

THE EFFECT OF THE 10-YEAR EU MEMBERSHIP OF HUNGARY ON THE DEVELOPMENT OF TOURISM IN THE SUB- REGIONS OF NÓGRÁD COUNTY

Part 2: Rural Development

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Abstract

Located in the Northern Hungary Region, Nógrád County has the second smallest area and the smallest population among counties in Hungary. At the same time, Nógrád is also the most forested county in the country (nearly 40% of its cultivated areas is covered by forests), which provides excellent opportunities for active tourism and ecotourism. In addition, this county has the lowest number of towns in the country, which carries a potential primarily for rural tourism. Rural and natural tourism as well as cultural tourism offer alternative employment opportunities to the population of the county, which has four sub-regions rated as disadvantaged. The study is seeking an answer to the question to what extent the agricultural and rural policy of the EU contributed to the development of tourism in six sub-regions of the county during the 10-year EU membership of Hungary.

Keywords: Nógrád County, sub-region, EU aid, rural development, development of tourism

Introduction

Nógrád County (NUTS3) with the second smallest area (254,548 ha) and the smallest population (202,427 persons) among counties in Hungary is located in the Northern Hungary Region (NUTS2). 39.28% of the cultivated area of the county was covered in 2013 by forests, with which it is considered the most forested county in Hungary. These inherent conditions

of the landscape offer the county the opportunity to exploit certain types of rural tourism (natural, eco-, active and hunting tourism and forest schools). The county is divided into six sub-regions named after six towns in it (in order by area): Pásztó (55,157 ha), Balassagyarmat (53,294 ha), Salgótarján (47,461 ha), Rétság (43,503 ha), Szécsény (27,769 ha) and Bátortereny (27,364 ha) (Hungarian Statistical Office, 2014). According to the delimitation applied in the Hungarian SAPARD Programme, four sub-regions in the county (Pásztó, Balassagyarmat, Rétság and Szécsény) qualify as ‘*rural sub-regions*’ (the proportion of those living in towns with a population density higher than 120 persons/km² is below 50% in these areas), two subregions (Salgótarján and Bátortereny) fall within the category of what is called ‘*non-rural sub-regions*’ (Fehér, I., Kóródi, M. 2007). Based on the Government Decree No. 311/2007 (XI.17.) and the Resolution of Parliament No. 67/2007 (VI.28.) three types of disadvantaged, i. e. beneficiary sub-region types can be distinguished in Hungary: ‘*disadvantaged sub-regions*’ (Pásztó), ‘*most disadvantaged sub-regions*’ (Salgótarján and Szécsény) and ‘*most disadvantaged sub-regions with complex programmes*’ (Bátortereny). This study investigates through what EU-level rural development programmes and to what extent the tourism industry in this county, which is rich in natural and cultural values but has four sub-regions falling behind from a social and economic point of view, profited in the first 10 years of the EU membership of the country.

Research Methodology

The National Rural Development Plan (hereinafter the ‘NRDP’) and the New Hungary Rural Development Programme (hereinafter the ‘NHRDP’) aimed at agricultural and rural development served the development of tourist attractions and services in the county to a significant extent in the period including two EU budget periods (2004–2006 and 2007–2013). In the case of the various EU measures, the disbursement amounts per bidder were summarised in tabular (MS Excel) form for the county and, within that, for the sub-regions. Due to the high number and large space requirement of the tables, only the analysis of the breakdown of the data by measure had room in the study. The EU aid amounts awarded on various grounds and the number of tenders supported under the individual measures are also stated in the study. The latter data are able to give an idea of the extent of interest through tenders and activity in the rural development measures.

The data of the second Agricultural and Rural Development Programme (NHRDP, 2007–2013) are publicly available on the website of the Agricultural and Rural Development Office, also functioning as the Paying Agency of the Ministry for Rural Development. It was not possible to

narrow down the search on the website by larger areas (only by the name of the municipality or the bidder), so all 131 municipalities in the county had to be queried individually and separately for every year in the annual databases of disbursements. Only in this way could the data of the county and the sub-regions be delimited with reliable accuracy. However, the applications supported under the NRDP (2004–2006) have not been publicly available to date. Nevertheless, the related ‘Annual Reports’ have proved to be useful, because the percentage of disbursements by county and by measure can be found in them in amounts of euros⁸. Thus, the annual share of the county in the individual measures can be established approximately on the basis of the average EUR to HUF exchange rates for the given years as quoted by the National Bank. However, no data are available in the Annual Reports on either the amount of disbursements or the number of supported applications for the sub-regions (and not even at the county level for the latter). The disbursement data regarding the measures under the NRDP are presented under the relevant measures taken under the NHRDP.

