stratégiai különbségekre, a két programváltozat közötti konfliktusokra, valamint egy konkrét kistérségben lejátszódó folyamatokra terjednek ki. A SAPARD program eredeti célkitűzését, miszerint a csatlakozásra váró országok ismerjék meg az EU támogatási rendszerét, átvegyék a közösségi vívmányokat, pályázóként vegyenek részt az EU tevékenységében, kiépüljenek a szervezeti keretek, amelyek a támogatás elnyeréséhez szükségesek, nem tudtuk maradéktalanul megvalósítani. A helyi vizsgálatainkra támaszkodva rámutatunk egyes térségek előnyeire és hátrányaira, és azokra a lehetőségekre, amelyeket egy ilyen típusú program kínál. Sikeres pályázat csak abban az esetben lehetséges, ha az a helyi résztvevők konszenzusán alapul. Ezt a folyamatot a Keszthely-Hévíz Kistérségi Társulás pályázatának történetén keresztül mutatjuk be.

**KULCSSZAVAK: SAPARD, Magyarország, kistérség, vidékfejlesztés, Keszthely-Hévíz és Tátika-Rezi Kistérségek, felülről lefelé és alulról felfelé történő építkezés.**

## **ABSTRACT**

The EU Agenda 2000 program, made public in 1997, established the basis for future EU member countries to develop their rural areas and agriculture. This was the SAPARD program, which was aimed at assisting 10 countries ready to join the union.

The monetary fund of the program amounted to 520 million EUROS/year for the period 2000-2006, which the countries involved could apply for.

Our research is trying to find an answer to problems emerging in the process of rural and agricultural development, in conflicts between two alternative programs; furthermore, it also covers various processes in a smaller area.

We are focusing on the advantages and disadvantages of certain areas, on opportunities offered by a program of this type. Successful competition can only be achieved, when it is based on a cooperation and agreement of the local participants. We are illustrating this process through the history of the competition of the Keszthely-Hévíz Sub-Regional Association.

**KEY WORDS: SAPARD, Hungary, sub-region, rural development, Keszthely-Hévíz and Tátika-Rezi sub-regions, top-bottom approach, bottom-up approach.**

### **DETAILED ABSTRACT**

The EU Agenda 2000 program made public in 1997, established the basis for future EU member countries to develop their rural areas and agriculture. This was the SAPARD program which was aimed at assisting 10 countries ready to join the union.

The monetary fund of the program amounted to 520 million EUROS/year for the period 2000-2006, which the countries involved could apply for. It is to be observed that the rate of the amounts to be distributed within the framework of SAPARD, does not entirely consider the weight or importance agriculture plays in each particular country.

According to the original conception, the program is supposed to give financial assistance to countries that are to join EU in the nearest future. Hungary, however, has still not won any support money, which Bulgaria and Estonia have. The reason why Hungary is late to establish the SAPARD program is the Ministry of Agriculture and Rural Development having faced with problems while working out the program.

Our research is trying to find an answer to problems emerging in the process of rural and agricultural development, in conflicts between two alternative programs, furthermore it also covers various processes in a smaller area.

Hungary has not been able to carry out the original goals of SAPARD program, which intended to promote that the pre-accession countries become acquainted with the EU support schemes, to take over the achievements in the Union, to take part in EU activities as competitors, to elaborate the structures necessary for successfully applying for assistance. Relying on our local findings, we find that this concept works on sub-regional levels. We are focusing on the advantages and disadvantages of certain areas, on opportunities offered by a program of this type. Successful competition can only be achieved, when it is based on a cooperation and agreement of the local participants. We are illustrating this process through the history of the competition of the Keszthely-Hévíz Sub-Regional Association.

## INTRODUCTION

The „Agenda 2000” [2] of the EU, which was published in 1997, established the basis for the future EU member countries to develop their rural areas and agriculture. It was the SAPARD program, which was aimed at the assistance of 10 countries ready to join the Union. The monetary fund of the program amounted to 520 million EUROS annually, for which the concerned Central and East European countries could apply through the period from 2000 to 2006.[5] The main EU regulations and decisions dealing with the SAPARD program were the following:

- Council Regulation No 1268/1999 [5],
- Commission Decision 1999/595/EC [1],
- Commission Regulation No 2759/1999 [3],
- Commission Regulation No 2222/2000 [4].

