

SUSTAINABILITY OF ACQUIRED CAPACITIES
A Case Study of a Development Program in Northern
Hungary

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Introduction

The objective of this paper is to connect the experiences and results in the field of community development, capacity building and economic development of a social and economic development program ran by the United Nations Development Programme (UNDP) in the geographic region of the Cserehát in Northern Hungary, and the social capital literature which carved out a prominent position in both social and economic sciences since the beginning of the 1990s. In parallel to the identification of what role social capital has and what aspects of it are involved in development in general and the program in particular, our attention will focus on the sustainability of the acquired new or reinforced capacities. Sustainability means whether the capacities can be leveraged by the subjects of the program after its end, thus once the UNDP's agency is over.

To begin with, social capital's operability in the discipline of development will be introduced through the work of researchers and practitioners from both the social scientific and the economics fields. In its two extreme approaches relevant to development, social capital ranges from being a missing link in the elevation of the under-developed to being a catch-all term of no real theoretical and practical value. Somewhere between these two extremes lies the truth, which requires the conception of the complexity inherent to social existence and its translation to the development practice. Some authors attempted to reflect on the complexity inherent in the nature of social capital as a linking pin between the social and economic layers of our lives having effects on all levels of social existence: macro and micro (Halpern, 2005; Shuller et al., 2000; the World Bank's concept). From this perspective it is a term that

bodes well with the multifaceted nature of development concerned with the change of the social reality for the better, ideally again on all levels of our existence.

The Cserehát program is a good case in point to study this complexity, because it is based on a methodology that set out to address in an area-based manner individual or group-related social and economic problems that add up to result in the underdevelopment of the region. It relies on an integrated scheme of development, where the subjects are in fact the ones establishing the roots of their development activities and in so doing acquire the capacities that have the potential to sustain their path of integration into Hungarian and European social and economic existence. European integration is underlined, because the principle aim of the program is to render different actors (local governments, civil society organizations, entrepreneurs) of the region capable of applying for funds devised by the European Union under its five operative programs. This macro level objective is pitched with many obstacles as we move closer to the micro level, where the facilitators of the UNDP program operated for 2 years. Ten coaches nurtured the capacities of the local actors in 117 settlements comprising 91 000 inhabitants. Different settlements had different needs, which the coaches promoted differently in the 10 micro-regions delineated by the program direction. Although economic development through project elaboration and management was the primary focus of the program, following an integrated development scheme, the coaches in each micro region had to reach down to the roots of each community's or group's problems in order to make them capable of assessing their needs, think of viable solutions to these and engage in fruitful partnerships to apply for funds and carry out anything planned. In all of these phases all three types of social capital: bonding, bridging and linking ones were of paramount importance to

achieve the cooperation between the parties interested and needed for development to be effective.

Based on the account of 7 out of 10 coaches' experience in catalyzing the different actors in their micro regions and the assessment of the objectives and evaluation of the program's direction, the present paper will add to the practical knowledge of social capital's role in development in one context which is the Hungarian one and more precisely that of the Cserehát: its settlements' and, at the grass root level, that of all the people who acquired capacities through the program. The jargon used will be that of the international literature reviewed in the beginning of the paper, while a short contextual frame of the wider Hungarian social and economic situation will be set up to effectively locate the program. The assessment of the sustainability of the different types of social capital will be addressed alongside their analysis. The analysis of the Cserehát program will consist of comparing the strategies and the actual implementation of those based on secondary sources and most importantly the interviews conducted. Whenever possible lessons will be drawn for both social capital development on a program level and arrangements of sustainability of capacities acquired.

Social Capital and development

The literature of social capital is wide-ranging due to the concept's malleability. The part of the international literature that will be reviewed in the following serves the purpose of relating social capital and development in general and show that social capital has a stake in bringing about positive development outcomes. For this we will start by a general overview of the term, then we will establish the link between social

capital and development and review some aspects of how social capital can be developed in practice to serve development purposes.