New Hungary Rural Development Program (2007-2013)

It is the special feature of New Hungary Rural Development Program (hereinafter the ‘NHRDP’) - which runs parallel with New Hungary Development Plan (hereinafter the ‘NHDP’)- that while the Agro-Rural Development Operative Program financed from European Agricultural Guidance and Guarantee Fund (hereinafter the ‘EAGGF’) guidance funds was part of national strategic reference framework during New Development Plan (hereinafter the ‘NDP’), rural development was not part of operative programs in the EU budget cycle of 2007-2013 (Table 1, 2 and 3). Completely independent development program, apart from operative programs, was elaborated for its support. There was an EU decision in the background which took out EAGGF guidance department from Structural Funds from 2007, thus creating a new development fund under the title of European Agricultural Fund for Rural Development (hereinafter the ‘EAFRD’). In order to utilise the grants of EAFRD, the EU Council Regulation No. 1698/2005 offered guidelines for EU member states along of four axes, which prepared their rural development programs and submitted for approval by European Committee according to this regulation. Since the NHRDP is a rural development program, the measures of its axes supported mostly the rural tourism which concern mainly the villages. Rural areas, however, can be found in the immediate surroundings of towns, too (forests, arable land, grassland, lakes), the protection and preservation of which is

⁸ The payments of NHRDP are shown in Hungarian Forint (hereinafter ‘HUF’) in the internet database compiled by the competent agency.

also supported by the measures of the NHRDP. Therefore the program has a positive indirect effect on the tourism in the urban areas, too. Out of the four axes, the measures of **Axis 1** (“Improving the competitiveness of agricultural and forestry sectors”) aimed primarily the improvement of quality and marketing of agricultural and forestry products in order to enhance the competitiveness of farmers.

Table 1 Payments by NRDP (million HUF) in Nógrád county

	2005	2006	2007	Total
Nógrád county	only regional data	776,56	639,47	1416

Source: Own work on the basis of the Report about the Implementation of

National Rural Development Plan of Hungary (2005-2007)

Table 2 Payments by NHRDP (million HUF) in sub-regions of Nógrád county

Sub-region	2008	2009	2010	2011	2012	2013	Total
Rétság	118,67	115,11	121,72	220,6	474,33	216,2	1266,6
Pásztó	120,2	292,12	87,65	369,11	319,35	594,66	1783,1
Balassagyarmat	165,12	313,16	204,16	466,24	512,13	445,57	2106,4
Salgótarján	82,28	151,58	166,06	551,7	464,48	399	1815,1
Bátonyterenye	24,37	67,27	29,78	109,4	220	115,16	566
Szécsény	88,74	151,35	79,76	254,32	381,42	232,3	1188
Total sub-regions	599,38	1090,6	689,13	1971,4	2371,7	2002,9	8725,1

Source: own work on the basis of mvh.gov.hu

Table 3 Number of project proposals (pcs) supported by NHRDP in sub-regions of Nógrád county

Sub-region	2008	2009	2010	2011	2012	2013	Összesen
Rétság	69	64	48	52	93	88	414
Pásztó	88	70	53	65	95	113	484
Balassagyarmat	78	72	83	87	113	124	557
Salgótarján	78	67	66	99	119	128	557
Bátonyterenye	39	26	34	38	29	55	221
Szécsény	59	57	24	52	77	59	328
Total sub-regions	411	356	308	393	526	567	2561

Source: own work on the basis of mvh.gov.hu

The **Axis 2** (“Improving the environment and the countryside”) encourages, on the one hand, environmentally friendly farming - with **agricultural environmental management** (code 214A, hereinafter ‘AEM’) and **Natura 2000 aid** (code 213) - as well as keeping **less favoured areas** (code 212, hereinafter ‘LFA’) under cultivation by providing area-based compensation aid for farmers who are at a competitive disadvantage.

Moreover, the subsidies concerning forestry plantation also substantially contributed to the protection and preservation of natural values,

thus creating the basic conditions for rural tourism. In case of afforestation, the favourable impact on hunting tourism, as specific product offer of rural tourism, is not negligible, either. The importance of measures connected with afforestation is well indicated by the 5-15-year maturity of subsidies. In contrast to the former economic function of forests (logging, wood processing industry), the environmental (protection against water erosion in the mountains, wind erosion in the plain areas, maintenance of habitat and biological diversity, mitigation of climate changes) as well social-public welfare aspects of forests (landscape features, air cleaning impact, recreation and new jobs) are becoming into the foreground. Besides the **afforestation of agricultural areas** (code 221), the EU encouraged the member states to increase the afforested areas in terms of quantity and quality by **restoring the forestry potential and preventive measures** (reconstruction after fire and other natural disasters and protection against them, code 226), **forest restructuring** (code 227) and **forest environment** (code 225). The NHRDP underlines that only about 20% of the area of Hungary is utilised as forest compared to the 34,2% average of EU27. Referring to the national afforestation concept elaborated at the end of the 1990s, it stresses that the optimum ratio at national level would be 27%, which can be achieved mostly by the afforestation of agricultural areas.

Farming on LFA-s (outside the mountain areas⁹) – thus significantly contributing to the maintenance of touristic potential of the countryside – can use besides AEM (agri-environmental management) and afforestation aid, the third area-based EU subsidy which had already been operating during the NRDP which supported the agricultural payments during the first EU cycle of the country (2004-2006). The farmers working on the assigned LFAs¹⁰, if they participate in the program, are obliged to maintain the “good agricultural and environmental state” (1782/2003/EC regulation, Annex 4). The related extra costs and income losses are compensated by the European Union. The farmers in Nógrád county received altogether 101,9 million HUF altogether during the seven-year cycle as LFA subsidy, which is the lowest amount among the area-based compensatory allowances, therefore it is regarded the least popular measure in this group. The highest amount of subsidy (31,64 million HUF) was transferred for 76 awarded projects in 2013, the year which closed the cycle. It is very promising in respect to the next cycle compared to the drastically declining tendering intensity in the

⁹ Hungary did not apply the measure titled „Compensatory payments for farmers living in less favoured mountain areas” (code 211) in the NHRDP.