Hungary would receive approximately as much as 10.000 million HUF (Hungarian Forints, approximately 400 m Euro) per year for agricultural and rural development. It is a significant amount in itself, but undoubtedly not enough for the recovery of the whole agricultural sector of the country (according to the experts' advice it would require a couple of hundred billion HUF). The other objective of the program is the attainment of that application methodology, which is already functioning in the EU for years, and is applied efficiently by the present member-states. Consequently until 2004 (that is the expected date of our joining the EU), Hungary would be able to apply with much more experience for the different financial support resources offered by the Union.

Relying on the information sources of the European Committee, the accreditation of the SAPARD program in the EU would be completed before the end of 2002. Thereafter it will be possible for the EU to announce the competitions which are already delayed for two years. [18]

Instead of the nine priorities initially chosen by Hungary the program will temporarily start for only three objectives. The postponement was requested by Hungary and the EU accepted it to avoid further delay. [12, 14, 15]

The three programs to be launched are the following:

- Investments for the agricultural enterprises,
- Development of marketing and processing of agricultural and fishery products,
- Improvement and development of the rural infrastructure.

Beside the goals mentioned above Hungary will receive promotion for the necessary technical assistance connected with the introduction of SAPARD. [6]

Owing to the delayed preparations of the SAPARD Bureau, EU prolonged the term of spending the support allocated to year 2000 by one year (until 31th Dec. 2003.), otherwise Hungary would have lost a part of the funding allotted to the first year.

## THE OBJECTIVE, MATERIAL AND METHOD OF THE RESEARCH

The main objective of our study was to find the reason why the launching of this program is delayed so much in Hungary, while Bulgaria and Estonia – among other countries, – had already received significant amounts from the EU as SAPARD support.

The EU distinguishes two types of development strategy: one is the top-down directed strategy, which is initiated by the centre, the other is the bottom-up strategy, coming and building up from below, based on local initiations. Applying the different strategy development conceptions some social tensions had emerged, mainly in the local level. The second focus of our investigation was the examination of these emerging problems. Besides the social conflicts we tried to find out the probable effects of the SAPARD program implementation to the local communities and to the values of the settlements.

Our investigation was based on 25 interviews which had been made during the summer and autumn of 2001. (One half of them was made in the Keszthely-Hévíz sub-region, and the other in the whole country.) In this process we visited experts, who played the key roles in the preparation of the SAPARD program in Hungary (heads of departments in ministries, experts of rural development in the level of the whole country and in sub-regions, too).

Moreover, for our research we used the EU statistics, and decrees on the regulation of the SAPARD program, as well as the history and methodology of the preparation of a few sub-regional programs (analysis of prevailing conditions, strategic planning, operative programming etc.).

Table 1: The maximum limit per year of the SAPARD support allotted to the applicant countries

Country:	Limit (million EURO)
Hungary	38,054
Latvia	21,848
Slovenia	6,337
Bulgaria	52,124
Czech Republic	22,063
Lithuania	29,829
Slovakia	18,289
Poland	168,683
Estonia	12,137
Romania	150,636
Total:	520,000

Source: Decision of the EU Committee: 1995/595/EC

According to Table 1 it can be pointed out that the amount allotted to Hungary is very low, considering the importance of agriculture in the country. It can be seen that Poland received one and a half times as much support as Hungary for each 100 HUF of agricultural output. [17]

Considering the indicator of Poland the agriculture of Hungary should have received 14.000 -15.000 million HUF promotion instead of the actually given 9.500 million HUF.

On the 1<sup>st</sup> of January, 1999 the Ministry of Agriculture and Rural Development set up the General Department of Rural Development Programs (Hungarian abbreviation: VFP) in Hungary. The goal of this organization was to co-ordinate the SAPARD program, which had been formulated in Brussels at that time. Stimulated by the VFP the counties and regions (these categories correspond to the NUTS 3 and NUTS 2 levels in the EU statistics) started to elaborate their rural development programs.

Moreover, the launch of the program required the elaboration of a National Rural Development Plan [13]. The VFP charged the Institute of Town-Planning and Urbanization Non-Profit Company (Hungarian abbreviation: VÁTI) with this commission.

It caused great problems for Hungary that the above mentioned arrangements had already been set up before the SAPARD decree of Brussels, and the elaboration and publication of its enacting clauses. Consequently, permanent modifications were necessary to comply with the requirements of the EU [7].

