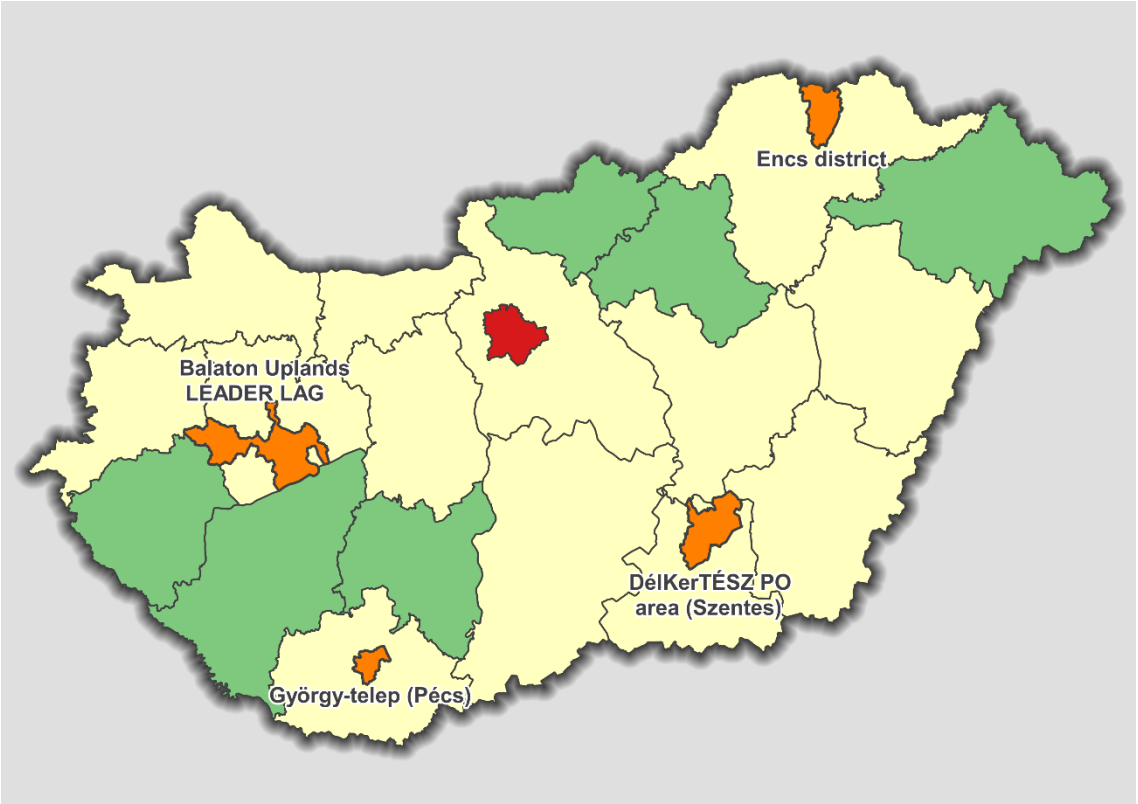
Resituating the Local in Cohesion and Territorial Development



D 6.2 National Report
Hungary

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RELOCAL
Resituating the Local in Cohesion & Territorial Development

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Abbreviations

CAP	Common Agricultural Policy
CF	Cohesion Fund
CPR	Common Provisions Regulations
DélKerTÉSZ	Southern Great Plain's Horticultural Co-operative (Hungarian)
EC	European Commission
EAFRD	European Agricultural Fund for Rural Development
EFRD	European Fund for Regional Development
ESF	European Social Fund
ESPON	European Spatial Planning Observation Network
EU	European Union
GDP	Gross Domestic Product
GYED	Flat-rate child care allowance (Hungarian)
GYES	Parental leave allowance (Hungarian)
HCSO	Hungarian Central Statistical Office
HRDOP	Human Resource Development Operational Program
HUF	Hungarian Forint
IUDS	Integrated Urban Development Strategy
LAG	Local Action Group
LAU	Local Administrative Unit
LEADER	Links between actions for the development of the rural economy (French)
MA	Managing Authority
MR	Micro-region
NGO	Non-governmental Organization
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
PA	Paying Agency
PO	Producers' Organization
RELOCAL	Resituating the local in cohesion and territorial development
RGYK	Regular child-protection allowance (Hungarian)
ROP	Regional Operational Program
SME	Small and Medium-Sized Enterprises
TÁMOP	Social Renewal Operational Programme

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Executive Summary

Background
The four case studies provide insight into diverse examples of development and their broader contexts. The most dramatic sign of spatial injustice in Hungary is highlighted by the rate, depth and ethnicization of poverty prevailing since about the Millennium, disconnecting about 5-7% of the Hungarian population from the majority of the society. During the peak of the Global Financial Crisis, an estimated amount of 800 hundred thousand people lived in extreme poverty. Though due to the new wave of economic growth - and the concomitant increasing demand for labour - their number has diminished recently, enclaves of deep poverty in segregated neighbourhoods survived. Two of our case studies (György-telep, Encs) explore interventions aiming the inclusion of people condemned to social and spatial marginality; one in an urban, the other in a rural context. The other two case studies represent so to say ordinary rural areas facing "average" challenges and opportunities (Balaton Uplands LEADER LAG and the Producer Organisation of Szentes). These cases inform mainly about issues of governance and aspects of rural development, rather than direct influence on the circumstances of vulnerable people.

Findings
All cases exemplify success in one way or another; the Give Kids a Chance Programme aiming (mainly) to deliver inclusionary health and education services to disadvantaged children of lagging spaces is one of the very few social interventions of the 2007-2013 programming cycle that has been continuing in the current programming period. Since 2013, the implementation of the Give Kids a Chance Programme has continued in eight districts including our case study are in and around the town of Encs. The series of integrated "social urban regeneration" projects in the marginalized neighbourhood of György-telep in Pécs is known nationally and internationally as a "best practice". The other two cases represent best practices of development topics and approaches of different type and nature, too (LEADER LAGs and Producer Organisations).

Being exemplary cases, all of the investigated actions encompass elements with the potential of increasing spatial justice. Three of them are so called programme-based (Give Kids a Chance, LEADER, "social urban regeneration") delivering participatory planning and implementing methods thus promoting a "place-based" approach (Give Kids a Chance, LEADER), two are focusing on developing fair procedures at local level (LEADER, Producer Organisation), each of the project management is highly committed, two of them work along distinct, "brand" of development (LEADER, "Presence").

At the same time, all the four case studies revealed failures and controversies as well. For example, the second or third iterations of the programmes (LEADER, Give Kids a Chance) developed a kind of "fatigue", indicated by significant decline of enthusiasm both at the central (national) level of administration and at local level. This might partly be related to the massive lack of human capacities, again at both the national and local levels, due to the reorganisation of territorial governance and the parallel process of re-centralisation. In such a context, political clientilism might hinder fair procedures directly or indirectly through undue reorganisations (LEADER). The necessarily cyclical nature of EU funding is detrimental in a context of overall dependency, where both public and private investments, (social and economic alike) are equally dependent on EU money. Much of the results, capacities are lost during the transition years (two, three, even five) even if distribution of resources (LEADER) is fair otherwise.

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Outlook

Despite being exemplary, the investigated actions were not equally claimed successful by the managers and local stakeholders (Encs) for which the nature of these intervention can provide an explanation. Development programs targeting social inclusion in segregated neighbourhoods are implemented in local "laboratories" of development. In these "laboratories" the social disposition of the project management and that of the clients are and remain divergent during the project cycle. The "fixation" of roles might lead to a certain degree of exhaustion (Encs) or to an endless need by the committed and professional project management for new projects to be managed. Similar cleavage of social dispositions does not exist in the rest of the cases. LEADER builds on local endowments and does not reach out directly to the most vulnerable social groups. The Producer Organisation uses the gained resources directly for its economic and social purposes. There are of course divergent power relations in the latter cases as well, but a high degree of dependency from the program managements does not exist, members (of the LAG and of the PO) are themselves motivated; they are willing to benefit from the projects directly or indirectly.

Such a comparison of diverse cases is not reasonable in the "real life", it has been done only in the context of the RELOCAL project. Despite controversies and difficulties, development actions with direct social focus have to go on in the most disadvantaged social and territorial contexts where re-emerging growth does not absorb the poor.

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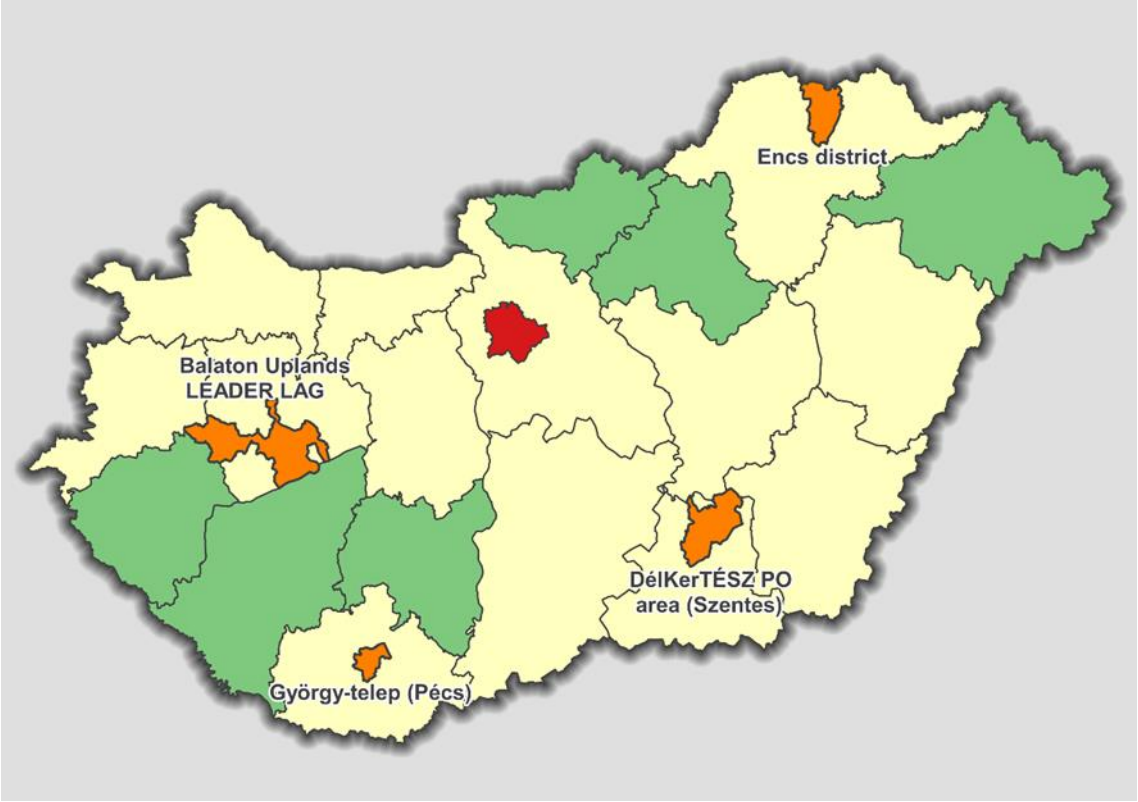
1. Introduction

The selection of the Hungarian cases for studying spatial justice in RELOCAL was guided by the principle to include diverse development actions that enable us to draw broader conclusions about the relationship between place-based developments and the changing nature of spatial injustices. In this vein, two case studies (Pécs and Encs) focused on socially sensitive actions in marginalized territories, while two case studies (Balaton LEADER and Szentes PO) analysed primarily economically motivated interventions in far less marginalized rural territories.



Map 1: Hungarian Case Study areas

Differences between our case study areas regarding the interlocking spatial and social disadvantages are dramatic, although the available data cover only neighbourhood-level differences, even if they are investigated micro-scale.

In spite of their differences, all the four Hungarian cases have at least a decade-long history, which made them suitable examples to study longer restructuring processes in the field of development programs. In this vein, the reform of the structures of territorial governance had a huge impact on three of the observed actions. Changes in the institutional framework and concept affected our two welfare projects (Pécs, Encs) differently from the other two interventions, especially the case of Szentes. (The Balaton LEADER LAG gained quarter of the support of the previous cycle but for another reason.)

Two of our case studies (Pécs, Encs) show how these national tendencies shape local projects, not only as sources of marginalization but also as tools to exercise control over the local marginalized groups. In cases with a more heterogeneous local society (Szentes PO

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and the Balaton LEADER) these new patterns of control had not been observed. The other cross-cutting feature of three Hungarian cases is related to governance transformations and intensive centralization in all policy areas that has diminished local actors' room for manoeuvring. On the other hand, centralisation in public administration and public policy making along with an emerging system of hierarchical, clientelist governance, force welfare interventions to align local objectives to the political goals of the national government. While it does not mean a total elimination of place-based approaches, it does curtail the potential of taking into account the local specificities and further increases existing vulnerabilities of marginalized communities.

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2. The Case Studies in a National Context

2.1 Unpacking Spatial Justice in a National Context

Though the translation of spatial justice (*területi igazságosság*) in Hungarian is an understandable concept in colloquial language, it is not at all a widely used term either in everyday discussions or in public policy making. If we look at the highest level policy documents addressing the issue of spatial (in)justices, such as the National Concept of Development and Territorial Development, or the Partnership Agreement between Hungary and the EU for the 2014-2020 programming period, then the following terms are used instead: even territorial structures (*kiegyenlített térszerkezet*), territorial differences (*területi különbségek*), territorial 'catching-up' (*térségi felzárkózás*), territorial inequalities (*területi egyenlőtlenségek*). None of the two, above mentioned policy documents contain the word 'justice' (*igazságosság*). The reason for this is that justice is regarded as a politically loaded concept, while all the similar terms carry a more technocratic, seemingly neutral connotation.

Throughout the field research of the four case studies we used both the concept of spatial justice and some of the notions similar to it, which are more widespread in the Hungarian context. Our unequivocal experience is that in very different research settings the informants could relate to the question of spatial justice, even though it is not a term they would otherwise use. Especially in the case of stakeholders and citizens of rather peripheral locations, they could easily describe various dimensions of spatial injustices affecting their everyday lives or professional activities.