¹⁰ In Hungary, the designated LFAs make up 14% (888558 ha) of the agriculturally utilised areas. The designation is made on the basis of conditions laid down in 1257/1999 EC regulations, sections 19 and 20. (NHRDP, 2007)

2010, 2011 and 2012 years (65-45-26 respectively). The highest allowances were given year by year to the farmers of Pásztó and Bátonyterenye sub-regions, although it happened in three years (2009, 2012, 2013) that the number of awarded requests in the Salgótarján sub-region was higher than both of the above mentioned sub-regions. It was probably due to the fact that farmers cultivate larger LFAs in these two sub-regions. Many farmers indicated in the beneficiary questionnaire of ex-post evaluation of NRDP (2009) that the size of compensation did not really mitigate the income losses caused by the disadvantages of the farming area and it is further worsened by the withdrawal of more intensive cultures (winter-spring wheat, maize, sunflower, potato, etc) from subsidies. This situation may radically change if the EU modifies the methodology of LFA definition by the introduction of the budget cycle 2014-2020. It may also result positive changes in respect to the group of crops produced and degree of compensatory allowances. The Annual Report of 2005 contains data regarding the LFA payments of NRDP (code D1) only about the North-Hungarian region. During 2006-2007, altogether 10,38 million HUF compensation was paid to the farmers participating in the program, which is 10,2% of the total payments during the period of NHRDP.

Those dealing with forestry during the cycle could use five times higher grant (531,9 million HUF) than LFA allowances for afforesting their less valuable agricultural areas and could request forest management, forest environmental protection or forest restructuring, restoring subsidies in Nógrád county. The peak year of measures connected with afforestation was 2010 at county level (141,3 million HUF). The subsidies per year, however, were not balanced (like the number of awarded projects was also fluctuating year by year), the increase compared to the previous year was always followed by a decline in the next year. This year-by-year undulating tendency could be observed in respect to the amount of grants provided for all the sub-regions of the county and the number of awarded project proposals, too. The winners of afforestation in the cycle were the sub-regions of Balassagyarmat (177,2 million HUF, 112 awarded projects) and Rétság (169,1 million HUF, 68 awarded projects). They were followed far behind by Szécsény sub-region (88 million HUF, 11 awarded projects). Examining, however, the average subsidy per one awarded application, the farmers of Balassagyarmat sub-region received only the fifth of nominal value of payments, compared to the farmers of Szécsény sub-region, who are only in the third place. It leads to the conclusion that the awarded farmers of Szécsény sub-region manage five times larger forest areas on average than the applicants who were subsidized in Balassagyarmat sub-region. As regards the term of NRDP, only regional data are available concerning the

afforestation of agricultural areas (code B1), and county-level payments cannot be calculated.

The main objective of AEM is supporting the sustainable development of rural areas by decreasing the environmental load of agricultural origin and extending environmentally friendly farming practices (e.g. fertilizer and pesticide use). The farmers should exceed the EU and national minimum requirements of proper farming for minimum five years on voluntary basis (in case of some target programs, like e.g. shifting from field crop farming to grassland management, for 10 years). Moreover, they should participate in training programs organised by the competent agricultural ministry at least twice during the period of the program. The annual area-based payments serve the compensation of extra costs and income losses in connection with AEM. It can be clearly declared about the measure that it is absolutely in the first places among the rural development programs of axes 2-4 – affecting rural tourism – both regarding the number of awarded applications (1184), and the size of grants (3400 million HUF). In respect to payment, the strongest year in the county was 2012 (1007 million HUF), followed by the lowest level in cycle-closing 2013 (480,8 million HUF). Lower amount of subsidy (379,36 million HUF) was paid actually only in the first year of allowances (2008). 2012 was the peak year in respect to payments, but it was less strong concerning the number of awarded applications (192), because even the two starting years (2008, 2009) considerably surpassed it. It may seem contradictory that the tendering intensity was the highest in 2008 with altogether 284 awarded applications, when otherwise the lowest payment was provided. It may be due to the trend that following an early enthusiasm, the number of farmers who undertook the stricter regulations of environmentally conscious farming is gradually declining, but they involve increasing areas in environmentally friendly farming. The tendency is the same in sub-region of Balassagyarmat (960,7 million HUF) which received the highest amount, Pásztó (774,5 million HUF), and Rétság (510 million HUF) as well. The ex-post evaluation of NRDP (2009) also underlines that farmers submitted the highest number of awarded proposals in the frames of AEM even during the previous cycle and received the highest subsidies compared to the LFA and afforestation compensatory payments. There is not any regional AEM payment data (code A1) for 2005 from the period of NRDP. In 2006-2007, the farmers of the county received 1327 million HUF as compensation subsidy, which is 39% of AEM allowances paid during the period of NHRDP.