The Council Regulation (EC) No:1268/1999 [5] did not determine unambiguously what was meant by the „rural area” expression [11], it only mentioned that the programs for rural areas should be elaborated with respect to the national aims and traditions. In Hungary the interpretation was, that the task should be performed in the level of rural sub-regions, however the definition of the „rural sub-region” was not given clearly. For the classification one of the following two methods could be applied:

1. Applying the definition of the statistical sub-region, which equals the NUTS 4 level according to the Act No. 21. of 1996.
2. Classifying by the quality of the agricultural lands.

The VFP gave significantly free hand to the local governments of the rural sub-regions. The only limitation was that the rural sub-regions should be located on a contiguous territory.

At first 30-40 sub-regions would have been chosen, which could have been used as model areas in the program. Then, with respect to the growing interest in the competition, the focus was placed upon the conception of supporting as many sub-regions as possible, by reducing the sum of the support available for each region.

After the evaluation of proposals in the first turn, the applications were ranked in three categories:

1. In category „A” were ranked those sub-regions, which had applied with the best programs, and proved to be the mostly prepared for the work,
2. In category „B” were ranked those areas, which were roughly prepared, but there were imperfections in their programs, and needed improvement.
3. In category „C” were ranked those areas which had just started the preparation of the program, and did not have even a clear conception for the development.

The aim of this classification was to give the financial resources first to the mostly prepared sub-

regions. But because until now the institutional system accredited by the EU has not been established yet, this classification had lost its importance.

The national plan was formed parallel with the plans of the sub-regions. It had to be prepared with respect to the national characteristics on the one hand, and, on the other, the aim was to prepare the national plan by a bottom-up approach, on the basis of the plans of sub-regions, laying great stress upon the measures suggested by them. However, it remained only a theoretical principle, and some of the people interviewed by us considered it the greatest mistake of the national plan that it hardly respected the attitudes and suggestions of the sub-regions. As an example, take the determination of the countryside. One of the people interviewed by us, who had taken part in the preparation of the national program, mentioned, that he had criticized the definition of the countryside, because the definition established a fixed upper limit on the population density of a countryside area, as 120 persons/sq km, while the experts of the rural communities suggested this limit to be defined as „not more than 50 % of the total population of the area under consideration” [16].

On the evidence of the interviews we may draw the following conclusions:

The preparation of the program caused several conflicts in the level of the whole country. One of the main reasons of it was that two groups of experts, with different facilities and attitudes, were „fighting” against each other with the assumption that their group is the sole representative of the SAPARD program. They can be mentioned shortly as „the agricultural development group” and „the rural development group”. [7] The significant differences of their views can be seen on Table 2:

Eventually the parties arrived at the common agreement (Csité, 2002) that the necessary measures should be divided to measures of agricultural development and measures of rural development controlled by different supervisory boards. These boards were as follow:

- The question of agricultural investments would belong to the General Department of Administration,
- The field processing would belong to the General Department of Food Industry,

- The problem of setting up the production groups would belong to the General Department of the Agricultural Offices,
- Measures connected with the protection of environment would belong to the General Department of Plant Protection,
- Professional training would belong to the General Department of Education,
- The measures for rural development would belong to the General Department of Rural Development Programs, including: renovation of villages, diversification of rural economic activities, rural infrastructure, extension public information service etc. [7]

Moreover, the proportion of SAPARD funding aimed at investments was reduced.

This problem was only one among many that caused tension. The problems were even more increased by that the rural sub-regions - showing great interest - applied for funding many times the sum available from the SAPARD. The conclusion of these problems could be foreseen then: the exaggerated expectations caused great disappointments. In the rural sub-regions the inhabitants were also involved in the preparation of the programs, therefore even the inhabitants were disappointed by the refusal of the expected money.

Another important question was the involvement of various civil organizations in the preparation of the program. A significant advantage of the civil organizations was that they really knew the conditions of the rural areas. Disagreement was also noticed among even these organizations, because one part of them supported the efforts of the agricultural development group, and the other agreed with the views of the rural development group. At the same time they all made objection against the practice, that the representatives of civil organizations had been involved in the preparation of the programs only to a very small extent. [16]

Relying on the sources of The European Committee the national accreditation of the SAPARD Bureau could be finished until the autumn of 2002, and after the Hungarian accreditation in Hungary, that in the Union could also be finished before the end of the year.