Spatial injustice is understood in these locations as the absence of opportunities, manifested in the general scarcity of human and social capital, of infrastructure and employment, and of entrepreneurship. Spatial injustice is also seen to prevail in an undifferentiated and space-blind domestic system of measures and standards to which local institutions at the peripheries must adhere in public service provision with their meagre human, financial and infrastructural capacities, and that throw localities with different socio-economic background into competition with one another. Interpreting the low efficacy of local public services as underperformance appears in local narratives as double-bound spatial injustice: in deprived socio-economic local context ridden with scarce resources it is difficult to live up to objective standards and produce similar institutional results. Spatial justice should thus be understood in terms of *place-based equity in distribution and institutional solutions*, rather than (re)producing "catching up" institutional solutions of equal performance.

However, the alternative concepts were useful to shift the focus of these interviews. While using the term of inequalities resulted in more descriptive narratives of *unequal access to different resources*, referring to the process of catching-up triggering more analytical narratives of different socio-spatial processes (e.g. development projects, demographic patterns, economic shifts, etc.). It is also important to mention that these narratives are often ethnicized: since the largest minority group in the country is the group of Roma people (the estimated rate of Roma people is 5-7% of the population), whose socio-economic status is significantly lower than that of the non-Roma population, inquiring about spatial justice or territorial inequalities often ends up in a discussion about the Roma.

Regarding the future outlook of how issues of spatial justice will be narratively framed in Hungary by authorities in the near future, an important milestone is the recent establish-

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ment of a new governmental body within the Ministry of Interior[1], which will be responsible for 'social catching-up' (*társadalmi felzárkózás*), guided by a new National Strategy for Social Catching-Up, which is currently being written. It is symbolic how 'catching-up' incorporates semantically the top-down, paternalistic approach of the present Hungarian government. While paternalism has always been a core element in Hungarian social policies in the last decades (Szalai 2007), with the present wave of centralisation it seems to penetrate further spheres. In the academic field the concept of spatial justice is rarely used. There is only one Hungarian language academic article containing the term in its title, and it is a book review of Edward Soja's famous monograph. Additionally, there are only a few dozen more academic writings in Hungarian language, which refer to the notion.

2.2 The four case studies

In this chapter we introduce shortly the four actions selected for case study work. They areas follows:

Social urban regeneration in Pécs - The case of György-telep, is one of the 'best cases' in the field of integrated urban regenerations in Hungary, and one of the longest such interventions realized through a series of projects since 2007. It has been implemented in one of the most marginalized and stigmatized neighborhoods of Pécs, the 5th largest city of Hungary, which is a shrinking, but relatively prosperous county seat in a peripheralizing region, Transdanubia. The evolution of the action sheds light on the contradictions of a 'best case'. Besides positive effects on a narrow locality, the different projects could not contribute to counteract the systematic production of spatial injustices between neighbourhoods/settlements and within the city. Unintended consequences identified, such as interfering project objectives/methods and the emergence of a local development coalition built on the praxis of informal paternalism (see more on the concept in chapter 2.3 and Jelinek & Virág, 2019 upcoming).

Give Kids a Chance: Spatial Injustice of Child Welfare at the Peripheries is one of the complex and place-based development programmes targeting most disadvantaged microregions to tackle child poverty through the development of public services for deprived families. The central goal of Give Kids a Chance was to resolve bottlenecks and inequality in service provision by introducing new services that improve living conditions for children and trigger institutional changes that not only "modernize" child welfare services through inter-institutional professional cooperation but also transform local institutions for the inclusion and empowerment of marginalized groups. The action sheds light on the futility of place-based logics targeting spatial justice within a centralized and hierarchically organized policy regime. The absence of institutional incentives in the domestic policy field weakened the place-based character of the programme and failed to enhance local capacities for institution-building that would guarantee more equitable distribution of child-welfare services through autonomous and participative local decision-making.

The 2007-13 cycle of the **Balaton Uplands LEADER LAG**, is a best practice case of LEADER-type rural development In Hungary. The success of one of the largest LAGS in Hungary is partly due to its institutional history that dates back to the previous period,

[1] Though this governmental body is not completely new – previously it was part of the Ministry of Human Resources – its reshuffling is anticipated to result in larger power on decisions affecting spatial justice.

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and which contributed to a relatively high level of the LAG's human and institutional capacities, high degree of participation, dense social networks, and early adaptation of international best practices within the Hungarian context of rural development. LEADER is among the very few development programs that plays a significant role in "localising" the process of development through mediating grassroots needs upwards, and through tailoring upper-level development goals to the local circumstances downwards. The 2007-13 achievements of the LAG are unquestionable, though couldn't be maintained in the next cycle due to the wide time-gap between the two iterations of the Programme, the financial difficulties and the dramatic shrinkage of its personnel stemming from this.

May a Production Organisation Prevent Mass Pauperisation? – this is the question the fourth case study intends to respond. **The Szentes PO case**, is an outlier among our cases for two reasons. Firstly, it is a private economy organisation even though it is supposed to work as a non-profit organisation that shares part of its profit with the members of the co-operative. Secondly, it is a non-place-based action being implemented in a place-based manner through the adequate use of endogenous natural resources. The action was selected to study whether a private-economy agent can contribute to preventing mass poverty in rural areas than as much or similarly as (social) policies focusing directly on lowering poverty rates in a given spatial unit. Being among the first Producer Organizations in Hungary after the fundamental restructuring of the agriculture in the 1990s, the organisation came about to reduce the vulnerability of smallholders and auxiliary producers and prevent mass pauperisation of the lower ranks of the rural population. The Production Organisation still represents a significant innovation and societal integrative force in job creation and promoting the livelihood of its members with the opportunity of gaining income through exploitation of their own landed properties as self-employed or micro-entrepreneurs.

Data in Annex 6.2.2 indicate the wide gap between the extremes, the highly segregated Encs area and the well-to-do Balatfüred district. The degree of ethnic segregation is indicated by the ratio of self-declared Roma people (census figure, 2011) (see Map 4). Maps of the same Annex based on micro-data drawn by Gergely Tagai illustrate the high degree of segregation of György-telep and the appearance of segregated neighbourhoods, and even villages (Csenyéte, Encs district), in the Encs district. Data, on the other hand, show the spatial relevance of the „neighbourhood effect" in these case study fields expressing the scope of segregated neighbourhoods within a certain area. For example the ratio of the Roma population is high at LAU-1 level in the Encs district, which has a profound effect on the age structure as well: the ratio of the 65+ male population was as low as 9,6%, in contrast with the same indicator in the Balatonfüred district, where the value is almost twice: 17,1%. From a different perspective, the proportion of juvenile population is much higher in the Encs district (22%), whilst the representation of this age group is almost 10% smaller, 12,7%, in the Balatonfüred District (Table 1Table 9, Table 10, Table 11).

Micro-level socio-economic indicators confirm the high vulnerability of the concerned population in the Encs district where – again highlighting the extremes – unemployment rate was as high as 27% in 2011, accompanied with a similarly high rate of households with low work-intensity (48,1%), whilst the respective figures were much lower in the Balaton Uplands area (11,1% and 36,7%).

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EU Cohesion Policy targeting social inclusion played a fundamental role in two of our action cases (Pécs, Encs), and – being supported from EAFRD[2] – the Balaton Upland LEADER was touched upon to some extent as well but with different focus. This is indicative of larger trends about Cohesion Policy's significance in Central and Eastern Europe, more specifically in Hungary's development regime. As the EU's main tool for social cohesion, Cohesion Policy financed on average 40% to 80% of all public investments in the EU 13 between 2015 and 2017 (My region… 2017: xxii). In Hungary, this meant that more than half of all public investments were funded from Cohesion Policy in the current as well as the previous programming periods (Boldizsár et al., 2016). Furthermore, in some policy areas, like in integrated urban development and social cohesion, there was practically no public investment without EU funds (Jelinek-Virág, 2019 upcoming).

Due to the high proportion of EU funding in both public and private investments in Hungary, it is fair to say that EU cohesion policy has played a significant role in the emerging though weak convergence indicated by NUTS-2 level data and the graph of Annex 6.2.1 (Table 7, Table 8, Figure 1). The small rate of convergence in the GDP per capita figure of regions compared to the EU-28 average and to the capital city between 2008 and 2017 is clearly justified. Paradoxically, the growing convergence between the capital city and the regions was brought about by the growing GDP per capita of the convergence regions and the ongoing decline of the same figure of Budapest and that of the surrounding county (Pest). Despite large-scale conversion, smaller or larger enclaves of disadvantaged areas, especially along borderlines and inner peripheries, were clearly identified by a recent publication (Kovács & Koós 2018). One of the study areas, the Encs district, belongs to the group of such spatial enclaves.

2.3 Capturing Policies Promoting Spatial Justice in a National Context

2.3.1 Local Governments and LG reforms

Following the fall of state socialism, the 1990s were characterized by an emphasis on the concept of local democracy and by the elimination of central state-control in local affairs. While the Act on Local Governments (1990) provided all this, the funding allocated for the provision of public services did not cover the real costs of maintaining them. Moreover, the gap between yearly costs and the normative support provided by the central government had been increasing during the two decades of locally controlled operation of public services. Education and local development were the two fields, which suffered the most by diminishing central resources. This situation encouraged municipal governments to co-operate with one another. Co-operation was catalyzed by state support targeting education in rural areas (co-financing the surplus costs of small schools) and by the establishment of territorial development associations with cross-sectoral membership up until 2004. This period was characterized by a relatively strong bottom-up, voluntary development activism and coalition-building at the local level, often with the leadership of local governments.

This developmental associationalism began to weaken at the turn of the millennium, when under the influence of the Commission's new priorities about strong central state administrative capacities (see also: Hughes et al. 2003, Bruszt 2005), domestic regulations and financial instruments began to restrict local actors in organizing public service provision

[2] Common Provisions Regulations (CPR) covered five of the so called European Structural and Investment Funds, EAFRD amongst them.

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and local development at subnational levels. **Act CVII of 2004** ordered the establishment of mandatory multi-purpose micro-regional partnerships that were believed to be able to improve integrated local development efforts and provide an easy shift towards joint maintenance of services, most importantly social care and education. (Kovács 2008) The coming about of mandatory multi-purpose partnerships was framed in the discourse of the Europeanization of the Hungarian public administration system and capacity building to absorb EU moneys. Some of these semi-autonomous partnerships developed strong links through their agencies with regional-level players of development, and thus could indeed increase absorption capacity of the micro-regions. Following Hungary's 2004 accession to the European Union the proportion of EU funds within developmental resources increased significantly. Principles of the 'place-based approach' prevailed in the three programming documents since 2004 but at the domestic level increasing bureaucratic control and restrictions employed by the central state paralyzed local developmental coalitions. Most of these associations dissolved when their funding dried out following the local government reform and the re-nationalisation of primary education.

The centralization process that had started in the early 2000s switched gears in 2010 with the coming to power of a conservative/right-wing government that began intensive centralisation in public policy making by pulling administrative and executive functions away from local governments in all policy areas. The new **Act CXC on National Public Education Act (2011)** in the inital phase took the rights of settlements of smaller than 3000 inhabitants away to maintain educational institutions and took over entirely in 2017. Other domains of public education was re-natinalised as well, e.g.: in curriculum development, in content-development, text-book publishing. The **Local Government Act (2012)** took social benefit provisioning away from local governments and placed to the re-established district offices. Concerning public service provisions left under the jurisdiction of local governments (e.g.: kindergartens, nurseries), earmarked financial mechanisms were introduced. The **amended Local Government Act in 2013** re-introduced public administration districts (*járások*) as well as district offices (*járási hivatalok*) in 2013. The boundaries of public administration districts were drawn mostly along the boundaries of micro-regions by the central state; however, in some cases disregarding previous organic cross-settlement coalitions. District offices have become connected to central government agencies, ensuring the direct oversight of the local level by the central state.

The loss of flexible financial resources and administrative capacities by the 2012-2013 local government reform was especially devastating for peripheral/marginalized settlements and regions, characterized by heavy outward migration of their competent professional elite (teachers, social care, health-care workers). As local governments lost their mandates to maintain and develop local institutions, their capacities to substantially influence local spheres of life decreased. The loss of jurisdiction over financial resource management and administrative capacities reshaped their role in local affairs intended to place them in a hierarchy as means to control the local level according to the design and coordination of the central state.

2.3.2 Institutional environment of EU transfers

In 2004, a hierarchy of institutions in charge of territorial development was set up from the national level (National Development Agency, which contained the Managing Authorities) through NUTS-2 level (so-called development councils and agencies) to LAU-1 level (micro-regional associations and their working units). This multi-layered system of territorial development was still operational during the 2007-2013 programming period. Self-

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governing bodies in this system (residing at local and NUTS-3 levels) were participating in the work of the decision-making bodies as delegates at LAU-1 and NUTS 2 levels, but their influence on the course of affairs was limited, either because they had limited resources (like in the case of LAU-1 level associations of local governments), or because they were controlled by chief government agencies, as in the case of development councils at NUTS-2 level (50%+1 representatives of the central state secured a safe majority vote for the national government). Therefore, in the first, incomplete phase of the post-accession period (2004-2006 + 2 years,) one single regional operational programme framed EU ERDF investments according to the harmonised priorities of seven NUTS-2 regions. In the next programming period of 2007-2013 (+ 2 years), both the design and the implementation of the seven regional operational programmes were centrally controlled (not only by the national authorities, but by the EU as well). Mandatory EU consent over these regional operational programmes influenced these programmes to a large extent, and in the end the content of them was almost fully uniform.

The shift from the 2007-2013 programming period to the 2014-2020, *coupled with a far-reaching institutional reshuffling* and a considerable shift of spending that slowed down, or halted certain development projects.

The institutional environment of the Cohesion Policy related national programmes was fundamentally reorganised in 2014, when the entire governance framework rooted in the pre-accession period was cancelled.

When the development councils and their agencies at NUTS-2 level were abolished in 2014, part of their roles was delegated to NUTS-3 (county-) level. At this level already existing elected self-governing bodies could legitimise the co-ordination of the Regional Operational Programme both towards the settlements downwards, and towards the national level Managing Authority (located currently in the Ministry of Finance) upwards. Based on the amended XXI. Act on Territorial Development and Spatial Planning (1996), counties had to elaborate their long-term development concepts and medium-term development programmes, which were completed in the years of 2012 and 2013. These concepts and programmes were meant to guide the implementation of their Regional Development Strategies designed in 2014-2015 as NUTS-3 level frames of the absorption of the national-level Regional Development Operational Programme dedicated to the six convergence regions and the only competition region of Central Hungary.