The implementation of Natura 2000 nature protection scheme – which was enabled by the CAP of 2003 – concerns all the EU member states. The habitat protection scheme of wild plants and animals concerns 21% (1,9 million ha) of the territory of Hungary, including areas under agricultural

cultivation (arable land, grassland, forests) which were not protected earlier. The farmers registered in the program of biodiversity preservation must meet the farming conditions prescribed in the national regulation¹¹ and participate in Natura 2000 training programme. Those who comply with the regulations are met, will receive the compensation payment automatically. The Natura 2000 payments are the first area-based compensatory allowances which were introduced by the NHRDP as completely new from 2009 compared to the rural development program of the previous EU cycle. At county level, this measure provided 231,3 million HUF to support the protection of habitat of plant and animal species living in Natura 2000 areas by implementing careful farming practices undertaken by the participating farmers. The amount of Natura 2000 payments and number of awarded applications is permanently increasing year by year both at county level and sub-region level. The payment record (196 million HUF) made up about 85% of the total allowances paid. Major part of this latter amount (164,2 million HUF) was resulted by the “Natura 2000 Forest” subprogram introduced in the last year. 4 applicants of Pásztó sub-region received 116,7 million HUF under this title. It is half of the county-level Natura 2000 allowances, which was given to these four applicants out of the 190 awarded applications. Out of Natura 2000 payments, considerable amounts were given during the NHRDP period at sub-region level to Pásztó sub-region (125,7 million HUF) and well behind, the Balassagyarmat sub-region (60,3 million HUF).

There is a fifth compensatory allowance among the measures of axis 2, with which the EU intended to encourage a specific version of animal husbandry. In the frames of measure “**Preservation of genetical stock of native and endangered agricultural livestock in breeding**” (code 214B), the livestock farmers keeping agricultural animal species with rare or valuable inheritable features – as laid down in national regulation¹² - undertake on voluntary basis the breeding of registered female animals for five years under original breeding and foraging conditions. The livestock farming complying with the regulations of breeding organisation can be made with gene conservation or species maintenance purposes. In the former case, the matching plans defined in the breeding program have a great role. They also supply the meat market with valuable raw material by breeding the pure-bred stock under appropriate livestock farming conditions. The measure was implemented in the last three years of the NHRDP (2011-2013). The amount of allowance was 36,45 million HUF, which does not seem to be

¹¹ 275/2004 (X.8) government decree about the nature protection areas of European Community importance

¹² 4/2007 (I.18.) FVM-KvVM common decree about defining protected native agricultural animal species and endangered agricultural animal species, Annexes 1 and 2.

significant but it serves the enrichment of agri- or farm tourism supply, one of the special areas of rural tourism. The allowances of the measure and the application intensity (10 then 9 and 8 awarded applications) at county level show a gradual decline in three years. At sub-region level, most of the allowances (13,5 million HUF and 13 million HUF) were given to 9 breeders of Salgótarján sub-region and 2 breeders of Balassagyarmat sub-region. Only Szécsény sub-region was left out, there were not any awarded applications during this period.

In the frames of Axes 2, the farmers affected by AEM and Natura 2000 allowances or working on high nature farmland have the possibility to apply for **“Subsidy provided for non-producing investments”** (code 216). Grants could be obtained with 100% rate funding (up to a limited maximum amount) for investments (e.g. shelterbelts alley, hedges, grassy balks, insect domiciling mounds, grassing with environmental and nature protection purposes, fences made of wood and bird protection equipment) which improve the public welfare value, variety of species, environmental state and, consequently, the touristic attraction of the mentioned areas. The measure was introduced in the last two years of the application period and contributed with 27,8 million HUF at county level to improving the natural and landscape value of ecological areas. In the frames of the measure, the sub-regions of Salgótarján and Rétság received 15,4 million and 12,4 million HUF subsidies with 9 and 2 awarded applications respectively.

The measure entitled **“Supporting the compliance with environmental protection, animal welfare and hygiene regulations of the European Union”** (code A2) started during the period of NRDP, but it was not introduced in the frames of NHRDP. The payments of NRDP (similarly to the LFA, AEM and afforestation allowances) continued into the beginning of NHRDP period. Therefore the payments in the frames of the measure concerned the years 2008 and 2009 in outgoing nature. It is worth mentioning, because these payments in these two years contributed to the improvement of touristic attraction of the county to a greater extent (64,8 million HUF) than the amounts provided for “Preserving the genetical stock of ancient and endangered agricultural animal species in breeding” and “Subsidy provided for non-producing investments”. In the frames of the measure, investment support could be applied for three years and income supplement for five years per breeding place. This latter could be requested only for extra costs due to the reconstructions in connection with places for animal species determined by the EU or for compensating the loss of income. The investment costs of livestock farmers were supported with EU funds for the following two reasons: environmental protection (creating appropriate manure treating conditions in nitrate sensitive areas) and animal welfare or hygiene objectives (e.g. barn floor, micro climate, safe placement,

breeding and foraging technology, ensuring accommodation capacity). The measure reducing the environmental pollution caused by livestock farming and aiming to improve animal health and welfare is a basic element of operating farm tourism within properly sustainable and high quality framework. During the two years of funding, the highest subsidy was given to the livestock farmers of Szécsény sub-region (19,9 million HUF, 13 awarded applications), followed by beneficiaries of Balassagyarmat sub-region (15,1 million HUF) and Pásztó (14,67 million HUF) with 10 and 9 awarded requests respectively. The Annual Report contains data for the first payment year of NRDP (2005) only in respect to North Hungary. Livestock farmers undertaking to observe the EU regulations received 78,58 million HUF as investment and compensatory allowance which exceeds the amount of subsidies paid during the three years of NHRDP.