Social capital has many definitions depending on the discipline where it is applied. Therefore our aim is not to find the best one, but rather to list a few that correspond well to the objectives specified above. Overall, as Edwards suggests, we will “be clear on what is it we are studying in the social capital debate, and get on with it” (2006, p. 97). The concept went through many shifts and add-ons through the present day. The most accepted founding fathers of contemporary social capital are Pierre Bourdieu, James Coleman and Robert Putnam. In parallel to these we will see other authors who introduced important aspects to the literature such as Francis Fukuyama, or the experts contributing to the Social Capital Initiative of the World Bank that will bring us closer to its practical implementation.

Bourdieu examined the ways in which closed elite groups reproduced their privileges through contacts and thus established “social capital as a field of study” (Schuller et al., 2000, p. 5). James Coleman’s relevance amounts to liberating social capital from its high-society confinement, introducing the hierarchical dimension of social networks to complement horizontal ones (Grootaert, 1998, p. 3), and making social relations an instrument that can be leveraged as a resource for individual or collective advancement in economic terms. However, he emphasized that the creation of such capital is unintentional and is mainly the by-product of strong group ties with other purposes such as family and school socialization - this latter was the primary focus of his study, which is again a somewhat limited circle within society not representative of it in its entirety. His critics point to his overemphasizing of strong ties (or bonding social capital) to the detriment of weaker associations across social groupings (or

bridging social capital). High bonding and low bridging social capital within a group or community have been later associated with negative, exclusive effects of social capital such as “amoral familism” (Schuller et al. quoting Kolankiewicz, p. 8) and clientelism (ibid). The exclusion of bridging social capital is also problematic, because it is lately accepted as the token for social achievements like professional careers and reputation (de Souza Briggs quoted by Putnam, 2000, p. 23) requiring the creation of a “broader identity” and reciprocity compared to bonding social capital, which is rather “bolstering the narrower self” (Putnam, 2000, p. 23). Economic benefits can be created through strong ties as well, but only for the members of groupings organized according to kinship, ethnicity and based on other strong identities (ibid.), a priori excluding other groups. Nevertheless the two types of capital are not exclusive, rather they enforce one another creating more social opportunities when both are abundant (ibid.; Halpern, 2005, p. 21). These last remarks bring us to the third founding father of social capital, Robert Putnam whose seminal work on regional government in Italy appeared in 1993, and injected social capital “into the mainstream political discourse” (Schuller et al, 2000, p. 8). Putnam’s concept of social capital itself went through a refinement from the 1990s up to his examination of the United States’ stock of social capital in 2000.

In this latter work he arrived at defining social capital as “connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them” (Putnam, 2000, p. 19). He acknowledges that social groupings with all these features, termed as “civic virtues”, are able to affect the productivity of both individuals and groups, and warns that “virtuous” but dissociated individuals and

groups “are not necessarily rich in social capital” (ibid.). It is also here that he defines the two functional types of social capital, bonding and bridging as presented above. Moving away from his previous thesis (of 1993), he also admits that social capital could have negative consequences, such as portrayed in the workings of the Mafia (ibid.) or elsewhere in the rise of the Nazi party in post World War I Germany (Krishna, 2002, p. 25). With the introduction of general reciprocity and trustworthiness he also seems to relax the assumption of path dependency somewhat – a critique of his earlier work -, which posits that culture, norms and values are practically unchangeable and predestine social groupings – in our case – for certain economic performance. Generalized reciprocity means ‘doing something for others and not expecting a return from that person, but from another down the road’, and he also asserts that “trustworthiness lubricates social life” (Putnam, 2000, p. 21) – both elements of social capital are related to bridging between heterogeneous persons or groups, which foresees an easier production of social capital as if looking for the transformation of bonding (changing patterns of family, ethnic, etc.) ties.