The obvious losers of reorganising the multi-level governance structure in Hungary have been local governments in general, whose influence on designing and implementing territorial development measures has been shrinking significantly. The Seventh Cohesion Report mentions Hungary as an example of extreme centralisation measured with the indicator showing the share of sub-national levels in governmental expenditures. As the report highlights, "*further centralisation is particularly the* case in Baltic States, and most especially in Hungary, *where the share of expenditure managed at the local level was reduced by half between 2001 and 2016.*" (My Region … 2017: 168) Damages caused by the reorganisation of governance structure, however, hit particularly badly the stock of sub-national administrative capacities. The reorientation of the cancelled NUTS-2 level administrative capacities to lower or upper levels mostly failed; the skilled staff of the seven regional development agencies dissolved. One of our case studies (Balaton Uplands LEADER) revealed that the cancellation of regional-level administrative capacities slowed down the process of controlling project applications significantly, because after dissolving the regional branches of the Rural Development Paying Agency, new government agencies set up at the county seats absorbed only one single task from the previous stock, and the rest

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was taken over by the national level institutions, which have become extremely over-loaded and thus unable to deliver tasks on time.

As far as *the shift of the principles of cohesion policies is concerned*, in the 2007-2013 programming period large infrastructural investments were prioritised (public transport and extending highway networks absorbed 5.7 billion Euro, environmental and energy development projects 4.5 Billion Euro – See the table below). On the other hand, substantial resources targeted so called human resource development and social inclusion (3.5 Billion Euro). In the current programming period economic development gained much more, whilst social targets received much less allocations. The extremely high allocation to the Economic Development and Innovation OP obviously reflected the situation prevailing in the planning period (2012-2013) when consequences of the Global Financial Crisis were yet impacting the Hungarian economy strongly.

Operational Programs	2007-2013		2014-2020	
	Billion Euro	Share (%)	Billion Euro	Share (%)
Economic development	2.9	12%	7.7	36%
Transport and road networks	5.7	23%	3.3	15%
Environment and Energy	4.5	18%	3.2	15%
Social Renewal OP	3.5	14%	2.6	12%
Seven Regional Operational Programs	5.8	23%	3.4	16%
Out of which allocations to the four vulnerable convergent regions	3.3	13%	0*	0%
Allocations to the disadvantaged 33 MRs	0.025	0.1%	0**	0%
Other targets	2.5	10%	1.4	6%
Total allocated funding from ERDF+ESF+CF	24.9	100%	21.6	100%

Table 1: Allocations of EU Structural and Cohesion Funds in Hungary

Source: Own compilation based on Boldizsár et al. 2016, p. 67., and p. 83.
*: In the 2014-2020 programming cycle two regional operational programmes prioritise spending of EU resources, one for the six convergence regions, and another one for the only competition region. Allocations in these programmes are distributed by actions rather than territorial units.
**: The delineation of the most disadvantaged micro-regions was updated in 2014 (290/214. (XI. 26.) Government Decree) but resources were not dedicated to the 36 most disadvantaged districts.

If one tries to assess *the impact of the huge financial transfer* of the EU reaching 35% of Hungary's annual GDP in the 2007-2013 programming period, it is fair to say that this huge incentive reduced the negatice effects of the Global Financial Crisis considerably. According to the Seventh Cohesion Report, the GDP of the poorest NUTS-2 regions of Hungary is estimated to be more than 8% higher by 2023, than it would be without Cohesion Policy (My Region … 2017: 187), but comparative figures of GDP per capita show that the *convergence effects weremoderate* between 2007 and 2013. Table 7 and Table 7: GDP per Capita of the Hungarian NUTS-2 Regions in Percentage of the EU-28 Aver-ageFigure 1 in the Annex shows that GDP per capita figures have increased, but the highest rate of increase was experienced in one of the most developed regions (*Nyugat-Dunántúl*, Western Transdanubia 7.6 percentage point), whilst GDP per capita increased as little as 1.5 percentage point in one of the most deprived regions (*Dél-Dunántúl*, Southern Transdanubia).

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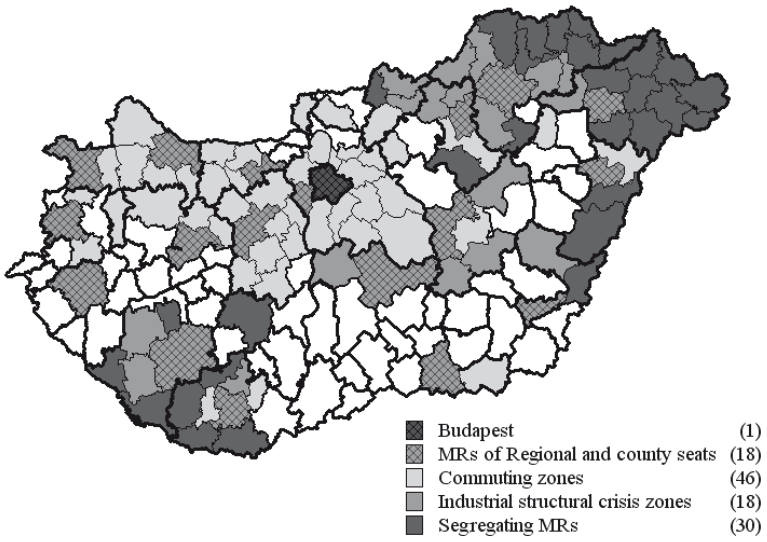
Unexpectedly, in Pest county (which is part of the most developed Central Hungary Region), GDP per capita dropped by 0,8 percentage point, similarly to Budapest, the capital city, which seems to loose competition with the nearest capital cities (Vienna and Bratislava).

The *success of sub-regional interventions* is questionable: as it has been reported from one of our case study sites. The impact of socially targeted development programmes that were terminated by the end of the programming cycle, disappeared by 2018. As an independent evaluation reported, "*these programmes failed to reach the critical mass, therefore a substantial, well-perceived improvement did not occur, the contrary, in many backward regions the socio-economic situation has been further deteriorated*". (Hétfa 2013)

From the point of view of *innovative governance patterns*, both the LEADER Programme and the Producer Organisation could be considered as best practices. In the former case the highly committed LAG and Agency members/staff could have a positive effect from the perspective of spatial justice in the LAG territory through building economic networks and strengthened community ties. The management of the Szentes PO has been highly committed too; in this case to the community of vegetable producers, who joined the PO as members. Without their professional skills and awareness, small producers could not have been able to survive so long. Even though professionalization and concentration of land and assets have been taking place, but their speed was slower than it would have been without the PO. It is worth mentioning that in both cases a high level of trust between leaders and members has been built during the years of operation.

2.3.3 Patterns of territorial and social inequalities

In Hungary, the emergence of the market economy brought about new patterns of spatial inequalities in the 1990s that have been characterized by growing territorial disparities triggered by structural crisis (ceasing mining, heavy and light industries, and dissolving large-scale co-operative farms). The so called "settlement slope", in which uneven development patterns slide downwards from the west to the east, especially concentrated in small settlements located at the peripheries (Kovács & Bihari 2005, Kabai et al. 2012).



Map 2: Typology of micro-regions by geographical character and triggers of lagging (2001)

Source: Kovács 2010:91

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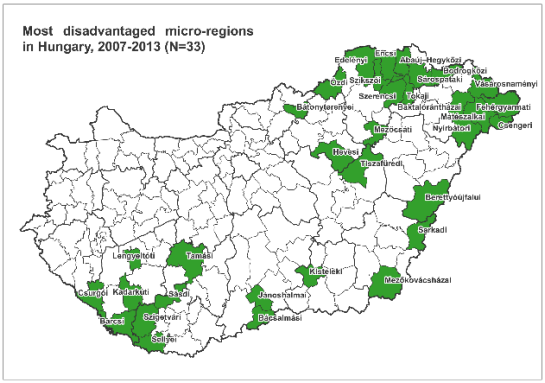
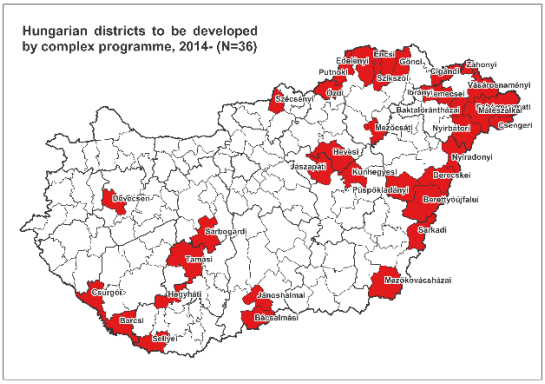
As the map indicates, 18 micro-regions suffered of industrial structural crisis at the turn of the millennium, whilst 30 micro-regions fell in the category of segregated areas where territorial disadvantages were aggravated with a significant representation of the Roma minority. All of the deprived micro-regions were hit equally by social and spatial injustice. They were located in the Southern part of the country (mainly in South-Transdanubia, some in the South Great Plain region) appearing particularly densely in the border area of the North Great Plain and North Hungary regions.

2.3.4 Interventions targeting sub-regional units, the most disadvantaged micro-regions

As part of larger government efforts to trigger the development of lagging areas, 33 micro-regions were classified as "most disadvantaged" on the basis of economic, social and infrastructural indicators by **Government Decree 311/2007. XI.17**. The "**Most Disadvantaged Micro-Regions**" programme targeted the development of these highly deprived territories, home of 10% of the population. The purpose of the program was expanding local employment capacities and improve local living conditions through earmarked support of EU funded complex programmes financed from ERDF and ESF (Kabai et al., 2012, ESPON Profecy 2017). These micro-regions were located in remote areas of the eastern, north-eastern and southern parts of the country as well as in zones of structural crisis or inner peripheries as a decade earlier indicated byMap 2. (Kovács 2010, Kabai et al, 2012, Bauer et al. 2015). The situation did not change much by 2014 when the delineation of the most disadvantaged districts was updated.[3]



Map 3.a) 311/2007 (XI. 17) Gov. Decree



Map 3.b) 290/2014 (XI. 26) Gov. Decree

Map 3: The most disadvantaged micro-regions 2007, 2014

Source: HCSO

Maps of the most disadvantaged micro-regions clearly indicate the dominance of peripheral location (inner peripheries and border areas) as one of the major causes of their disadvantaged status. By and large not many changes can be identified in geographical patterns except that, for the first time, one LAU-1 unit from the Central Transdanubian Region became part of the group.

[3] The number of the most disadvantaged LAU-1 units increased from 33 to 36 partly due partly to administrative changes of the 2012 reform.

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Approximately € 257 million was allocated to the 33 deprived micro-regions, 75% of which were intended to support investments and the rest funding educational and healthcare services and employment. From the perspective of statistics about getting EU funds into the most deprived micro-regions, the programme could be considered a success, since the rate of average funding in the targeted areas increased from 71% of the national average to 85 % between 2009 and 2010 (Kabai et al. 2012). One of the most important innovations of the implementation of the Programme was the co-ordinated spending of ERDF and ESF funding. Enhanced absorption capacities were made available through measures dedicated to applications from the 33 most disadvantaged micro-regions in the four regional operational programmes (ROPs)[4], permitting applicants from these districts to avoid competition with stronger players. The original policy goals of the measure, how-ever, were not met as due to the short timeframe of the programme it failed to create equi-table chances for marginalized social groups, and to implement desegregation measures and dialogue-based cooperation among diverse local actors (Kabai et al. 2012). The latter was often related to the weakness or absence of self-organised local civil society.

The Most Disadvantaged Micro-Regions programme comprised several complex interventions. One of these was the Give Kids a Chance programme (see next sec-tion) and another one called "**Community development for the social inclusion of people living in deep poverty**" financed from Social Renewal Opera-tional Programme (hereinafter "**Deep Poverty" Programme**). This program made it possible to shape socially targeted programmes adapted to local needs. The financial frame of the scheme was € 8.9 million, out of which 25 grassroots programmes were financed. The main advantage and benefit of this programme was that the design and implementation were truly bottom-up and very flexible, allowing adap-tation to the actual local situation. Part of the funding of the 'Deep Poverty Programme' was dedicated to set up an intermediary professional advisory capacity that linked up and "translated" between the central level administration and the local level practitioners. On the one hand, these advisory teams helped the implementation process; on the other, they channelled the lacking and actually needed knowledge and skills to practitioners and thus to local programme-implementation. In the 'Deep Poverty' Programme the common learning was a major issue so the programme provided many occasions for locals to meet decision makers and other professionals in a kind of facilitated "workshop" environment.

An example for the Programme was provided by a case study according to which support was used during the nearly four years of project duration on summer day care for children, handicrafts and sport competitions, motivational group work, deviance prevention pro-grammes, baby-mother club, self-knowledge and personality development group work, talent discovery, key competence development, debt management, professional counsel-ling, operation of debt management consultancy, enhancing self-sustaining skills with life-style group work and farming skills, community life-enhancing programmes such as dif-ferent competitions, editing and displaying local news from "mouth-to-mouth", playful and creative home with parents and kids, organization of excursions for disadvantaged kids, build a community - community development sessions, exhibition organization and inviting famous people as role models, literary evenings for parents and children, community development training, tender incubation service, facilitate the establishment of public security committees etc. The project staff consisted of eight young local professionals; mostly social workers, sociologists, and a social pedagogue. (ESPON Profecy 2017)

[4] The 33 most disadvantaged micro-regions were concentrated in four NUTS 2 regions out of the seven

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The 2010 political turn brought rather divergent views as far as concepts of place based, socially targeted interventions are concerned. As far as the Programme for the most disadvantaged micro-regions is concerned, only the delineation of LAU-1 units was updated (36 most disadvantaged district) but no EU or national program and related funding has been dedicated to the multiply disadvantaged districts so far. Only the Give Kids a Chance Program continued in the present programming period of 2014–2020. Among our case study fields, the Encs district was the only one where all the three programmes ('Deep Poverty', Complex Program, Give Kids a Chance) were running in the previous period. Sadly, almost no track was left by the ones closed down in 2014.