The development of rural (village) tourism was enhanced the most indirectly within the NHRDP by the measures of **Axis 3** (“Quality of rural life and diversification of rural economy”). It is typical for all the measures of the axis that the applications were announced only for the settlements with less than 5000 inhabitants and less than 100 person/ km² population density. The measure “**Encouraging touristic activities**” (code 313) should be highlighted first in respect to tourism development. In the frames of this, individuals, registered micro, small and medium-scale enterprises (45-50% community funding rate), municipalities and their associations, churches, non-profit organisations (100% funding rate) could apply for support to create, expand or renovate high-quality non-commercial accommodation places connected with rural or youth tourism. Moreover, it is also possible to launch or develop – apart from accommodation services – high-level, complex agri- and ecotouristic services (e.g. seasonal agri-, horse and fishing tourism services, services based on local cultural and gastronomy heritage). The basis of distinguishing the measure from the NHROP is that the Axis 3 of NHRDP finances only the development of non-commercial accommodation and related services, separated from commercial accommodation. The measure – compared to other measures of axis 3 – brought the lowest development funds in nominal value for the county, except for Farm Bus services. Comparing it, however, to the measures of Axis 2, discussed above – and apart from the absolute winner AEM payments – it can be concluded that the amount spent on investments is not negligible, it is its amount (517,23 million HUF) is rather close to the fund-demanding afforestation. The first payments were made in 2010, then in the following years, both the allowances and the number of awarded applications rose sharply. This permanently increasing dynamics could be maintained only by the LEADER measures of axis 4 until the end of the payment period. The highest amount of subsidy (127,2 million HUF) and the highest number

of subsidised projects (15 pcs) in the frames of tourism-enhancing measures were owned by Pásztó sub-region. The greatest winners of touristic payments in this sub-region were two private entrepreneurs (Kozárd) and three corporate enterprises (centre in Vanyarc, Garáb and Pásztó). The two individuals could use 23,5 and 18,1 million HUF through 3 and 2 supported projects, while the enterprises had 1 or 2 successful applications and received 24,68, as well as 28 and 18,76 million HUF respectively to develop village accommodation and touristic services. A horse and fishing touristic association from the Bátonyterenye sub-region (Nagykeresztúr) submitted successful application in three consecutive years. With the help of 101,23 million HUF, they could realise touristic supply expansion in the highest value during the term of NHRDP. In Szécsény sub-region - which can be ranked the third in terms of subsidy received (92,57 million HUF), an individual and a horse-tourism enterprise (both in Ludányhalászi) successfully applied twice consecutively and received 18,37 and 41,54 million HUF grants for tourism development. A corporate enterprise in Salgótarján sub-region (Karancslapujtő) was awarded 26,87 million HUF, a touristic enterprise in Balassagyarmat sub-region (Cserhátsurány) received 42 million HUF and a rural development enterprise in Rétság (Bánk) used 20,4 million HUF subsidy to implement considerable touristic development projects, one each. The awarded applications not mentioned here (mostly in value of some million to 10 million HUF) enabled the realisation of some smaller-scale investments.

The measure titled “**Basic services provided for rural economy and inhabitants**” (code 321) can also be separated from Regional Operative Programs. The ROPs (like NHRDP) supported the basic services provided compulsorily by the municipalities (such as education, health services, social and lined infrastructure) in all the settlements (towns and villages) while the non-compulsory public services (like e.g. the one- and multifunction service centres) were supported only in the urban areas (population >5000 persons and/or population density >100 person/km²). The non-compulsory public services out of urban environment were financed by NHRDP. The measures offered subsidies to set up **multifunction service centres** and **farm bus services** (100% funding rate, with fixed upper limit).

The main objective of multifunction service centres set up within one facility is to extend the services available in the rural areas (e.g. administration, commercial, communication, cultural, recreation, additional health and social services) and to improve their quality because these can substantially contribute to the improvement of life quality of rural people and to increase the population retaining ability of the countryside. The measure has a special positive feature, too: besides the exclusive inner renovation and alteration of a building or building group it also supported the development

of infrastructure (e.g. internet access) required for providing the services, as well as the related landscaping and park construction, human resource development, engineering and consulting fees in connection with the project. Due to the investments supported between 2010 and 2013 (in a total amount of 706,5 million HUF) the group and level of services used by not only the inhabitants, but the transit or staying visitors and tourists, increased and improved considerably in 42 settlements of the county. The NHRDP also suggested to set up special touristic information points in the more frequently visited villages. Due to services enhancing the cultural life, recreation and sports activities of the local inhabitants, the “local tourism” as suggested by Lengyel (2004). The most expensive service development (261,3 million HUF) which also improved the life quality was carried out in 13 settlements of Salgótarján sub-region. Well behind it, the next ones are the sub-regions of Bátorfőnyék and Rétság, each with 7 awarded settlements (142,2 and 101,4 million HUF). The share of settlements from subsidies is rather diverse: there are awarded applications from 1 million HUF until up to 52 million HUF. In general it can be concluded that there is at least one investment in each sub-region (even 2 in sub-region of Salgótarján and Szécsény) in case of which the investment value per facility reaches 40 million HUF or more. The number of investments requiring ten millions of HUF (100% community funding rate with upper limit) indicates that the cost claims of building and service-infrastructure investments are very high.