Francis Fukuyama is another author often quoted in relation to social capital and especially to the theory of path dependency, as he and Putnam were both considered proponents of social capital based on shared values and norms that develop on a historical continuum and should be considered as given characteristics against which to measure performance economic or otherwise (Triglia, 2001, p. 13). They are both praising the beneficial effects of cooperation within communities, which in the reading of Fukuyama is a matter of the above-mentioned shared norms and values and the ability

to subordinate individual interests to those of larger groups. Out of such values comes trust, and trust [...] has a large and measurable economic value. (1995, p. 10)

Consequently, in Fukuyama's view, it is no less than the well-being of nations that depends on the level of trust inherent in society which is a "pervasive cultural characteristic" (ibid., p. 7).

The World Bank had an important role in looking for the ways of translating the rather dispersed threads of theory of social capital into practice of development. The direction of their Social Capital Initiative launched in 1998 considered social capital as "the glue that holds societies together and without which there can be no economic growth or human well-being" (Grootaert, 1998, Foreword). The third paper in a series of 24 explores whether social capital could be the missing link that economists and development experts have been looking for to explain the differences in the level of economic development of different regions of the world. The author reaches out to the theories of Coleman and Putnam and complements them with the work of 'new institutionalists' lead by the work of Douglass North on the role of institutions in economic development, which is a new element brought within the horizon of social capital not received with equal enthusiasm by everybody (Halpern, 2005, p. 17). Grootaert is looking for similarities in the three rather distinct concepts in order to establish a more encompassing relationship between social capital on the micro and macro levels and how these can contribute to economic development. The aspects of social capital recognized by Putnam and Coleman function on the micro level of social sciences, reflected through the density of networks, the embeddedness of norms and the number of civil organizations, and have an effect on the functioning of markets on the micro level of economics (Grootaert, 1998, p. 2). This enlargement is economics' important contribution to the concept, since the full picture of a society's

(country's) economic well-being and potential for development includes the macro level as well, where institutional dynamics defined by political and professional leadership and the wider policy environment of the state set the scene:

In the macro conceptualization, legal and judicial systems and aspects of government functioning (such as the ability to enforce contracts) all become part of social capital. This approach solves, in part, the measurement problem because the social norms and networks are anchored in an institution or other "visible" structure that can be identified. (ibid., p.11)

In a more recent World Bank publication, the social scientist Michael Woolcock and the economist Deepa Narayan - their cooperation representing well the intellectual linkage that social capital created between the two scientific fields - review in a very similar fashion to Grootaert the implications of social capital for development and make again an important contribution that brings us closer to the practical manifestation of social capital in the discipline. In the light of the different contributions to the corpus of the social capital literature they offer a definition: "social capital refers to the norms and networks that enable people to act collectively" (2006, p. 32-33). They claim that it avoids some of the confusion related to the concept: it concentrates on the source of social capital (instead of an unsure amalgam of source and outcomes), it incorporates the two functional types of social capital mentioned before, bonding and bridging, while it also allows for both individual and community accumulation of social capital and contains the institutionalist claim that the groups' relationship with the state is crucial in their endeavor to develop and prosper (ibid., p. 33). This definition contains the main concepts (networks and norms) that 13 different researchers examined to tally social capital in their studies between 1993-1999, assessed by Krishna (2002, p. 57-62). Woolcock and Narayan also touch on the time horizon of social capital, stating that the combination of the different networking instruments, i.e. bonding, bridging and - not explicitly mentioned under this name in

the study, but referred to as such in the literature - linking¹ social capital is changing over time, which again enforces that it is not engraved in historical patterns, thus it is influenceable (see also Triglia on the relation of local development and social capital termed as complex and changing over time – 2001, p. 18).

Woolcock and Narayan group the research dimensions of social capital in economic development in four distinct perspectives: the communitarian view, the networks view, the institutional view and the synergy view. The first three perspectives are the same categorizations that Grootaert mentioned in his work, while the last one deserves a more thorough insight, since it is this perspective which will lead us to the operationalization of the theory and its analysis through our case study as mentioned above.