Local government associations in charge of local development and their small developing agencies also disappeared on this level. These reactions clearly reflect the weakening position of sub-regional local governmental actors and the radical turn of national policy towards sub-regional levels.

2.3.5. Anti-segregation policies

In the 2000s there was an increasing demand for policies addressing residential segregation. The first such experimental projects were financed by the National Employment Foundation and the Ministry of Social Affairs and Labour, and targeted segregated territories (mainly populated by Roma people) of small settlements (below 2000 inhabitants) between 2005-2007. These nationally financed Roma settlement projects were explicitly designed in an ethnicity-sensitive way, and their role was twofold: first, they functioned as a pilot project to test this kind of approach; second, they helped to prepare for the incoming EU funds, through starting a program that could be later transformed into an EU-funded, expanded national program.

In the 2007-2013 EU programming cycle two different and contested national programmes addressing segregated neighbourhoods were launched. One of them targeted urban neighborhoods. According to the national regulations, only those cities could apply, which prepared an Integrated Urban Development Strategy (IUDS). This strategy had to include a so-called Anti-Segregation Plan. (Gerőházi et al. 2009) The Anti-Segregation Plans were based on statistical maps provided by the Hungarian Central Statistical Office in a colour-blind manner based on Census data from 2001.5 In this EU programming cycle another call was opened within the Social Renewal Operational Programme (TÁMOP, funded by ESF) aimed at desegregating segregated neighbourhoods. It was rooted in the experimental program called Roma Settlement Integration Program financed by national sources in 2005. The process of launching this call was very slow. Originally, a first call was published in April 2010, which was then withdrawn after the landslide right-wing electoral victory of Fidesz in 2010. The call was published again only in 2012 (one action of one of our case studies, György-telep was financed by this program). The title of the program was "Complex Settlement Program" (Komplex telep-program). In Hungarian the notion of "settlement" ("telep") has multiple meanings and connotations. It often refers to a Roma neighbourhood, therefore some actors could interpret it as a "Roma program" continuing the previous Roma settlement program. However, using the term of "settlement" (telep) also left space for different interpretations, since the word "Roma" was not used explicitly. This semantic shift on the national level generated local conflicts, confusion and

[5] The following definition of 'segregated areas' were used: a segregated area is where the rate of the inhabitants with maximum primary education and without regular income within the active age group (18-59) is higher than 50% (in the case of Budapest 35%), and the territorial unit has minimum 50 inhabitants.

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contradictions during the implementation of the development projects. We elaborate on these local issues in the György-telep case study.

To explain more abstract contradictions between different approaches of the two waves of programmes targeting segregated neighbourhoods (the one started in 2005, and the one after 2012), the governmental practice and discourse of so called "Roma projects" has to be highlighted. From 2002 onwards, Hungarian public policies have gradually turned away from ethnically targeted projects towards 'colour-blind' ones, where vulnerable social groups were identified only through objective, statistical criteria, and without considering ethnic background of the beneficiaries. Statistical indices were built on such statistical information as educational level, labour market activity, housing condition, living in a disadvantageous region etc. But since under the framework of the Roma Decade program between 2005-2015, the EU required a 'Roma Inclusion Strategy' from each member state6, in all of these 'colour-blind' projects the representation of Roma beneficiaries had to be ensured through the obligatory involvement of Roma organisations.

2.3.6. Welfare policies

The increasing shadow of hierarchy and central state involvement in the administration of policies affecting the subnational level was accompanied by neoliberal welfare policy retrenchment. The 'embedded' neoliberal welfare state of the 1990s being able to maintain a balance between market forces, social protection systems and democratic institutions (Bohle & Greskovits 2012; Szikra 2014), transformed under the Christian-conservative coalition into a workfare state putting efficiency and the quasi-marketization of public services in focus while introducing interventionist and punitive policy measures in social, employment, healthcare and education policies (Greskovits 2015, Szikra 2014, Velkey 2017). The patterns of these changes did not follow a uniform neo-liberal retrenchment, rather an increased involvement of the state in the design and implementation of certain policy fields (Szikra 2014, Ferge 2017).

Public works programmes

The first extensive workfare scheme (Pathway to Work) emerged in 2009 as a reaction to growing long-term unemployment. It was introduced in the context of austerity measures that were further intensified and systematised after the conservative shift in government, from 2010 onwards, within the framework of **The National Public Works Programme**, launched in 2011. The Hungarian workfare regime shared characteristics of neoliberal workfare policies in advanced capitalist countries in the way it raised conditions to receiving benefits (30 days of public works service required; mandatory job taking), it backed up conditions by sanctions (withdrawal of benefits), and it is extended to particularly disadvantaged segments of the out-of-work population (long-term unemployed, youth unemployed, the previously "inactive"). By 2013 public works programme had nearly entirely replaced active labour market policies, focusing primarily on poor rural populations with an inordinate scale of punitive measures (Szikra 2014, Keller at el., 2016). Punitive welfare reforms included the reduction of unemployment insurance from nine to three months, cuts in the amount of social benefits from 20 to 15 percent of the average wage, the obligation to accept public works opportunities irrespective of one's educational attainment or skills and exclusion from the entire social assistance system upon non-compliance and the

[6] http://autonomia.hu/wp-content/uploads/2016/04/civil-society-monitoring-report_en.pdf
http://www.eurasia.undp.org/content/dam/rbec/docs/DORI%20REPORT.pdf

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minimizing and eroding of public works salaries compared to the minimum wage. The Hungarian workfare regime, however, has been distinct from Western European models in the way the central state centralized and monopolized policy design without marketizing workfare through the involvement of the private sector.

At peak in 2015-2016 the average number of public workers was 223,5 thousand, 2,5 times more than in 2012. The re-emerging economic growth softened the punitive character of the public works programs; an estimated 20% of participants was absorbed by the labour market already in 2017 when the gradual cutting back of problic works pragrammes was officially declated by the Ministry of Interrior. The growing out-migration also played a role in the more and more prevalent labour shortage, especialy in assembling industries. The increasing shortage of labour multiplied the demand for employable labour and played key role in the significant shrinkage of unemployment rates and workfare employment. The table in the Annex 6.2.3 clearly show the huge regional differences regarding the intensity of public employment (Table 12). We used the examples of Borsod and Veszprém counties for illustrating the gap. (Encs district from among our case study fields is located in the former, the Balaton Upland LEADER LAG is located in the latter county) In Borsod, the rate of public employment was, and still is, very high ranging from 5% to 8.6 % between 2012 and 2016 declining to 6.1% by 2018. These figures are 4-5 times higher than that of Vesztrém county. Parallel with post-crisis return of growth, employment rates have been increasing in both counties remarkably, nevertheless, Borsod is still lagging behing with arount 5% unemployment rate.

Labour shortage was prevalent in our case study areas everywhere, especially in the Balaton Uplands area and in the Szentes region where employers were seriously competing for employable labour, attracting them with providing transport, better working conditions and facilities and increased wages.

Public works programmes claimed by the Commission as non-complying with the basic principles of free market economy mainly because of their dominance among Active Labour Market measures. Therefore, the further 22% decline of the numbers and 20% decrease of funding Public Works Schemes were welcome in the frame of the European Semester consultation. (European Semester 2019: 25) Hungarian evaluation reports emphasise the positive side of the schemes as well: an increased employability of unskilled rural labour force who were severely hit by the consequences of the Global Financial Crisis, and excluded from official employment for a long period of time. According to these studies, roughly half of the peak number of public workers, the most vulnerable labour, cannot be employed among free market conditions and by now the number of those who remained in public employment is close to that rate. Moreover, in the extreme shortage of local government finance, public work schemes provided the only source of national funding that could be used for small-scale local development projects. This is why the plan to convert the remaining public workers to permanent municipal workers seems logical, yet, no concrete steps towards this direction has been made.

Policies aiming social inclusion and the Give Kids a Chance Programme

The **bifurcation of the Hungarian welfare system** with two distinct subsystems for the poor and for wealthier families has evolved since the 1980s (Szalai 2007). People with regular income belonged to the first subsystem that offered income-related benefits, tax-reductions and contribution-driven social security provisions administered by the central state, while provisioning social benefits for those who for various reasons failed to perform successfully at the labour market were left for the local level after the central state's

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abdication of its welfare responsibilities (Szalai 2013). Although the central state retained its responsibilities to provide various family support schemes, with the conservative shift since 2010, its policy decisions have followed similar tracks of bifurcation: favouring better-off families, while eroding allowances and support for low-income families. **Flat-rate child care allowance** (*Gyermekgondozási segély, GYES*) and **universal family benefit** (*Családi pótlék*) have provided some sort of basic income for families who have lived in precariat employment conditions, but they **have not been indexed since 2009 and have lost approximatley 30 percent of their value** between 2009 and 2017 (Szikra 2014; 2018). At the same time, means-tested parental leave allowance (*Gyermekgondozási díj, GYED*) has been extended in amount, in time-frame and with regard to the age of the child and the number of siblings (Szikra 2014, 2018). Unemployed parents or those with short employment record were only entitled to family benefits and the flat-rate allowance of about €30 per month while "hardworking" parents could flexibly choose from various schemes with higher sums. These families were also favoured by the government's **new family tax allowance system that provided compensation for families with higher income and more children**, while earlier compensation for low-income families with many children phased-out (Szikra 2014, 2018). As a result, **families with many children in the bottom income decile lost out to** better-off families with stable labour market positions (Tóth & Virovácz 2013 cited in Szikra 2018). The disadvantages of low-income families have been exacerbated by **restrictions in the provision of regular child-protection allowance** (*Rendszeres gyermekvédelmi kedvezmény, RGYK*) and **in the status claim for "disadvantaged" and "multiply disadvantaged" status for children** (*hátrányos helyzetű, halmozottan hátrányos helyzetű*). Regular child-protection allowance has been another important source of regular income for low-income or unemployed families, which has not increased since 2009 (€133 per month) and can be provisioned in voucher since 2012. Claims for disadvantaged and multiply disadvantaged status is important for low-income families as a result of monetary and in-kind benefits disadvantaged children are eligible for. Disadvantaged status refers to the family's financial conditions, to the parents' employment status and the family's living conditions.

Give Kids a Chance was one of those complex programmes that targeted most disadvantaged micro-regions with the highest concentration of multiply disadvantaged children. The programme aimed at resolving bottlenecks and inequality in child welfare provisions by introducing new services that improve living conditions for children and trigger institutional changes to "modernize" child welfare services through inter-institutional professional cooperation and transform local institutions in a way that distribute authority more equally among diverse social groups and empower marginalized groups to have better access to services. Under the institutional pressure of punitive welfare reforms and centralizing public administration measures Give Kids a Chance went through significant changes since its inception affecting the content of the programme, the freedom of local actors to implement the project according to place-based solutions. While the programme increasingly targeted the most disadvantaged, institutional conditions of the policy realm encouraged the reproduction of segregated service provisions.

The process of creeping centralization/shadow of hierarchy had been casted since Hungary's accession to the EU, but the process has substantially increased and strengthened since 2010. Changes in the country's public administration system increased bureaucratic control mechanisms over the local level by the central state and decreased local governments' room for manoeuvres in making autonomous decisions about public service provisions and development. Institutional changes meant rigorous content regulations and increased control through the monitoring of the local level by the central state without chan-

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nels for feedback based on dialogue. They meant a move away from the logic of "good governance", horizontal coordination and the "enabling state" towards a neoweberian understanding of the "good state" based on hierarchies and bureaucratic solutions (Pálné, 2014).

2.3. Framing the Cases

During the selection procedure of the Hungarian cases our guiding principle was to include a wide variety of development actions, through which broader conclusions about the relation of place-based developments and the changing nature of spatial injustices can be drawn. For this reason, two case studies (Pécs and Encs) focused on socially sensitive actions in marginalized territories, while two case studies (Balaton LEADER and the Szentes PO) analyzed primarily economically motivated interventions in non-marginalized, more heterogeneous territories, where prevention, indirect impact and governance of policy measures can be investigated. This diversity of the observed cases can be justified with some of the broader conclusions of this national report, for example about the different frameworks of seeing a development project succesful.

For a summary of the relevance of our different cases from the perspective of the broader policy shifts described above, see the following tables:

The case in the Hungarian context	One of the 'best cases' in the field of integrated urban regenerations in Hungary, and one of the longest such intervention realized through a series of projects since 2007. Implemented in one of the most marginalized and stigmatized neighborhoods of the 5th largest city in Pécs, which is a shrinking, but relatively prosperous county seat in a declining region.
Relevance in the RELOCAL context	Sheds light on the contradictions of a 'best case'. Besides positive effects on the targeted (narrow) locality, the different projects could not contribute to counteract the systematic production of spatial injustices within the city. Unintended consequences identified, such as interfering project objectives/methods and the emergence of a local development coalition built on the praxis of informal paternlaism[7].
Relation to broader policy shifts	The development trajectory was largely affected by: • The shift from welfare to workfare • Centralization

Table 2: Social urban regeneration in Pécs - The case of György-telep

[7] In our understanding - which we have described in details in the case study on the Pécs projects - informal paternalism is the process, through which the top-down approach between street-level bureaucrats and clients in providing social services is coupled with the mechanism of informally fixing the problems of the clients. Though in many cases this process might directly benefit the clients through taking advantage of the loopholes or the grey zones of the regulations of social service provision, increasing informal paternlaism in general is at odds with the principles of accountability and transparency. The paternalist side of the process carries the well-known contradictions of directly helping vs. creating dependent relations.