Farm bus lines create or improve the access to public services for the inhabitants of underprivileged small settlements, outskirts, homesteads, where there are no services. Thus the isolation of the area can be eased and the binds of the youth to the countryside can be strengthened. This farm bus service ensuring accessibility of disadvantaged small settlements and their connection to the region was successfully used by 57 settlements in the county (altogether 430 million HUF in 2009 and 2010), the most cases were seen in sub-regions of Balassagyarmat (14), Pásztó (12), Szécsény (10) and Rétság (10).

The measure of “**village reconstruction and development**” (code 322) improves the touristic appeal of the settlements, the living standards of residents and moderates the emigration from the rural areas. (The reconstruction of the urban areas is implemented with the help of Regional Operative Programs.) The subsidy with 100% rate community funding could be utilised by municipalities, their associations, civil organisations and other associations for the following purposes: exclusively exterior renovation of landmark buildings, which are not protected and serve community and business purposes (such e.g. in case of multifunction service centres, because only interior renovations could be implemented in the frames of the previous measure) small-scale infrastructure developments which improve the image

of the village (e.g. parks, recreation areas, walkways, other public areas - except for reconstruction of roads, sidewalks and drainage, this latter one from NHROP), creating new market places, upgrading the current ones according to the valid legal regulations (aim: to market the local products) or creating playgrounds. Due to the high funding needs of the above mentioned facility-infrastructure investments, it can be declared that out of the measures of Axis 3, it was the second to the creation of multifunction service centres in terms of grant amount (650,4 million HUF) with the highest tendering activity (71 supported projects). The peak year of payments and number of awarded applications was 2012 (262,2 million HUF, 34 supported projects). The highest share from the payments (41%, 269,33 million HUF) went to the 24 village development programs initiated by the sub-region of Salgótarján. It was followed well behind by the sub-regions of Balassagyarmat and Rétság with the attraction development in an amount of 116,47 and 95,23 million HUF. Reviewing the amount provided for reconstruction per village, the share of applications supported by a substantial amount, that is more than 10 million HUF also exactly corresponds with the order. 15 applications were supported with more than 10 million HUF in sub-region of Salgótarján, 5 in Balassagyarmat, 3 in Rétság, 2 in Bánytereny, and only 1 in Szécsény and Pásztó sub-region each. Moreover, in case of 2 villages (Karancsság and Karancslapujtó) in Salgótarján sub-region, the grant was more than 30 million HUF, while there was one village (Dejtár) in Balassagyarmat sub-region which got a payment above 20 million HUF. Out of 71 supported projects, 7 were initiated by churches, 6 by civil organisations connected with the village (e.g. association, foundation), and the major part went on under the supervision of municipalities. Besides, there were villages in all the sub-regions which got more (2 or 3) supported village development projects: there were 6 such villages in sub-region of Salgótarján, 3 in Pásztó, 2 in Rétság, and one in Balassagyarmat, Bánytereny and Szécsény each, during the four years of payments..

The measure for **“Preserving cultural heritage”** (code 323) further improved -compared to the previous measure - the touristic attraction of settlements by renovating the protected built, natural and cultural heritages (100% rate community funding). It was really suitable for developing the local identity of residents. The supported areas include on the one hand the investments aiming the development of cultural heritage, e.g. interior and exterior refurbishment of locally protected buildings, the related environmental elements, improvement of green areas, building promenades, enabling the exhibition of local folklore, folk art and cultural values. Besides, the elaboration of plans and studies connected with the reconstruction or maintenance also belonged to this category. The other part of the measure

was the development of natural heritage, such as restoration of natural and historical landscape and landscape elements, improving the environment of areas and waters under nature protection, ensuring selective waste collection and management, etc. Similarly to the measure which aimed village development, the grants in this category also concerned the last four years of NHRDP, but the total amount of grants (613,5 million HUF) was slightly behind, while the tendering activity (40 supported projects) are well behind it. In nominal value, the highest amount of heritage protection investments were implemented in sub-region of Balassagyarmat (179,25 million HUF, 13 supported projects). Much less development aid was given to the villages of the next sub-regions, Salgótarján (115,4 million HUF, 5 paid projects) and Szécsény (108 million HUF, 9 supported projects). Out of the 40 awarded projects only 11 were connected with municipalities, 25 were submitted by churches and 4 by civil organisations (associations, foundations). It leads to the conclusion that the highest subsidies were used primarily for the reconstruction of Roman Catholic and Lutheran church buildings under historic registry. In respect to this measure it is justified to consider the investments above 15 million HUF because the renovation of monuments demands higher costs than a general village reconstruction or development. There were 3 investments in each of the sub-regions of Balassagyarmat, Salgótarján and Szécsény, 2 in Pásztó and 1 in Bátorterenyé and Rétság each, in an amount above 15 million HUF. There was at least one settlement in each sub-region which successfully applied more (2 or 3) times in the heritage protection tenders: there were 5 such settlements in sub-region of Balassagyarmat, 4 in Szécsény, and 1 in Salgótarján, Bátorterenyé, Pásztó and Rétság sub-regions. Due to the higher funding needs of monument reconstructions, there were some renovations where more than 30 million HUF was spent (Bercel – Balassagyarmat sub-region, Cered – Salgótarján sub-region), even more than 40 million HUF (Sámsonháza in Bátorterenyé, Egyházasdengeleg in Pásztó and Kazár in Salgótarján sub-region).