Synergy is the perspective joining the networks and institutional views of social capital, but more than that not only juxtaposes the two views of social capital and economic development, but attempts to forge the two into a dynamic whole that function together in attaining the well-being of society and that of the individual within it. A special issue of World Development in 1996 studied such macro- and micro-level synergies around the world, the conclusions of which Woolcock and Narayan sum up in three points (p. 43):

- In contrast to some of the previous narrower views on social capital, neither states nor societies are good or bad they are variables in an equation the optimal result of which is a synergistic developmental state, with active civil society that is engaged

¹ Meaning formal relationships between hierarchical networks, e.g. civil society and the government (Füzér et al., Section 2)

in a complementary connection with the institutions framing the society's existence.

- The actors on one or the other side alone do not possess the necessary resources to promote “broad-based, sustainable development”, they need to engage in cross-sectoral complementary partnerships to achieve their common goals, hence identifying the methods of synergies is the task of development research and practice.
- The state's role in “facilitating positive developmental outcomes” is the most delicate: it has important opportunities in the process, since it is best situated to form “enduring alliances” (only if it assumes such a role), it is the “ultimate provider of public goods” and the “final arbiter and enforcer of the rule of law”. It also depends on community leaders or other agents to find the ways of benefiting the local by profiting of what the central or other sources have to offer. As an idealistic goal the authors conclude that

The synergy view stresses that inclusive development takes place when representatives of the state, the corporate sector, and civil society establish common fora through which they can identify and pursue common goals. (p. 46)

The importance of the synergy view is that it opens the ground for social capital theory to become a heuristic device of development. Peter Evans, one of the main proponent's of this view gives the simple reason for why development needs a more formal understanding and instrumental nurturing of social capital: “it is social capital built in the interstices between state and society that keeps growth on track” (Evans, 1996, p. 186). He also brings us closer to understanding how synergies can be built through public-private *complementarity* and *embeddedness*. Complementarity is what all public-private-civil relationships within a society should exhibit: it “supports day-

to-day interaction between public officials and communities” (ibid. p. 182) through the provision of public goods such as the rule of law, and other services, which create an enabling environment for different actors of society to get-by and prosper. Complementarity also promotes embeddedness, which is an advanced form of cooperation between the macro and micro levels, where public officials, private organizations and civil society form partnerships to work out immediate solutions to problems or to maintain longer term relationships to advance the common good. This can take different forms and it is the context that has to define, which is the most suitable one to establish or leverage the partnership and create sustainable results. Evans through different examples taken from Asia, Africa and Latin-America brings instances of such combinations which range from sustained embeddedness through government officials practically assimilated into local communities (ibid. p. 183, 184) to the occasional provision of state inputs that locals have no access to followed by immediate state withdrawal to allow the community to function on its own (ibid., p. 183). Evans, in reference to the “East Asian Miracle” asserts that

synergy based on embeddedness is the essence of the most important contemporary instances of market success (p. 185).

One of the most crucial question for development practice, which is also the one cropping up from the above discussed scholars’ work, is the extent to which the capacities of the actors to build social capital leading to positive developmental outcomes are *constructable* in a relatively shorter period of time (what this short period means is also of interest) or based on *endowments* that evolve through generations or centuries (ibid., 189). Evans, identifies three components responsible for the quality or the sheer possibility of synergistic social relationships, thus positive developmental outcomes: civil society (and the social capital of its actors),

government (and its capacities towards complementarity and embeddedness), and politics and interests (which permeates all spheres of social existence).

Fukuyama is on the opinion that both civil society and the institutional setup of the government reside respectively in a predefined pattern of “habits, customs, and ethics” (1995, p. 5) and a “choice that any given society makes [...] often [as a] result of norms or path-dependencies” (2003, p. 3), leaving little room for rapid change and development of such cultural features. Evans on the other hand suggests, based on the evidence gathered in different regions of the world that:

If synergy can regularly emerge out of communities that seem quite ordinary in terms of their stock of social capital, but governments vary dramatically in terms of their ability to act as counterparts in the creation of developmentally effective civic organizations, then perhaps the limits to synergy are located in government rather than in civil society. (Evans, 1996, p. 193)