Table 2::The main differences between the opinions of the agricultural and of the rural development group for the SAPARD program

Issue:	Opinion of the adherents of rural development:	Opinion of the adherents of agricultural development:
Condition of rural areas in Hungary:	Compared to the urban areas the rural areas are in worse social and economic condition.	Compared to the urban areas the rural areas are in worse social and economic condition.
Characteristics of the desirable rural development policy:	Rural development should radically alter its foregoing practice and it should change attitude, from supporting the agricultural mass-production to the alternative, environment-friendly and community-conscious methods of production. The policy should support this view.	Rural development policy should support the viable and competitive rural economic units (or those who are able to become viable and competitive in the future), for making them better provided with capital, therefore even more competitive, so that they become the driving forces of the endogenous rural development.
Inter-relationship of the development of the economy and of the community in rural development:	Rural development is primarily the development of community, it should provide with new resources the people not owning the necessary resources.	Rural development primarily means economic development with the main goal to improve the competitiveness.
The purpose of the SAPARD program:	The purpose of SAPARD is to mobilize the members of society in the rural areas.	The purpose of SAPARD is to acquire knowledge about the functional system of the Structural Funds.
The beneficiary of the SAPARD promotion:	The fundamental unit of the development supported by the SAPARD is the sub-region. The development-oriented mobilization of the rural society is carried out within the scope of sub-regions.	SAPARD gives further promotion only to the already operating business organisations.
Connection between the SAPARD program and the rural development policy of Hungary:	The SAPARD is the first step towards a fundamentally new rural development policy, which breaks with the former, agriculture-dominated rural development conception.	The SAPARD is the tool of renewing the foregoing rural development policy, and grading it up to the European level.

Source: A. Csité: Developers of agriculture and developers of rural areas (manuscript), 2002.[7]

In the first part of the article we have surveyed the problems of the SAPARD program which occurred on the national level in Hungary, and in the following section we focus on the other objective of our research, and present the experiences of two sub-regions, the Keszthely-Hévíz and the Tátika-Rezi sub-regions.

### INTRODUCTION OF THE KESZTHELY-HÉVÍZ AND THE TÁTIKA-REZI SUB-REGIONS

#### General evaluation of the conditions of the area

The area is provided with definitely good characteristics. It is very well supplied with natural

endowments, several buildings to be seen and other scenic spots, therefore the region is very attractive for foreign visitors and investors. However some difficulties and problems still exist, which could be mostly solved with the support of the SAPARD program, which we analyse below.

#### Similarities and differences of views and interests

The program was prepared by not only the Keszthely-Hévíz Sub-Region alone. At the beginning of the program preparation the Tátika-Rezi Sub-Region contacted the Keszthely-Hévíz Sub-Region with the suggestion to prepare a common

application. It was, by all means, advantageous during the preparation work, because the Keszthely-Hévíz Sub-Region belonged to the relatively wealthier regions of the country, and it had many advantages compared to the other areas. Therefore it was sometimes difficult for them to justify their application for support. On the other hand the Tátika-Rezi Sub-Region was regarded as a comparatively poorish area, with small administrative resources, therefore it would be unable to prepare the application by itself. But the two sub-regions together would be able to apply for almost every possible sub-regional support program of the SAPARD, as one of our interviewed persons, pointed out: „if any kind of competition was conducted by the SAPARD, we would be able to make use of it profitably, because we had a town at the side of the Lake Balaton in a prominent resort area, we had also smaller settlements at the side of the Lake Balaton, we had settlements in the rear area, that did not belong to the underdeveloped

territory, we had an underdeveloped settlement, and we also had a town which had owned a very important thermal resource, therefore I dare say, that the Keszthely-Hévíz Sub-Region would be able to apply for every kind of competition with a reasonably good chance”.

As in every cooperation, differences of opinions also occurred here. The greatest problem was that the program was prepared by the members of the Keszthely-Hévíz sub-region. Therefore they paid less regard to the interests of the Tátika-Rezi sub-region. In spite of this the cooperation was beneficiary even for the members of the Tátika-Rezi sub-region, because - owing to their small administrative staff - they would not be able to prepare the application by themselves, but in this case they could take part in the program, after all. At the same time the cooperation is very good between the two sub-regions, there is daily communication between the managers of the sub-regions, no personal conflicts have occurred yet.