The LEADER measures in **Axis 4** (“Implementation of LEADER¹³ approach) follow the whole payment period of NHRDP. Comparing some of the measures of axes 2-4 it can be concluded that the payments of LEADER measures (1413 million HUF) meant the second highest amount of subsidies for Nógrád county – after the grants from AEM – which affected positively, although not always directly, the tourism in the region. The grants and the number of supported applications increased gradually year by year during this period. The most dynamic growth of cumulated LEADER subsidies was reached during 2008-2009 (+144%) and in 2011-2012 (+101%). The number

¹³ „Liaison Entre Actions de Développement de l’ Economie Rurale”: Community Initiative for the Development of Rural Economy

of supported projects increased the most intensively in 2010-2011 (+158%) and in 2011-2012 (+235%). The highest LEADER grant was awarded to sub-region of Salgótarján (426,6 million HUF), followed far behind by Balassagyarmat (336 million HUF) and Pásztó (317 million HUF). The amount of supported LEADER projects (272 pcs) was substantially higher than the tendering activity connected with the measures of axis 3. The number of supported applications was overtaken only by the most popular measures of axis 2 (AEM, afforestation, LFA). Therefore it is worth analysing all the measures connected with axis 4 in detail, from the aspect of Nógrád county, of course.

The foundation of measures of axis 4 was started with the last measures of axis 3 titled **“Acquiring skills, encouragement, implementation”** (code 341). The beneficiaries of the measure were the Local Rural Development Offices (hereinafter the ‘LRDO’) set up at statistical sub-region level, which enhanced the establishment and financing of potential LEADER Local Action Groups (hereinafter the ‘LAG’) and Local Rural Development Communities (hereinafter the ‘LRDC’) which operate out of LEADER. Besides, the LRDOs also assisted the potential LEADER LAGs and LRDCs in the elaboration of local rural development plans, which are actually the strategies of municipalities, enterprises and civil organisations in respect to axes of NHRDP. These strategies enable the local stakeholders of public and private sphere to plan and implement the cooperative rural development projects of settlements belonging to the area of LEADER sub-region. The measure assisting the establishment and operation of LRDOs received 100% community funding. Settlements with less than 10 thousand inhabitants and lower than 120 persons/ km² population density can be involved in the foundation of LAGs. The number of total inhabitants belonging to one LAG should be between 5 thousand and 100 thousand persons, according to the Hungarian rural relations. This LEADER measure resulted 117,68 million HUF for Nógrád county, out of which the sub-region of Salgótarján received the greatest share: each of 2 civil organisations submitted 3 proposals and thus they could implement bottom-up rural development programs in an amount of 45,44 million HUF. The multi-purpose sub-regional association of Bátorfőszék sub-region was the next with 24,1 million HUF (3 supported applications), then an agricultural enterprise from sub-region of Balassagyarmat with a grant of 17,8 million HUF (2 awarded projects).

The measure titled **“Implementation of local development strategies”** of axis 4 could be realized in three areas: competitiveness (code 411), environmental/land management (code 412) and life quality/diversification (code 413). All the applications could be integrated into the framework of LEADER strategy which aimed to implement

measures belonging to the axes 1-3 of NHRDP. The degree of support is the same as the support ratio of related measures of the given axis. Out of the measures of axes 4, the implementation of local rural development strategies contributed to the rural development activities LAGs with the highest amount (664,5 million HUF, 47% of LEADER-type grants) and the highest number of awarded projects (180 pcs, 66% of all the LEADER-type supported projects). At sub-regional level, similarly to the previous LEADER-type measure, the sub-region of Salgótarján is the first (175 million HUF, 42 supported applications), closely followed by the rural development associations of Pásztó sub-region (167,3 million HUF, 43 supported projects). Well behind them, there is the third big winner of LEADER tenders, the sub-region of Balassagyarmat (117,2 million HUF, 30 implemented projects).

The projects of measure titled “**Inter-regional and international cooperation**” (code 421) could be implemented at three levels: within the country, at EU level or with LEADER-like groups of non-EU countries. It is important, that at least one of the cooperating partners should be an operating LAG. The main objective was to support the national and international efforts to cooperate, the possible areas and actions of which (e.g. exchange of experiences, setting up joint organisations, activities in respect to measures of axes 1-3 prepared and implemented in cooperation, etc.) should be indicated in LEADER strategy. These LAG-level cooperations did not evoke too significant activity among the associations of the county. It is reflected in the small amount of grants (36,4 million HUF) compared to other LEADER measures and the 44 supported projects which can be regarded low in terms of LEADER.