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The case in the Hungarian context	One of the complex and place-based development programmes targeting most disadvantaged micro-regions to tackle child poverty through the development of public services for deprived families. The central goal of Give Kids a Chance was to resolve bottlenecks and inequality in service provision by introducing new services that improve living conditions for children and trigger institutional changes that not only "modernize" child welfare services through inter-institutional professional cooperation but also transform local institutions for the inclusion and empowerment of marginalized groups to better accessing services.
Relevance in the RELOCAL context	Sheds light on the futility of place-based logics targeting spatial justice within a centralized and hierarchically organized policy regime. The absence of institutional incentives in the domestic policy field weakened the place-based character of the programme and failed to enhance local capacities for institution-building that would guarantee more equitable distribution of child-welfare services through autonomous and participative local decision-making.
Relation to broader policy shifts	The development trajectory of Give Kids a Chance was influenced by: • Centralisation (formation of districts, stripping local governments off of functions and finances, nationalizing public schools, child- and family welfare services) and related fluctuation of resources • Punitive turn in welfare: Increased bureaucratic control functions of the central state promoting straightjacket solutions, instead of "enabling"

Table 3: Give Kids a Chance: Spatial Injustice of Child Welfare at the Peripheries

The case in the Hungarian context	Balaton-upland LEADER LAG, implemented during the 2007-13 programming period in the Balaton Uplands area is an exemplary success case of rural development In Hungary.
Relevance in the RELOCAL context	LEADER is among the very few development programs that plays a significant role in "localising" the process of development through mediating grassroots needs upwards, and tailoring upper-level development goals to the local circumstances downwards.
Relation to broader policy shifts	The development trajectory of the Balaton Uplands LEADER LAG was influenced by: • Centralisation in public administration and public policy regime (closing deconcentrated rural development offices, subsuming Paying Agency into Treasury.) As related to discontinuity between programming cycles, the fluctuation of resources meaning sharp drop from the 2007-2013 cycle to the current period leading to loss of human capacities and harm of program implementation (one Call for applications the entire cycle.) • Each political shift and/or programming period brought fundamental reorganisations, shrinking of institutional and human capacities, and a troublesome as well as long transition. Consequently, insitutional learning as well as the transfer of (local) knowledge and experiences were seriously hampered.

Table 4: Balaton Uplands LEADER LAG

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The case in the Hungarian context	Following the fundamental restructuring of the agriculture in the 1990s, the Szentes PO was among the first in Hungary to acquire preliminary PO-recognition, in 2003, which was soon followed by final recognition. Cooperation between producers was meant to reduce the vulnerability of smallholders and auxiliary producers and prevent mass pauperisation of the lower ranks of the rural population. The PO represents a significant societal integrative force in job creation and promoting the livelihoods of its members with the opportunity of gaining income through exploitation of their own landed properties as self-employed or micro-entrepreneurs.
Relevance in the RELOCAL context	The case study investigates whether a private-economy agent can do more and better in preventing pauperisation in rural areas through provisioning marketing services. Its importance lies in having provided refuge for 15 years for smaller players of intensive vegetable growing, who were socialised in socialist large-scale agriculture, and allowing them to stay on board up until their retirement.
Relation to broader policy shifts	The development trajectory of the PO has been less influenced by policy shifts, rather it has been determined by market processes. E.g.: due to the decline of the profitability of vegetable growing, producers were urged to intensify their production, which was pressed from outside, but mediated by the PO. The PO was able to provide financial support for their members (actually through sharing the EU support with them.) Policy shifts rather influenced workers' and its small producers' statuses in and around the PO, which have not eliminated, rather diminished the degree of their vulnerability. E.g.: "simplified employment scheme" permiting official employment at lower wage rates.

Table 5: May a Production Organisation Prevent Mass Pauperisation? – Szentes PO

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3. The Studied Cases in a Comparative Perspective

2.4. Characterising the Cases

Maturity
All the four Hungarian cases have at least a decade-long history, which made them suitable examples to study longer restructuring processes in the field of development programs. Moreover, in all cases it was possible to study the effects of the far-reaching shifts described in Chapter 2.2 on place-based interventions. However, the impact on the locality of these projects was different. While for example in Pécs the narrowness of the action area entailed that the different rounds of development projects have a real transformative effect in various dimensions (mostly regarding the physical infrastructure), in the other three cases the action areas were much larger, and the interventions were more limited in their scope. Thus, while all the studied cases could be considered mature enough to analyze longer development paths, their nature is very different by design.

Territorial policies - Centralizing the institutions of distributing EU funds
In three from four of the cases the reform of the structures of territorial governance had a huge impact on the observed actions. For example, in the case of the Balaton LEADER the whole LEADER LAG was at risk, because of the significant delays at the national level in securing the conditions of running the Programme for five years (from 2015 until 2019). A smaller, two-year time-gap was experienced in the Encs case, whilst György telep in Pécs provides example for the implementation of a number of overlapping programmes. Both extremes reflect failure of co-ordination at national level. In the Pécs and Encs cases the hollowing out of the regional level meant a more hierarchical channel of negotiation between the national level managing authorities and the local developers. The Szentes PO case was not touched upon by the reshuffling of the governance system, because pillar I CAP policies have always been spatially neutral and centrally managed.

Besides these instances of national level mismanagement, another commonality across the cases was that the shift in the national level development objectives after 2014 were felt locally. The main characteristic of this shift was the increasing funding dedicated for economic development (targeting private actors), and the decrease of social interventions. While in the case of Encs and Pécs this shift manifested in the objectives and in the wider contexts of the local projects, in the case of the Balaton LEADER it resulted in radical cutbacks in the overall rural development budget managed by the LAG due to the changed structure, content and the 10% decrease of EAFRD funding of the Rural Development Program at national level. Contrary to the previous cycle, when Hungarian LEADER LAGs could manage resources which were beyond the strictly LEADER-related funding (3rd and 4th axes together), in the current period their mandate has been limited to the LEADER measure only. This is the main reason of the sharp shrinkage of resources. This shift narrowed down the focus of development, as well as the scope of local development. At the same time, some preferences have been maintained to the most deprived villages at the LAG level, but without allocation of significant amount of resources.

Social policies
A widely discussed feature of the current right-wing government is its attitude towards social problems. In general, there has been a penal turn, a shift from welfare to workfare, and a proliferation of exclusionary practices since 2010 in Hungary. While these dynamics in the field of social policy are unfolding first and foremost on the national level, two of our case studies (Pécs and Encs) showed how these national tendencies shape local projects.

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The first mechanism is that the potentially progressive elements of socially sensitive, spatially targeted projects are counteracted with the national level sectoral policies. For example, while resources are channeled into providing social services for poor children, the national policies have a negative impact on the families of these same children. The second mechanism is how the controlling, hierarchical relation between the central and the local governments is translated into new patterns of control, through which public bodies in marginalized localities try to contain local social tensions. The national policies in this mechanism are not only the source of marginalization, but also tools in some case (most notably in the case of the new public work scheme) to exercise control over the local marginalized groups.

The LEADER program in Hungary has lacked a specific social focus at the national level. Since the 6th priority of the EU Rural Development Regulation – social inclusion - was incorporated into the national Rural Development Program during the planning phase, it was mandatory to create co-operation with the Human Resource Development Operational Program (HRDOP). A distinct measure of the HRDOP was developed for this purpose, with the intention of providing additional resources aimed at supporting social inclusion efforts to LAGs, which covered mainly small and disadvantaged settlements. This plan failed, because the leadership of the MA opted for maintaining the single (economic) focus of the Hungarian LEADER, and the measure was practically cancelled (the MA finally decided not to open the tender. No explanation was provided by the authorities).

As mentionad above, CAP I pillar measures tend to disregard territorial differences and social vulnerability; they have always been tools of market adjustment and governed centrally since their establishment in Hungary.

Centralization of the local governmental system

A common experience of most of the stakeholders in three of our cases was how centralization diminished the room for maneuvering of local actors. (As in the Szentes PO case the local government was not involved in the development actions, this issue was not relevant there.) However, with an emerging system of hierarchical, clientelist governance, the framework of local development projects is increasingly aligned to the political goals of the national government. While it does not mean a total elimination of place-based approaches, it does curtail the potential of considering the local specificities. There is also a huge difference in how this centralization plays out in socially focused and in rather economically focused projects. In the former (in the Pécs and Encs cases), the negative effects of centralization are more evident. In general, we conclude that a tightening central control is more visible in more peripheral locations. At the same time, in the Balaton LEADER case the experience of the local stakeholders is different. As social problems were less severe here (given their initially more developed character), some negative sides of the diminishing local autonomy – i.e. the inability to effectively tackle local social tensions – were less explicit for these local stakeholders. In sum, these differing experiences are also signs of the wider tendency of spatial and social polarization within the country, which is seemingly further intensified by the specific way of absorbing EU funds in the post-2014 period.

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2.5. Findings Analytical Dimensions 1-5

Analytical Dimension 1 - Perception of spatial (in-)justice within the locality

Social map, boundaries, causes of injustices

Through the parallel exercises of mapping and interviewing, we found in each of the cases that our informants' impressions about socio-spatial disparities and injustices are in line with what territorial statistics show. Another important conclusion is that physical boundaries are essential in constructing narratives about the particular social landscape of a locality. Differentiations like "down in the valley", "on the other side of the railway", "down at the lake shore" are all important elements in producing and maintaining mental maps and boundaries. Moreover, even in cases of relatively successful projects, these initial practices and logics of boundary making could not be subverted entirely, and many stakeholders told that even in the case of successful interventions in the long-run, it is questionable whether these could be abolished at all. This is a sign of how deeply rooted boundaries are.

When asking about the causes of why different manifestations of spatial injustices prevail, our informants usually emphasized a feeling of "being left-behind", which was usually connected to the perception of "being forgotten" by the development measures of the previous decades. In other words, our informants were sensitive to explain how disinvestment happened in their localities, and usually this neglect was blamed on the previous central governments.

Once we asked about spatial injustices within a peripheral/marginal/neglected locality, a common rhetorical trope was how informants engaged in lateral denigration and mutual distanciation (Wacquant 2007: 68). This means that the deeper you focus on a marginalized locality (the better you "zoom into" mental maps), the more heterogeneous it gets. There is always a more stigmatized street in an already stigmatized village, and a more stigmatized house/family in an already stigmatized street. However, usually there are also multiple narratives of othering, depending on the social position of those who tell them.

Analytical Dimension 2 - Tools and policies for development and cohesion

Development trajectory, stakeholders' perception of policy choices, perception of impact

In each of our case studies, in some way or another, the local development trajectory was exceptional. All the localities were sites of experimenting with pilot projects and novel institutional forms of catalyzing development (the "Presence" program in Pécs from 2007, the pilot projects in Csenyéte within the Encs region from the early 2000s, the establishment of the largest PO in Szentes after 2000, the creation of the largest LEADER LAG in the Balaton Uplands). However, there is a divergence in the local stakeholders' perception of these policy choices. While the predominantly economic-development oriented Szentes PO and that of the Balaton LEADER cases are regarded successful by the local developers, the perceptions are rather mixed in the other two cases, where the alleviation of poverty was an explicit aim. A rather simple explanation for this divergence could be that the realistic time-frame to achieve economic growth is shorter, than to challenge historically rooted patterns of marginalization. Thus place-based developments are more easily seen as successful, if they do not directly aim at combating poverty and stigmatization. Furthermore, it is hard to achieve the internalization of more ambitious socially sensitive objectives by

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local stakeholders and citizens, which in turn has a negative effect in judging the success of development measures.

Another conclusion is that between 2010-2014 all the local development trajectories went through an important milestone: the beginning of rapid centralization. While before 2010, and especially in the first half of the 2000s local bottom-up initiatives blossomed in many regions of the country, once the incoming flow of EU funds got significantly increased and stabilized, the bureaucratic control, and after 2010, the increasing political control reshaped significantly local development coalitions. The professionalization of the development field, and the strengthening hierarchical relation between the central and the local governments resulted in the emergence of a project society, which might be more efficient in absorbing funds, but less creative (and sometimes restricted by the central authorities) in addressing local problems in a holistic manner.

Analytical Dimension 3 - Coordination and implementation of the action in the locality

Decision making capacity, distribution of power, modes of leadership, structures of coordination

The above-mentioned juncture in the local development trajectories between 2010-2014 had an effect on the modes of implementing and governing development projects as well. In most of the cases centralization works through centralizing financial resources and the power to make relevant decisions. However, it does not necessarily mean the dissolution of previous institutions and local platforms. Thus, we found that while the social networks of the local development coalitions could remain present, the relation between the actors has changed considerably. In other words: while officially local, supposedly horizontal groups remained responsible for implementing development projects, in the absence of having real power over the flow of development resources, their autonomy has decreased after 2010. The Szentes PO case is an outlier in this respect, since as an economic organization, their reliance on local politics is lower. However, the chief manager of the PO has always paid attention to maintain a good relationship with local government leaders of the core vegetable growing area, especially with the mayor of Szentes. Being the head of the third biggest company in the town, mutual trust and partnership characterised their relationship. The chief manager was member in the Board of the local LEADER LAG, too, reflecting his commitment to the broader rural development of the area. This might be a sign that in the case of economic-development oriented projects, a local development coalition can be established more easily between local politicians and managers of chief enterprises as agents of development.

One pattern we identified within the investigated local contexts is the emergence of various forms of informal power during decision making. Outside of formalized institutions and platforms, in some cases (most notably Pécs and Encs) local development brokers and mediators have started to fulfill functions behind closed doors that would have been the official task of formal local governmental bodies. For example, decisions about relocating families in the Pécs case, or the methods of childcare provided in the case of Encs, were significantly shaped by non-governmental actors, whose local embeddedness and long-term commitment to the project they managed resulted in a kind of shadow-municipal function. The informal shift of responsibilities can be explained with inapropriate capacities of the staff of local governments as well, at least compared to the task. For them a project represents just one task from many, as opposed to the project management whose in-

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terest is a successful delivery of the managed project. All in all, in the framework of centralization, we observed the reshuffling of local development coalitions, through which formerly more horizontal structures of implementation became hierarchical, and which contributed to the growing significance of informal decision making.

Analytical Dimension 4 - Autonomy, participation, engagement

Accountability, legitimacy, transparency, scope of participation
Following from the process of informalization described in Analytical Dimension 3, the accountability and transparency of the local projects were not always totally ensured in the cases we analyzed. While many bureaucratic requirements of the development projects are imposed on the beneficiaries in order to secure transparency and accountability, even this administrative burden - which in most of our cases require a lot of energy, sometimes going beyond the capacities of the developers - is not enough in itself to achieve the initial objectives. In our view it is not further bureaucratic regulation, which might be useful. Our case studies showed that two important factors in enhancing accountability are the personal character of leaders, and the degree of financial dependence of the project. Our hypothesis is that if the development project itself is not the main source of resources for a certain territory (such as in the case of the Balaton LEADER or the Szentes PO), then it helps the developers to be more open with their practices. If the development project is the only (or the most important) source of resources, then the stakes are higher to control their flow, thus the main decisions might be hidden for the general public.