Figure 1: Map of the Keszthely-Hévíz and the Tátika-Rezi sub-regions



There are three settlements in the SAPARD region, which are in a special condition, because they belong to both sub-regions. We interviewed the concerned persons about it, and they told us that it did not bring them into a disadvantageous position, because the Keszthely-Hévíz sub-region was an explicit resort area, which had specialized to tourism, therefore they could benefit from it as well. However the

Tátika-Rezi sub-region is a more underdeveloped region with ordinary problems, as one of our interviewed persons pointed out: „ because of the impossible financial and economic situation nowadays, there are just a very few potential entrepreneurs in this region, there is no real possibility of breaking out for them, therefore almost no enterprises are undertaken to stimulate this



stagnation a little, agriculture is obviously on the zero level, so these problems are the same in both regions, and the similar problems join the people, the settlements, and it is advantageous, because we receive various influences and obtain information as well, therefore our task is to assist as much as possible in planning and preparation of programs in the region.”

Meanwhile the manager of the Tátika-Rezi sub-region also explained that the villages like Cserszegtomaj, Rezi and Karmacs were comparatively bigger settlements in the Tátika-Rezi sub-region, so they raised greater ideas and suggestions. „We are really not able to deal with so great things, our staff is small, and our office is also small, therefore we cannot undertake their problems, and it is probable and even right and proper that they made the Keszthely-Hévíz sub-region to do everything for them.” There is a village among these settlements which declares itself to belong exclusively to the Hévíz-Keszthely sub-region and does not even pay membership fee to the Tátika-Rezi sub-region.

By the opinion of the managers of the sub-regions: „the Hungarian rural development system operates well, because the top-management is good, and is able to receive and incorporate the initiatives coming from the bottom up, and relying on these initiatives they even announce tenders for applications as well”. Consequently it does not function like a system directed from above, but it is able to operationalize the initiatives coming from below. „One of the difficulties of the rural development system is that there are overlapping parts with the SAPARD system, therefore it would have been much better for us if the SAPARD regions had been adjusted to the already existing regional associations, instead of adjusting the existing regions to the SAPARD structure, as actually happened. It would have been much better for administrative reasons. Now it seems that the 15 settlements I manage belong to:

- 2 counties,
- 2 natural regions,
- 3 SAPARD regions,
- 4 statistical regions determined by the Central Statistical Office.”

By another opinion: ”the SAPARD program expressed too general conceptions, which might be adjusted to a town with 200 thousand inhabitants,

and also to a settlement with 200 inhabitants. The main essence of the SAPARD is definitely lies in that if we want to apply for something, then we should attach it to a priority, a sub-program, a group of measures, in the frame of which we intend to prepare the application. If this frame is too wide, for example: improvement of the overall appearance of the settlements, then it may contain everything, even the infrastructure, the tele-house, the renovation of house frontages. And this is not a rare example, almost every project looks like this.” [16]

### THE SWOT ANALYSIS OF THE KESZTHELY-HÉVÍZ SAPARD REGION

Strengths:

- The touristic attractiveness: the region is definitely good from the viewpoint of touristic attractiveness, and this tradition already dates back to several decades. The significant majority of the tourists visiting this area is German-speaking, but some visitors already come from other countries of Europe. The region has such scenic spots which can arouse the interest of the visitors.
- Good market possibilities: the lake Balaton and Keszthely gives a considerable market. In this aspect tourism and the visitors’ receptivity and capacity for purchasing goods are of great importance. Essential factors are also the quality of goods offered in the market, the convenient packing and the adequate processing of goods.
- Appearance of foreign investors: very significant is the inflow of foreign capital into the region. Owing to this the old, deteriorated buildings have been renewed, new investments, developments take place, which offer new jobs as well.
- Remarkable traditions: the region has great traditions especially in the field of vine and fruit production. It considerably attracts tourism, maintains the established circle of guests and brings new visitors.
- Intellectual capacity: Keszthely is an important education centre, where even a university faculty is situated. Owing to this the necessary intellectual capital is present in the region, the workers and employees are well trained and skilled, therefore it improves the quality of

goods and services, and indirectly raises the living standard of the region.