The measure titled “**Operating local action group, acquiring skills, vitalizing the region**” (code 431) served to support the operational costs connected with the efficient implementation of local rural development strategies. Activities, like for example, preparing studies about the given area, training the leaders of LAGs, representing the LAG at different events or supporting the development of projects for the implementation of LEADER strategy belong to this measure. During the four grant years of the measure (2009-2012), four Local Action Groups received substantial amounts for successful operation of their activities: Ipoly-Menti Palócok Regional Development Association (sub-region of Balassagyarmat, 101,7 million HUF), 36 J6 Palóc Non-Profit Association (sub-region of Salgótarján, 99,6 million HUF), Cserhátalja Leader Nonprofit Ltd. (sub-region of Pásztó, 56 million HUF) and the Duna-Ipoly Cross-Border Cooperation Local Community Non-Profit Association (sub-region of Rétság, 21,2 million HUF). The payments reached their peak in 2011 – amounting to 20-40 million HUF – then considerably declined in 2012, the last grant year.

Summary (of the two parts)

During the 10 years (2004-2013) of two EU budget cycles, the tourism of Nógrád county received altogether 72222 millió HUF¹⁴ *regional and rural development* subsidies through a total number of 2812 payments (Table 4 and 5). In respect to the 202427 inhabitants of the county it means an average of 0,357 million HUF¹⁵ grant per each inhabitant. (Lenkovics, B. and Kalmárné Rimóczi, Cs. and Vinkler Béláné 2014)

Table 4 Share (million HUF) of Nógrád county tourism from the subsidies transferred in the first ten years of EU membership (2004-2013) per sub-regions

Sub-region	NDP	NHDP	NHRDP	Sub-region total	Number of inhabitants	Subsidy per one citizen
Rétság	544,1	22617	1266,6	24427,7	24395	1
Pásztó	122,5	6712,4	1783,1	8618,1	31729	0,271
Balassagyarmat	750,1	3409,6	2106,4	6266,1	40326	0,155
Salgótarján	1296,3	7809	1815,1	10920,3	62766	0,174
Bátonyterenye	925,6	3207,3	566	4699	24084	0,195
Szécsény	77,1	16025,7	1188	17290,7	19127	0,904
Total county	3715,8	59781	8725,1	72221,8	202427	0,357

Source: own work on the basis of palyazat.gov.hu, mvh.gov.hu and ksh.hu

Table 5: Number of applications affecting the tourism in Nógrád county per sub-regions, in the first ten years of EU membership (2004-2013)

Sub-region	NDP	NHDP	NHRDP	Total sub-region
Rétság	3	24	414	441
Pásztó	64	20	484	568
Balassagyarmat	2	28	557	587
Salgótarján	28	41	557	626
Bátonyterenye	8	9	221	238
Szécsény	4	20	328	358
County total	109	142	2561	2812

Source: own work on the basis of palyazat.gov.hu and mvh.gov.hu

The highest amount of subsidies (24427 million HUF) in the frames of programs and measures of New Development Plan (NDP), New Hungary Development Plan (NHDP) and NHRDP¹⁶ was provided for the sub-region of Rétság. The second and third in rank are the sub-regions of Szécsény

¹⁴ 73638 million HUF together with the county-level data of NRDP

¹⁵ 0,363 million HUF together with the data of NRDP available at county level

¹⁶ As regards NRDP, there are no sub-region-level data available. At county level, altogether 1416 million HUF (Table 1) was paid in the frames of LFA, AEM and "Complying with the environmental protection, animal welfare and hygienic regulations of the European Union" (in respect to afforestation, data could be found only about the North-Hungarian region)

(17291 million HUF) and Salgótarján (10920 million HUF) with almost the same lag behind the previous in rank. The leading position of all the three sub-regions is due mostly to the extremely high grants (22617 million HUF, 16025,7 million HUF, 7809 million HUF) from the projects of NHDP. These amounts were rather high owing to the high funding need of NHROP 5.1.1 projects which aimed the improvement of road accessibility (infrastructure). Examining the nominal value of grants, it can be concluded that the operative programs of NHDP contributed the most (82,7%) to the improvement of tourism of Nógrád, both at county and sub-regional level. The rural development (NHRDP) grants approached NHDP grants mostly in the sub-region of Balassagyarmat. As regards the number of supported projects, due to the popularity of rural development measures, the order of the first three winners is different from the previous one: Salgótarján (626 pcs), Balassagyarmat (587 pcs) and Pásztó (568 pcs).

Considering the grants per one inhabitant, the highest amount was given to sub-region of Rétság (one million HUF), followed by the sub-region of Szécsény (0,904 million HUF) listed among the most disadvantaged sub-regions. The next is sub-region of Pásztó (0,271 million HUF) which belongs to disadvantaged category. It is well behind the county average of grant per head (0,357 million HUF). Although in nominal value, the third highest development fund was given to the sub-region of Salgótarján – which is also among the most disadvantaged sub-regions – but is the penult in regards to the grant per head (0,174 million HUF) due to the high number of population and high population density. The sub-region of Bátorfőnyeregyesi with the second lowest number of inhabitants - and in the most disadvantaged position which should be converged with complex programs - received the lowest amount of subsidy at county level (4699 million HUF) and the lowest tendering activity could be observed here. One of the main reasons of low tendering activity is that the municipalities, churches, organisations and enterprises having small amounts for own contribution can apply only for the projects with 90-100% funding rate.

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