The question of participation is a similar one. Many times the administrative burden aiming to monitor and show evidence of participation in certain local events is counterproductive and creates distrust between the developers and the local citizens. As often the main indicators are connected to the number of people involved in certain activities, it is crucial for the project managers to achieve these numbers by any means. We found that the essential and important parts of the local projects cannot be expressed by these numbers. Indicators connected to participation are usually not effective proxies to assess the success of certain local projects.

Analytical Dimension 5 - Expression and mobilisation of place-based knowledge and adaptability

Place-based knowledge, organisational and individual learning, scope of flexibility
While the institutional landscape shaping the modes of how place-based knowledge can be utilized has been significantly restructured by the current right-wing government over the last nine years, in most of the official project documents and operational programs it is still highly valued. Even though rhetorically it is still an important reference point in the development world, its significance has clearly decreased. Crucial decisions are usually made at the national level, without consulting with lower scale stakeholders, which is a clear sign of eroding subsidiarity.

At the same time, our case studies shed light on an extraordinary flexibility of many local actors. Even if they were not able to determine the direction of the local development trajectories, they had a space of manuouver to manage the (mostly negative) effects of centralisation.

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A strongly connected phenomenon we encountered is a specific unintended consequence of long-term development projects. As it has been already described in the literature (Ferguson 1997), irrespectively of the success of development projects, a usual outcome is the expansion of the (local) development society. Since, even in a centralised system, they have a key role in mediating between higher and lower level intentions and practices, their "developer" position can relatively easily and in a flexible way transposed to changing political, spatial and temporal settings. In other words, the longer a certain professional or informal group or formal institution is able to accumulate knowledge and experience in the position of a developer, the easier it is to creatively adapt to changes. We could trace this unintended consequence of the development projects in different localities (in Pécs, Encs and Szentes).

2.6. Findings Synthesising Dimensions A-C

Synthesising Dimension A: Assessment of promoters and inhibitors

Promoters:
As described in Analytical Dimension 5, consistency in local developmental leadership can promote the implementation of spatial justice in several ways. Firstly, it can ensure the multiplication of projects' added-value and results, to bring about a "developmental laboratory" to experiment with different institutional solutions and to enhance institutional learning. This latter in itself can be a significant promoter of spatial justice. Institutional and individual experience with mobilizing various kinds of resources and with "projectification" can help local actors to tailor local needs to framework conditions as well as to "translate/interprete" conditions for the local level. Our case studies show that having a local social entrepreneur - an organisation or a group of individuals - endowed with capacities for such two-way interpretation can also support the representation of local interests as well as needs at higher levels of governance and correct potential "systemic failures". Institutional actors who are capable of creating frames at the local level through interpretation can build coalitions this way. Depending on their power positions in the field, socially skilled actors might use different strategies to manipulate rules and resources to aid the production or reproduction of local orders (Fligstein, 2001). The presence of institutional entrepreneurs with social skills thus provides the microfoundation for the interpretation of external conditions that yield variations in local governance patterns. It is, thus of great importance that the social entrepreneur who is active in the local development field is committed to spatial justice and is present, accessible for local stakeholders.

Our case studies show that the embeddedness of social entrepreneurs can be a strong promoter of implementing development projects along principles of spatial justice. Embeddedness can guarantee the inclusion of a multiplicity of local stakeholders, which further ensures a balanced development agenda (the integration of multiple developmental visions and interests) and geographical distribution of developmental goods. This was the case in the micro-regional implementation of Give Kids a Chance, the Balaton Uplands LAG of LEADER and our case study on György-telep, where the embeddedness of a large charity organisation active in social work, helped to elaborate strategies tailored to the needs of local families. Besides "bricolage" of resources, communication is another important capacity for social entrepreneurs that they can use to forward spatial justice: more or less evenly distributed information and knowledge especially contributed to the distribution of project components to marginalized villages in Give Kids a Chance and in the Balaton Uplands LAG.

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Inhibitors:
On the immediate level, it is local politics that can hinder the developmental strategies of other local actors. Our case studies show that the dominance of local governments in development can create conditions for local politics to dominate narratives in the local developmental field and to push developmental governance towards hierarchies even vis-á-vis powerful actors with alternative governance strategies (Pécs). Local politics also inhibit distributive and procedural justice in development programs by influencing the settlements' power to represent their interests and needs during planning - as the case of a the increased and succesful lobbying capacities of a small village with a strong and deliberate mayor for a programme component in Give Kids a Chance indicates.

Our case studies reveal that hierarchical modes of local governance have been especially pronounced since 2010, following the tracks of the highly centralized, bureaucratic and strictly controlled domestic regime of policy governance. In line with a shift towards punitive policy solutions in welfare, top-down and strictly controlled governance modes with bureaucratic procedures, and unilateral, top-down communications based on restrictions, rigid expectations towards the local level are cross-cutting three of our cases; the Szentes PO case is again an outliner. The comprehensive centralisation in public policies since 2010 provided limits for welfare-related interventions in Encs and Pécs, but also limited the capacities of the more market-oriented LEADER programme after the Paying Authority's loss of institutional autonomy and the closing of its regional offices.[8] Interventions that are embedded in pure market-based networks seem to be much less vulnerable to centralisation trends (Szentes). As a related phenomenon of centralisation, delays in central administration's planning, contracting and paying processes or simply start the new cycle of the same programme caused serious institutional anomalies in Give Kids a Chance and in Balaton Uplands LAG. Experiences in Pécs and Szentes, however, indicate that organisational resources external to the EU funded development regime (the charity organisation's institutional hinterland and market-based initiatives in Szentes) can bridge programming phases and provide some institutional stability necessary for the implementation of spatially just interventions. The absence of a long-term, stable institutional and financial framework, thus have an inhibiting impact on spatially just development. In a context where each political shift and/or each programming period brings fundamental reorganisations, it is difficult to maintain local trust and coalitions for development. The lack of stability also brings about institutional incongruities that have created structural deficiencies in welfare policies and related interventions. Institutional stability would also be needed to bridge different logics of development projects. In projects with marked market-orientation, instances of distributive and procedural justice are related to market principles of capital ownership (membership in the PO in Szentes was available for those with various forms of capital).

Synthesising Dimension B: Competences and capacities of stakeholders

Our two welfare interventions in Encs and Pécs indicate the growing influence of a single organisation in Hungary's welfare development policies. This organisation is a Christian charity organisation that receives funding from central state budget for undertaking various care services for marginalized social groups. This is illustrative of the way the central

[8] Until 2012, NUTS-2 regions were sites of a number of government services, including the regional branches of the Paying Agency. These branches ceased to exist when NUTS-2 level service provision was terminated in 2012. Part of the personnel was hired by the NUTS-3 level government offices, but many of them left the field (The Balaton Uplands LEADER LAG Case study).

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state has abandoned its role in coordinating and providing care-based welfare for vulnerable social groups, while pulling power to the center in the coordination of workfare measures. In both of our two case studies the organisation's growing influence can be seen in the way the organisation has gained informal discretionary power to influence local policies "behind close doors" or approve local development programmes. The growing influence of the charity organisation challenges local stakeholders' competencies as they can feel sidelined by the organisation's vision of local development. This raises questions about democratic and accountability deficits. The monopoly of the organisation in developmental interventions can also be seen in the way the organisation abandons local affairs when its competencies are challenged by a strong local developmental vision (Encs-Fügöd v.s. Pécs where the local government had long ago withdrawn from coordination in György-telep). In spite of the charity organisation's overall efforts to counteract injustices, the capacities of the Roma communities were not raised in either of the two cases. The general lack of empowerment can be explained by systemic disinvestment in ethnically conscious and equitable mainstream welfare policies, practices of informal paternalism by the charity organisation, and the relationship between local Roma and non-Roma communities. In this latter relationship, Roma are often passive means for the local elite and external actors to generate additional resources in an institutional framework that has withdrawn functions and resources from the local level.

In the Balaton Uplands LAG human and institutional resources (skills, procedural knowledge, self-confidence, high level of trust) coming into being and embedding into social networks, entrepreneurial and co-operation cultures and capacities of stakeholders and practitioners were as valuable outcomes of the process of development as tangible outputs. Strengthening local professional networks was also an intangible output of Give Kids a Chance, which reanimated dormant institutional ties.

Overall centralisation processes in Hungary, however, decreased local stakeholders' competencies and capacities from several aspects. Pulling power to the level of central state influenced the content and the legitimacy of programmes and curtailed the capacity of the local level to make autonomous decisions about its own developmental needs and goals, leaving less room for manoeuver for local incumbents while introducing increasing bureaucratic control over programme implementation. In LEADER LAG, and in Give Kids a Chance centralising power at the national level generated a decrease in local trust and loss of human capacities. In the case of market-based Producer Organisation, market demands and adjustment generate decreasing presence and ownership of small producers. In this structure, strategic decision-making takes place in the narrow circle of members of the directorate, whereas the delegate assembly and the general assembly are only there to accept such decisions. Similarly, the reorganisation of Hungary's public administration and public policy regime strengthened and expanded hierarchical relations between settlements. The dependent position of small settlements and neighbourhoods on the district centre and on external resources disabled relationships based on dialogue and partnership. The dominant role of local governments in development processes and the absence of competing developmental visions are the result of the general lack of local civil society that would have the capacity to challenge existing hierarchies and social relations. Under these circumstances the perceptions of social and spatial injustice and unequal power relations determine developmental outcomes. Hierarchical dependencies also mean constraints for the representation of marginalized groups in the design and implementation of place-based interventions.

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Synthesising Dimension C: Connecting the action to procedural and distributive justice

In Pécs György-telep the unintended consequence of Málta's emerging role as a "translator" had an impact on specific actors and relations. Most importantly, with Málta as a proxy, the relation between the local residents in György-telep and the Housing Department became much smoother, and more constructive. Although there have been significant positive results with regard to unemployment, housing quality, household indebtedness and criminal activities, the large-scale transformative impact of the György-telep intervention through spillovers to local policies is unlikely.

Similarly, in the district of Encs despite the relatively balanced distribution of programme components across district settlements, the programme failed to carry out a "differential distribution" of programme elements. Due to systemic deficiencies – the lack of professionals and additional infrastructural resources in the most deprived villages – instead of equity-based allocation, equalizing mechanisms prevailed ("we played equal") and all settlements that had a certain ratio of disadvantaged families were allocated some resources. The programme only provided temporary improvement in the distribution and quality of child welfare services in some settlements. Instead of changing institutions to ensure more equal distribution of services, it temporarily supplemented basic child welfare services that struggled with maintaining even a minimal level of provisions once the programme ended. In the absence of institutional change within the overall framework of child welfare policy regime improvements of local services remained sketchy.

Distributive and procedural justice was clearly more respected in the case of Balaton Uplands LAG where LEADER principles established a new style of governance. Multilateral consultations and consensus-building had become the norm of the operation that prevented direct political intervention. Fairness of the decision-making was a primary goal of all participants and helpers of the selection process, thus distributional justice was impacted positively. In the Szentes case, market rules are guiding procedural and distributive justice. In this framework those producers who are members of the organisation receive services and credit regardless of their size, thus distributive justice prevails. Similarly, procedural justice is safeguarded by established rules of the organisation, which are meant to serve common interests of members. Those who break rules, have to leave the organisation.

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4. Conclusions

In the Hungarian case the public policy context of implementing place-based development projects addressing spatial injustices has went through a radical change in the last decade. The most relevant overall tendencies from the perspective of this national report are radical reorganisation of the territorial governance system along with a marked centralization and a shift towards a workfare-based exclusionary social policy framework. Thus, the conclusion drawn from the four case studies should be seen within this context: however well-designed a local project is, its effects will be highly dependent upon national level sectoral policies. Since most of the general principles of the current national government are essentially at odds with the principles of place-based developments and with the intention to tackle spatial injustices, an important general conclusion of this report is that it is increasingly hard in Hungary to carry out effectively development projects aiming to further spatial justice.

However, if we divide development projects into the two broad categories of dominantly socially sensitive and dominantly market-oriented developments, our general conclusion can be further specified. As out of the four Hungarian cases two belonged to each category, we could observe fundamental differences between how the implementation and the perceived results in projects belonging to different categories vary. While in the case of dominantly economic development projects the stakeholders (and we as researchers) found more successful aspects mainly in terms of good governance practices. The implementation of actions leading to enhanced distributional and procedural justice was more effective. By contryst, we found that in the case of dominantly socially targeted projects there were more contradictions, and less evidently successful outcomes. However, this difference can be explained with the different nature and levels of ambition in the two types of projects. Contributing to economic development in a market environment cannot be treated equally with the more complex objective of ameliorating poverty and tackling historically deeply rooted processes of marginalization.

In spite of this, all the four case studies did have an important local impact, and all of them were relevant cases, as each experimented with novel, innovative solutions. However, the impact of these projects was different depending on the size of their action area and target group. While - not surprisingly - larger scale projects brought about more wide-ranging changes in the lives of the target groups, we cannot conclude that project intensity would directly result in more effective furthering of spatial justice, if our perspective goes beyond the targeted localities.

What does seem to have a positive effect on furthering spatial justice are three things. First, the commitment of the core group of the development coalition to the issue of spatial and social justice. Second, the human and organisational capacities available locally outside of the financial and technical realm of the development project (e.g. the long-term presence and embeddedness of a relevant local NGO). Third, the supportivity of local political players.

On the other hand, the most important identified factors that contribute to furthering spatial injustices are the following. First of all, the hindering effect of national sectoral policies seems to be the most important factor in achieving greater success. Second, national level mismanagement of EU funds (especially in the context of increasing centralization) caused a lot of harm in the observed projects. Third, the specific way of centralization itself, and the emerging clientelist and hierarchical system of territorial governance creates an unwelcoming framework for furthering procedural and distributive justice.