#### Weaknesses:

- Lack of capital: it is the general problem of the whole Hungarian economy. Without capital the accomplishment of the adequate investments remains impossible. In agriculture it causes the decrease of the quality and fertility of soil, leading to inadequate soil conservation and inappropriate plant protection practices. For the lack of capital the regulations concerning the protection of the environment and soil could be also neglected.
- Decrease of livestock-husbandry: in consequence of the reduction of this formerly significant branch of the economy a characteristic scene of the rural landscape had also disappeared, the grazing lands remain unexploited, and the living of many inhabitants were also threatened.
- Lack of cooperation: the lack of satisfactory cooperation among the local municipal authorities, the civil organisations and the inhabitants causes many problems.
- Decrease of industrial production: it causes a serious problem in the region, as there are no new industrial firms and organisations. Instead of the liquidated industrial firms new ones have not been set up, which could have been offered sufficient possibilities of employment for the local inhabitants.
- Decrease of the population in the villages: It is a characteristic feature, that the young generation moves to towns and leaves villages, therefore villages lose their population. Consequently small villages, which are typical features of Hungary, could disappear, together with the small peasant households and farms.
- Lack of skills and education in farming: although a university of agriculture is functioning in the region, the actual agricultural workers are still imperfectly skilled. The main reason of it is that working in agriculture is not an attractive career for young people now, and the older generation of farmers do not have the necessary knowledge.
- Inadequate infrastructure: the conditions of the surrounding roads are relatively bad, they require a thorough reconstruction. Another

problem is the lack of the sewage system in many places, and this fact considerably delays the building operations to a great extent.

- Summing up the above mentioned weaknesses, it can be stated, that in both sub-regions is missing a comprehensive, long-term conception, which would determine the possible course of developments, and the method of implementation, although there are good strategic programs for smaller scale problems.

#### Opportunities

- Increasing demand for the highly processed products: by increasing the level of processing, the income on the product is also raising, therefore it has an influence on the living standard of the region. The processing operations require more workplaces, so employment can be improved as well.
- Meeting the claims of the native and foreign visitors to an increasing extent: the already established circle of guests should be maintained, and new visitors should be attracted. The circle of guests already consists of not only foreign tourists. The encouragement of home tourism, and the fulfilment of the demands of domestic tourists by reasonably priced services should be also important.
- Production of special local goods: it is essential that the unique peculiarities, the special characteristics of the region should also be showed to the visitors. Growing of agricultural produces suited to the local environmental endowments, discovering again the former, traditional branches of agriculture, are also very important aims.
- Improvement of animal-breeding: mainly the breeding of indigenous animal races should be supported. The region has a very extensive grass-land, hereby the satisfactory utilization of this territory could be arranged at the same time. In view of cattle-breeding the raising of the „Hungarian grey” race should be promoted, which, being an indigenous race, is spectacular by itself, and gives excellent meat resistant to the BSE disease, therefore it could find significant market in Western Europe.
- Natural sylviculture: there is a big forest district in the region, as a natural endowment. Important aims are: further plantation, wider spreading of

the indigenous species of trees, like oak and beech.

- Utilization of the opportunities provided by the Georgikon Faculty of Agricultural Sciences: It is almost unique in Europe, that such a small town as Keszthely has a university. We should exploit the opportunities given by it, the good reputation of the university should become known over the country, and even over Europe. It is very important for the institute to develop permanently, to set up more and more new lines of studies, corresponding to the requirements of the times.

#### Threats

- Great differences in the incomes: there are significant differences of the living standards, the incomes and the opportunities between the more highly developed part of the region near the Lake Balaton and the small villages which are situated further away from it. It is already the source of social and economic tensions even now. Therefore we should strive to make the underdeveloped areas catch up with the developed settlements.
- The profitability of agriculture is low, and the regulations are hardly predictable: since the economic and social transition the profitability of agriculture has been steadily declining. Another great problem is, that the gap between the prices of agricultural and industrial products has opened very wide, so the agricultural investments and developments will become more and more difficult, therefore further decrease of profitability could be expected.
- Influx of the aggressive and speculative capital: as the result of the invasion of foreign capital into the region the differences between prices and incomes have been considerably increased, and it is very disadvantageous for the local inhabitants.
- The status of the region is actually unclear: the area administratively belongs to County Zala, this county, however, does not regard it really its own, so the investments of the county are directed to elsewhere. The area is situated on the borderline between the Balaton Region and the West-Transdanubian Region, so each of them regards the area as belonging to the other, therefore the promotion of the area is not

satisfactory. This problem requires urgent solution.