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As we have discussed in Chapter 2, given the current national context, place-based development projects cannot have a significant impact on the otherwise growing socio-spatial unevenness in Hungary. In other words, while the depth of spatial injustices is increasing in Hungary, the aggregate effect of place-based development projects cannot counteract this tendency. However, both in terms of distributive, and in terms of procedural justice some remarkable outcomes should be acknowledged. First, infrastructural investments can substantially and directly help local communities (e.g. in the case of Pécs the renovation of substandard dwellings). Second, development funds clearly have an important capacity-enhancing function. The number of people with the relevant know-how to lead or to take part in a development project has considerably increased in the recent years, but not in each field. Decentralised capacities in territorial development have almost terminated since 2011 (when micro-regional and regional development agencies were shut down) and significantly shrinking in rural development due to the late start of the current iteration of the LEADER Programme and the stemming financial difficulties. Third, efficient methods of cooperation and project management were developed in some cases, which can have a beneficial effect beyond the concrete projects. Fourth, through the obligatory collective forms of absorbing development funds, new networks of cooperation and trust were built in some cases, which can help the stakeholders in the future to cooperate in other ways.

But all in all, our final observation is that these positive effects are situated in the larger see of serious societal problems, thus their effect is correctional at most. Therefore, without a significant change in the most important national policies (social policy, territorial policies, educational policies, employment policies, etc.), there is a low chance that spatial justice could be significantly furthered in Hungary. It would be necessary to make the whole system more transparent, less clientelist, less hierarchical and more effective.

At the same time, there is also an important implication in the case of EU level policy making. First, the response to national level mismanagement and structural contradictions cannot be the decrease of available EU funds, for two reasons. First, EU funds still have a crucial effect locally, even if they could be much more carefully designed and implemented. Second, some of the structural contradictions are encoded in the design of Cohesion Policy itself. The core-periphery structural imbalances on the level of the EU do have a crucial effect on the perceived ineffectiveness of local development projects in Hungary: the issue of massive outmigration (enabled by the 'four freedoms' of the EU), and of dependent economic development (again, enabled by the 'four freedoms', and partly by the EU's economic policies) do have detrimental effects on already peripheral Hungarian locations, thus arguably, a larger share from EU's Cohesion Policy could be justified on many grounds.

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6. Annexes

6.1 List of Indicators

Indicator 1_1		CASE 1	CASE 2	CASE 3	CASE 4
	NUTS3 unit (case strudy area)	Baranya (Pécs)	Borsod-Abaúj-Zemplén (Encs district)	Csongrád (Szentes)	Veszprém (Balaton Uplands LEADER LAG)
Name	Income of households				
	Total annual national personal income per inhabitants (HUF), 2015	822374	826120	874543	1007766
Indicator 4					
Name	Economic activity rates				
	Economic activity rate of population 15-74 (%), 2015	58,3	56,2	59,2	61,5
Indicator 5					
Name	Employment rates				
	Employment rate of population 15-74 (%), 2015	53,3	51,1	54,9	58,6
Indicator 6					
Name	Unemployment rates				
	Unemployment rate of population 15-74 (%), 2015	8,5	9,1	7,3	4,6
Indicator 7					
Name	Youth unemployment rates				
Indicator 8					
Name	Long term unemployment rates				
	Ratio of registered unemployed persons seeking a job for longer than one year as the percentage of total number of registered unemployed persons (%), 2015	31,1	26,3	25,7	22,9
Indicator 10_1					
Name	Life expectancy				
	Average life expectancy at birth, female (years), 2015	78,17	77,56	78,76	78,82
	Average life expectancy at birth, male (years), 2015)	71,93	70	72,22	72,46
Indicator 14					
Name	NEET				
Indicator 24_1					
Name	Total population				
	Total resident population in Hungary, number of population on 1 January, 2016	368135	660549	404459	344302
Indicator 28					

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Name	People at risk of poverty or social exclusion				

Table 6: Indicators provided in the Hungarian national case study report

Source: HCSO; National Tax and Customs Administration

6.2 Additional Information

6.2.1 *Converging and diverging regions in Hungary*

	2008	***2009***	***2010***	***2011***	***2012***	***2013***	***2014***	***2015***	***2016***	***2017***
Észak-Magyarország	25,7	23,3	23,1	23,3	22,6	23,5	24,2	25,8	25,9	28,3
Észak-Alföld	25,7	24,9	24,7	25,2	24,4	24,3	24,9	24,7	24,9	27,0
Dél-Alföld	27,6	25,3	25,1	26,0	25,6	26,5	27,4	27,8	28,3	30,0
Dél-Dunántúl	28,0	26,5	26,3	26,3	25,6	26,1	25,6	25,1	25,9	28,0
Közép-Dunántúl	37,2	31,8	33,7	34,4	33,1	34,3	35,0	36,1	37,5	39,0
Nyugat-Dunántúl	39,8	35,9	38,4	39,3	38,3	38,8	41,5	41,9	43,3	44,7
Pest county	36,0	32,7	33,7	32,4	31,2	32,1	31,8	32,0	31,7	33,3
Budapest	91,2	87,3	86,3	84,4	82,3	82,8	80,1	78,7	80,5	87,0

Table 7: GDP per Capita of the Hungarian NUTS-2 Regions in Percentage of the EU-28 Aver-age

Source: Own calculation based on Eurostat [nama_10r_2gdp]

	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Észak-Magyarország	28,2	26,6	26,8	27,6	27,4	28,4	30,2	32,8	32,2	32,6
Észak-Alföld	28,2	28,5	28,6	29,9	29,7	29,3	31,1	31,4	30,9	31,0
Dél-Alföld	30,3	29,0	29,1	30,8	31,1	32,0	34,2	35,4	35,2	34,5
Dél-Dunántúl	30,7	30,4	30,5	31,2	31,1	31,5	32,0	31,9	32,2	32,2
Közép-Dunántúl	40,8	36,4	39,1	40,7	40,2	41,4	43,7	45,9	46,6	44,8
Nyugat-Dunántúl	43,7	41,1	44,5	46,6	46,6	46,8	51,8	53,3	53,8	51,3
Pest county	39,5	37,4	39,1	38,5	37,9	38,7	39,6	40,6	39,4	38,3
Budapest	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Table 8: GDP per Capita of the Hungarian NUTS-2 Regions in Percentage of the Capita City, Budapest

Source: Own calculation based on Eurostat [nama_10r_2gdp]

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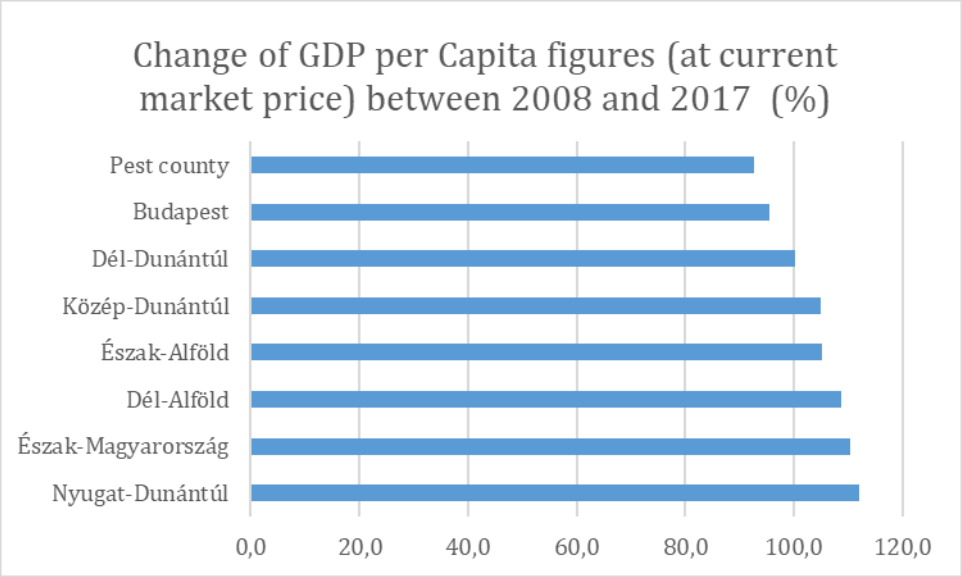

Figure 1: Change of GDP per Capita figures (at current market price) between 2008 and 2017 (%)

Source: Own calculation based on Eurostat data [nama_10r_2gdp]

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6.2.2 *Data on the Case Study areas*

		Ratio of Roma population (%)	*Ratio of 0-14 years old population (%)*	*Ratio of 65+ years old female population (%)*	*Ratio of 65+ years old male population (%)*	*Old age dependency rate (%)*
Case Study area						
	Encs	**23,3**	**22,0**	**17,6**	**9,6**	**21,3**
	Pécs	**2,0**	**12,8**	**21,0**	**14,3**	**25,8**
	Szentes	**1,6**	**13,7**	**23,1**	**15,1**	**28,8**
	Balaton Uplands	**1,7**	**14,7**	**21,3**	**13,6**	**25,9**
District (LAU1)						
(Encs)	**Encsi járás**	**23,2**	**21,9**	**17,6**	**9,6**	**21,3**
(Pécs)	**Pécsi járás**	**2,3**	**13,5**	**20,2**	**13,6**	**24,6**
(Szentes)	**Hódmezővásárhelyi járás**	**1,0**	**14,1**	**20,9**	**14,1**	**25,8**
	Szentesi járás	**1,4**	**13,4**	**22,8**	**15,6**	**28,8**
(Balaton Uplands)	**Ajkai járás**	**1,2**	**12,8**	**21,2**	**14,1**	**25,6**
	Balatonfüredi járás	**0,3**	**12,7**	**22,2**	**17,1**	**29,3**
	Sümegi járás	**2,1**	**14,5**	**21,9**	**13,2**	**26,0**
	Tapolcai járás	**1,4**	**13,1**	**22,2**	**15,0**	**27,6**
	Veszprémi járás	**1,0**	**14,0**	**17,4**	**11,7**	**20,6**
Counties (NUTS3)						
	Budapest	1,2	12,2	21,9	15,0	27,2
	Pest	1,7	16,8	17,6	11,6	21,5
	Fejér	1,5	14,5	19,2	12,1	22,6
	Komárom-Esztergom	1,4	14,7	19,6	12,7	23,6
(Balaton Uplands)	**Veszprém**	**1,5**	**13,9**	**20,4**	**13,5**	**24,8**
	Győr-Moson-Sopron	0,8	14,3	19,2	12,6	23,0
	Vas	1,0	13,4	20,7	13,3	24,7
	Zala	2,6	13,1	22,0	13,8	26,3
(Pécs)	**Baranya**	**4,5**	**13,9**	**20,5**	**13,4**	**24,9**
	Somogy	5,3	14,4	21,4	13,5	26,0
	Tolna	3,9	14,1	21,2	13,4	25,5
(Encs)	**Borsod-Abaúj-Zemplén**	**8,5**	**16,3**	**20,3**	**12,1**	**24,4**
	Heves	6,3	14,7	22,3	13,7	27,2
	Nógrád	7,7	14,5	22,4	13,8	27,2
	Hajdú-Bihar	3,4	15,5	18,4	11,9	22,1
	Jász-Nagykun-Szolnok	4,9	15,1	21,3	13,8	26,4
	Szabolcs-Szatmár-Bereg	8,0	17,4	17,3	10,0	20,1
	Bács-Kiskun	2,2	14,6	21,4	13,5	26,0
	Békés	2,6	13,9	22,4	14,9	27,9
(Szentes)	**Csongrád**	**1,2**	**13,7**	**20,9**	**13,8**	**25,4**
Country						
	Hungary	**3,2**	**14,6**	**20,3**	**13,1**	**24,6**

Table 9: Demographic indicators based on Census 2011 microdata

Source: HCSO, Census 2011

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		Activity rate (%)			*Unemployment rate (%)*	*Ratio of households with low work intensity (%)*	*Ratio of commuting employees (%)*		
Case Study area		***T***	***F***	***M***			***T***	***F***	M
	Encs	**57,8**	**51,0**	**64,5**	**27,3**	**48,1**	**47,2**	**37,0**	**54,7**
	Pécs	**62,6**	**59,3**	**66,3**	**13,2**	**41,3**	**10,6**	**7,2**	**13,9**
	Szentes	**63,1**	**58,1**	**69,6**	**11,3**	**41,9**	**24,8**	**18,3**	**29,6**
	Balaton Uplands	**67,3**	**61,6**	**72,8**	**11,1**	**36,7**	**61,4**	**57,2**	**64,6**
District (LAU1)									
(Encs)	**Encsi járás**	**57,8**	**51,0**	**64,5**	**27,2**	**48,1**	**47,0**	**37,0**	**54,7**
(Pécs)	**Pécsi járás**	**62,9**	**59,3**	**66,8**	**13,4**	**40,2**	**22,3**	**18,4**	**26,0**
(Szentes)	**Hódmezővásárhelyi járás**	**63,3**	**57,1**	**69,4**	**11,5**	**40,2**	**22,0**	**17,7**	**25,4**
	Szentesi járás	**64,1**	**59,0**	**69,3**	**10,6**	**40,2**	**25,9**	**19,6**	**31,3**
(Balaton Uplands)	**Ajkai járás**	**67,8**	**63,8**	**71,7**	**7,9**	**36,2**	**33,8**	**28,0**	**39,1**
	Balatonfüredi járás	**68,0**	**63,4**	**72,7**	**9,0**	**37,0**	**43,8**	**39,6**	**47,5**
	Sümegi járás	**65,9**	**59,5**	**71,9**	**12,8**	**39,2**	**54,6**	**47,0**	**60,6**
	Tapolcai járás	**66,6**	**61,8**	**71,3**	**12,3**	**39,8**	**47,6**	**40,7**	**53,5**
	Veszprémi járás	**67,7**	**63,3**	**72,2**	**9,8**	**31,5**	**33,4**	**27,7**	**38,6**
Counties (NUTS3)									
	Budapest	70,7	66,5	75,3	10,6	35,2	62,0	61,1	62,9
	Pest	66,6	60,9	72,4	11,2	32,6	62,9	59,0	66,3
	Fejér	67,0	61,5	72,5	11,9	35,5	47,6	41,3	52,7
	Komárom-Esztergom	68,8	63,7	73,9	10,5	34,6	48,6	43,0	53,4
(Balaton Uplands)	**Veszprém**	**66,8**	**61,7**	**71,8**	**10,9**	**36,5**	**46,0**	**39,8**	**51,2**
	Győr-Moson-Sopron	67,7	61,9	73,4	7,2	32,5	43,3	37,9	47,7
	Vas	67,4	62,5	72,3	7,8	33,8	45,0	40,1	49,2
	Zala	67,4	62,5	72,3	10,7	36,8	41,1	36,6	45,0
(Pécs)	**Baranya**	**62,1**	**57,6**	**66,7**	**15,4**	**41,9**	**34,5**	**28,8**	**39,6**
	Somogy	61,9	56,5	67,3	15,4	42,2	37,7	31,8	42,9
	Tolna	62,0	56,5	67,4	11,7	40,6	39,3	32,6	44,9
(Encs)	**Borsod-Abaúj-Zemplén**	**61,0**	**55,6**	**66,4**	**18,5**	**44,4**	**38,9**	**30,8**	**45,8**
	Heves	63,6	58,1	69,3	14,3	42,5	47,3	40,0	53,7
	Nógrád	63,0	57,5	68,5	19,0	45,6	50,1	42,7	56,4
	Hajdú-Bihar	61,7	56,0	67,5	16,0	41,5	26,5	19,7	32,2
	Jász-Nagykun-Szolnok	63,5	57,8	69,1	14,9	42,8	33,9	26,2	40,2
	Szabolcs-Szatmár-Bereg	59,3	54,0	64,6	17,9	42,0	35,2	28,0	41,2
	Bács-Kiskun	64,0	58,5	69,7	13,3	41,0	27,4	21,1	32,7
	Békés	62,0	56,9	67,3	14,5	44,1	27,7	21,3	33,2
(Szentes)	**Csongrád**	**63,4**	**58,7**	**68,2**	**11,3**	**40,1**	**25,2**	**20,5**	**29,5**
Country									
	Hungary	**65,3**	**60,2**	**70,5**	**12,7**	**38,3**	**45,6**	**41,0**	**49,7**

Table 10: Labour market indicators based on Census 2011 microdata

Source: HCSO, Census 2011

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		Ratio of low qualified population (%)	*Ratio of low qualified female population (%)*	*Ratio of low qualified male population (%)*	*Ratio of highly qualified population (%)*	*Ratio of dwellings without comfort (%)*
Case Study area						
	Encs	**42,1**	**46,0**	**38,3**	**10,8**	**16,6**
	Pécs	**17,4**	**17,8**	**16,9**	**29,4**	**1,4**
	Szentes	**25,7**	**27,8**	**24,3**	**16,1**	**6,4**
	Balaton Uplands	**27,1**	**30,2**	**24,2**	**13,0**	**3,7**
District (LAU1)						
(Encs)	**Encsi járás**	**42,1**	**46,0**	**38,4**	**10,8**	**16,7**
(Pécs)	**Pécsi járás**	**18,5**	**18,9**	**18,0**	**27,4**	**1,8**
(Szentes)	**Hódmezővásárhelyi járás**	**24,2**	**24,5**	**24,0**	**16,4**	**5,7**
	Szentesi járás	**26,9**	**28,8**	**25,0**	**14,8**	**6,7**
(Balaton Uplands)	**Ajkai járás**	**23,2**	**27,2**	**19,3**	**13,1**	**1,1**
	Balatonfüredi járás	**17,5**	**18,4**	**16,6**	**22,8**	**0,9**
	Sümegi járás	**31,3**	**34,7**	**27,9**	**9,3**	**5,7**
	Tapolcai járás	**22,8**	**25,6**	**20,0**	**14,2**	**3,2**
	Veszprémi járás	**18,7**	**19,6**	**17,7**	**26,1**	**1,0**
Counties (NUTS3)						
	Budapest	13,9	13,7	14,0	37,1	1,1
	Pest	22,1	23,1	21,1	22,0	3,2
	Fejér	25,7	27,4	24,0	18,1	3,1
	Komárom-Esztergom	23,4	25,7	21,2	16,2	2,2
(Balaton Uplands)	**Veszprém**	**23,5**	**26,0**	**21,0**	**16,9**	**2,5**
	Győr-Moson-Sopron	20,3	21,4	19,3	19,4	1,8
	Vas	23,4	25,1	21,8	17,0	3,4
	Zala	23,8	26,3	21,3	16,4	4,0
(Pécs)	**Baranya**	**25,4**	**26,9**	**23,7**	**18,7**	**4,2**
	Somogy	28,7	31,3	26,1	15,3	6,3
	Tolna	28,5	30,9	26,0	15,1	5,7
(Encs)	**Borsod-Abaúj-Zemplén**	**29,2**	**32,1**	**26,3**	**15,9**	**8,8**
	Heves	26,6	29,1	23,9	16,6	6,0
	Nógrád	31,1	34,2	28,0	12,9	7,7
	Hajdú-Bihar	27,3	28,6	26,1	18,7	6,2
	Jász-Nagykun-Szolnok	28,9	31,3	26,5	15,1	8,2
	Szabolcs-Szatmár-Bereg	34,6	36,9	32,2	14,7	9,0
	Bács-Kiskun	29,0	30,5	27,5	15,5	5,9
	Békés	26,7	28,8	24,7	14,9	6,8
(Szentes)	**Csongrád**	**22,2**	**22,1**	**22,4**	**21,1**	**4,9**
Country						
	Hungary	**24,0**	**25,3**	**22,6**	**21,0**	**4,4**

Table 11: Qualification and housing indicators based on Census 2011 microdata

Source: HCSO, Census 2011

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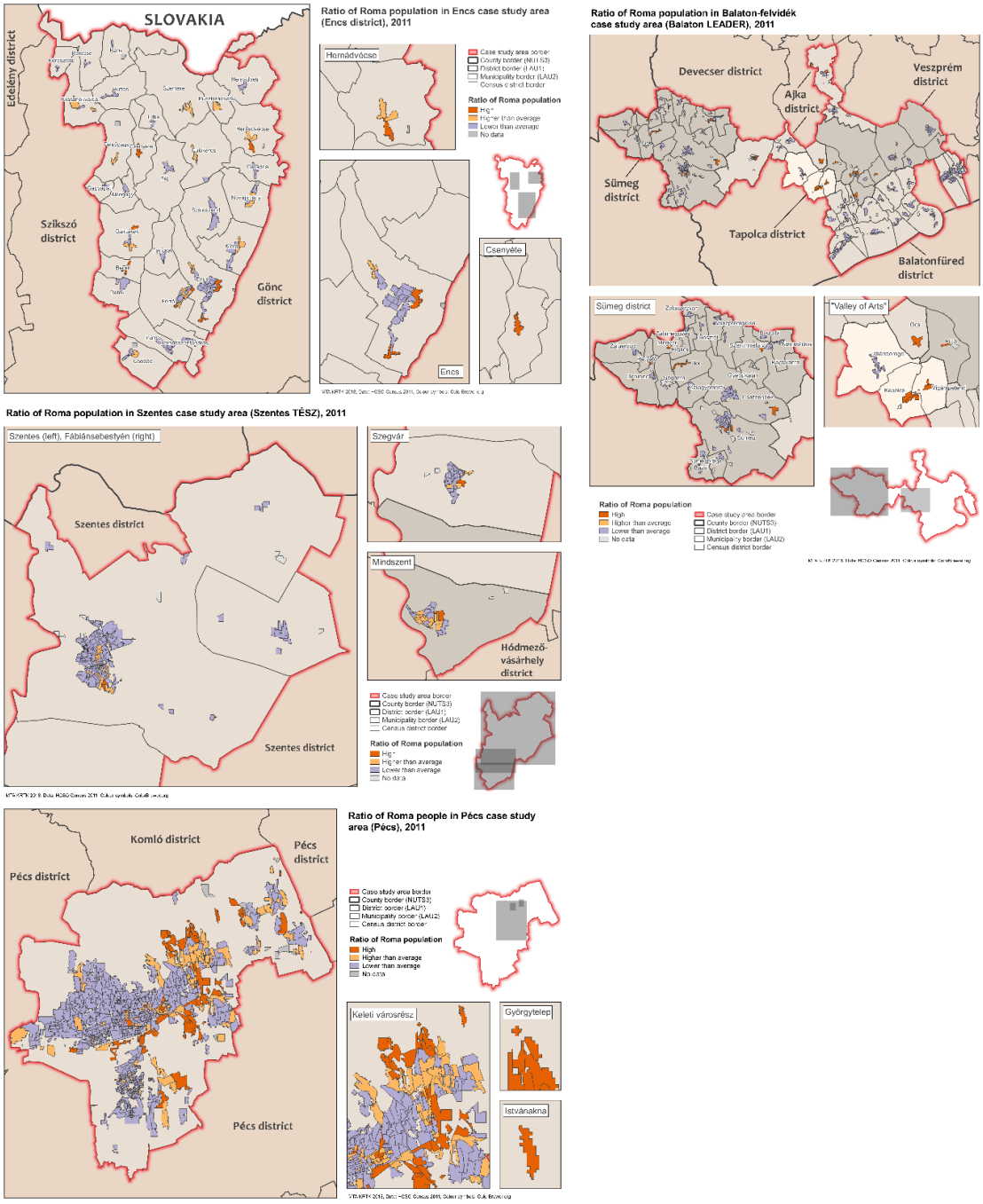

Map 4: Ratio of Roma population in Case Study areas, 2011

Source: HCSO, Census 2011

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6.2.3 *Data on employment and public employment*

		2012	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Veszprém	Employment rate	51,4	53,0	56,3	58,6	60,0	62,2	60,8
	Public employment rate	-	1,1	1,8	1,8	2,0	1,5	1,0
Borsod-Abaúj-Zemplén	Employment rate	42,5	45,1	47,8	51,1	53,4	55,0	55,9
	Public employment rate	-	5,0	6,5	8,3	8,6	7,4	6,1

Table 12: The change of employment and public employment rates in Veszprém and Borsod-Abaúj-Zemplém counties from 2012 to 2018 (%)

Source: HCSO, Stadat tables; Ministry of Interior

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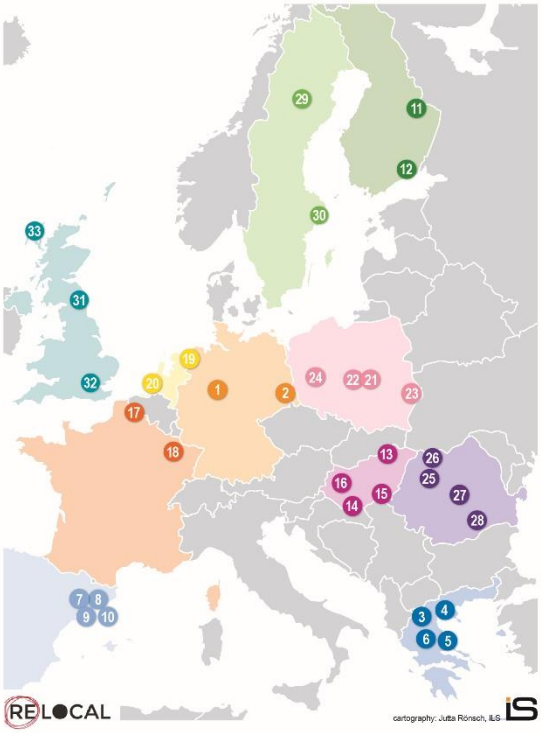
The RELOCAL Project

EU Horizon 2020 research project '**Resituating the local in cohesion and territorial development**' –**RELOCAL** aims to identify factors that condition local accessibility of European policies, local abilities to articulate needs and equality claims and local capacities for exploiting European opportunity structures.

In the past, especially since the economic and financial crisis, the European Social Model has proven to be challenged by the emergence of spatially unjust results. The RELOCAL hypothesis is that **processes of localisation and place-based public policy** can make a positive contribution to spatial justice and democratic empowerment.

The research is based on **33 case studies in 13 different European countries** that exemplify development challenges in terms of spatial justice. The cases were chosen to allow for a balanced representation of different institutional contexts. Based on case study findings, project partners will draw out the factors that influence the impact of place-based approaches or actions from a comparative perspective. The results are intended to facilitate a greater local orientation of cohesion, territorial development and other EU policies.



	action location	action name	
1	Ostwestfalen-Lippe Region	Smart Country Side	D
2	Görlitz Town	Youth Centre	
3	Western Macedonia Region	Post-Mining Regional Strategy	GR
4	Thessaloniki Region	Alexander Innovation Zone	
5	Volos City	Overcoming Fragmentation	
6	Karditsa Region	Ecosystem of Collaboration	
7	Monistrol de Montserrat Town	Local Strategic Plan	ES
8	Neighbourhood of Premià de Dalt	Llei de Barris	
9	Neighbourhood of St Adrià de Besòs	La Mina Transformation Plan	
10	Eix Riera de Caldes Municipalities	Association of Municipalities	
11	Lieksa Town	Lieksa Development Strategy 2030	FI
12	Kotka Town	Activation of Youth	
13	Encs District	Give Kids a Chance	HU
14	György-telep, Neighbourhood of Pécs	Urban Regeneration	
15	Szentes Town and Szentes District	Production Organisation	
16	Balaton Uplands	Balaton LEADER	
17	Pas-de-Calais Mining Basin	Euralens	FR
18	Lorraine-Luxembourg Border Region	EPA Alzette-Belval	
19	Northeast Groningen Region	Induced Earthquakes	NL
20	Neighbourhood of Rotterdam	Rotterdam South on Course	
21	Łódź City	Participatory Budget for Łódź	PL
22	Brezeziny Town	Social Cooperative	
23	Maslomecz Village	Goth Village	
24	Domachowo, Potarzyce, Stara Krobia Villages	Rural Public Spaces	
25	Neighbourhood of Cluj	Pata Cluj Project	RO
26	Maramures County	Mara-Natur LEADER	
27	Neighbourhood of Codlea	Mälin-Codlea Project	
28	Neighbourhood of Bucharest	Plumbuita PIDU	
29	Västerbotten Region	Digital Västerbotten	SE
30	Stockholm City	Stockholm Commission	
31	Northumberland Uplands	NULAG LEADER	GB
32	Lewisham, Borough of London	Homelessness Project	
33	Isle of Lewis	Strengthening Communities	

The RELOCAL project runs from October 2016 until September 2020.

Read more at https://relocal.eu

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