- Difficulties about the protection of environment: a very important question is the disposal or utilization of waste materials, which has not been adequately solved yet in the area. A lot of litter is dumped arbitrarily and illegally in the forests, or near heavily crowded roads, so it deteriorates the overall picture of the whole area. [8] [9]

#### MAIN RESULTS OF OUR INVESTIGATION

Summing up the results of our investigation, based on the interviews made in the sub-regions and in the whole country, and relying on the SWOT analysis, we arrived at the following conclusions:

The general problems of the whole country:

1. The proportion of the financial support to be allocated within the framework of the SAPARD program does not take completely into consideration the importance of agriculture in each involved country.
2. The main objective of the program was not to enhance agricultural and rural development of the involved countries, but to spread information on the methodology assistance in the Union, and to establish the institutional system necessary to receive the financial support.
3. The original objectives of the program have not been attained yet in Hungary, because the organizational structure, which would be accredited by the EU and which would be necessary for the disbursement of the support has not been set up yet. This structure is also missing yet in all the involved countries except for Bulgaria and Estonia.
4. During the preparation of the National Plan in Hungary several conflicts had emerged: on the one hand, between the conceptions of the promoters of agricultural development and of the promoters of rural development, and on the other, between the two organizations: the Institute of Town-Planning and Urbanization Non-Profit Company (VÁTI) and the Research and Information Institute of Agricultural Economics (AKII), which both had prepared their national programs according to their own conceptions.

5. According to the original plans the preparation of the programs of sub-regions would precede the preparation and arrangement of the national plan, which could therefore take into consideration the local endeavours. It was not achieved because during the preparation of the National Plan the local ideas were regarded only to a very small extent.
6. The local inhabitants accepted the program very positively. In the framework of the applications required for the operative programs they applied for financial funding several times as much as the available 10 billion HUF allotted to Hungary for each year. Meanwhile it could be observed that many of the applicants rather regarded the program as a list of wishes, than realistic aims.
7. In 2000 the Ministry of Agriculture and Rural Development prepared a budgetary plan for priorities in rural development, which provided a temporary solution, but it was not enough to solve the problems caused by the delay of the SAPARD program, only postponed them.
8. The European Union prolonged the closing-date of applying for the SAPARD funds until 31 Dec 2003, but therefore the funding available for four year should be allocated in that single year. It would lead to new conflicts and problems.

The particular problems of the sub-region:

1. In the Hévíz-Keszthely sub-region the leading branch of the economy is tourism, but it offers only seasonal employment. For this reason the introduction and establishment of an environment-preserving branch of industry is necessary in the region, which would not endanger the quality of water of Lake Balaton and the thermal lake in Hévíz, and meanwhile it could offer constant employment possibilities [10].
2. The adequate development of the settlements in the background of these lakes is also necessary, for they are in much worse condition, than the settlements near the lake-shores, but they have great chances as well.
3. There are several projects in the operative program which aim at the local processing of the agricultural products (pickling factory, production of vegetable oils). They increase local income, which remains in the local area,

and make employment possibilities which thus raising the living standard of the inhabitants of the region.

4. The program was prepared jointly by the Keszthely-Hévíz and the Tátika-Rezi sub-regions. Although this cooperation caused a few small conflicts, it was advantageous for both sub-regions.
5. One source of conflicts was the attitude of the sub-regional managers. It was observed in both the examined sub-regions, and in the whole country, as well. Even inside the observed area the preparation of the projects was made without remuneration in the Tátika-Rezi sub-region, while in the Keszthely-Hévíz sub-region they were made only for payment.

### CONCLUSION AND RECOMMENDATIONS

Relying on the investigations our recommendations are the following:

1. On the national level the adequate system of institutions should be set up as soon as possible, and be accredited by the Union.
2. In advance, it is necessary to make preparations for being able to evaluate the applications very quickly, and to allocate the support as soon as possible, because the burdens and complications expected for 2003 could be eased by it.
3. A very important task is the prompt and authentic information of the sub-regions, and the regional managers should forward this information towards the other participants, regaining their trust in the program by this means.
4. The parties should strive for more balanced communication and cooperation among the local participants.
5. A comprehensive development construction should be prepared for the long run, which fundamentally determines and charts the course of future development of the regions.
6. The SAPARD and the similar sub-regional programs of rural development provide good possibilities, although these are not the parts of a long-term, comprehensive conception. The lack of it can be obviously observed in the interviews, and, moreover, it could become an important obstacle of dynamic growth in the future.

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