Nonetheless, he acknowledges that civil society organizations have difficulties of their own in “scaling-up” their local initiatives based on abundant social capital, to “generate solidary ties and social action on a scale that is politically and economically [i.e. ‘developmentally’] efficacious”. (ibid. p. 191). On the other side of the spectrum, the appropriate features of the state prone to synergistic ties is identified as follows:

Robust, sophisticated public institutions are an advantage both in the formation of local social capital and in the pursuit of developmental ends, not because they are instruments of centralization but because they are capable of formulating more nuanced ways of distributing power and therefore of supporting decentralization and openness to local self-organization. (ibid., p. 195)

Approaching more from a liberal economic direction, Triglia is also supporting the facilitator role of the state under the aegis of “modernized politics”, which is more interested in the “efficiency and effectiveness” of bureaucracy and pushes actors to

compete in the market instead of looking for the development of clientelistic ties with state officials. He claims this would produce “more collective goods and external economies that [would] favour the use of social capital in the market” (ibid., p. 20). Joined to this underlying organizational principle of politics, he also underlines the importance of good policies favoring the association – through social capital – of individual and collective actors on the local and regional level, which is crucial to become competitive for example within the European Union (ibid., p. 21.). In this context local development should be promoted by “non-local” public institutions from above and induce bottom-up mobilization locally to generate and use social capital

as an instrument to increase specialized knowledge, infrastructures, services and forms of integration between firms, thereby strengthening competitiveness (ibid., p. 23)

While Evans admits that a higher level of “proclivity for community” as Fukuyama put it (1995, p. 10) is facilitating synergies hence economic development, he is also observing that “social identities are constructed and reconstructed on a regular basis” (ibid., p. 202), pointing back to Woolcock and Narayan’s observation that social capital is dynamic over time, therefore these can be reconstructed to preferably serve synergies benefiting economic development.

From this point, I would like to move on to somewhat more specific accounts of how local-, micro-level social capital can be built and/or revived and instrumentalized to lead to synergies and sustainable development – which is in short the aim of the Cserehát program as well.

Anirudh Krishna studied the level and form of social capital and how these can be put at the service of the communities in 69 villages in India and published the results in a book titled *Active Social Capital*. We will draw on this author’s experience to narrow

our focus on territory-based development and the way social capital can have a stake in it. He echoes much of what has been said with regard to synergy including that a strong social capital basis crystallizing in collective action will lead to higher economic benefits, but he strongly insists on the fact that for this to happen “mediating agency” has to activate the stock of social capital available, or assist groups having difficulty in acquiring the stock of social capital (2002, p. 9). The role of agency is also appearing in Evans’ case studies and description of synergy (embedded state officials could be one form of agency), but is not underscored with such intensity. In Krishna’s conception agents have special capacities that can be acquired through investment of time and money, they are well-connected to government circles and know according to what procedures and practices these operate and how the government’s development stock can be leveraged to foster local development (ibid.). In the Indian case he identifies educated young people who can step in as agents to connect the communities to the government and can either recognize the resources to activate or catalyze such thinking in the community (p. 10). Krishna works by the following definition of social capital:

Persons bound together in dense social networks, infused with norms of reciprocity and trust, are better able and more inclined to act collectively for mutual benefit and social purposes. (p. 15)

The element worth highlighting in this summation of how social capital can be a catalyst of development compared to the definition of Putnam discussed above, is the appearance of attitudinal factors of social capital affecting the *willingness* and *motivation* of local people in embarking on collective actions for a precise *purpose*.

Krishna scrutinizes social capital from the angle of how it can affect economic performance and distinguishes three perspectives: the “social capital thesis”

represented most prominently by Putnam's work, explaining differences of social performance based on the differences in the stock of social capital (p. 17); the "institutional perspective", attributing no direct impact on structural, institutional performance leading to economic development, social capital is only a byproduct of institutional arrangements (ibid., p. 20); and the "mediating agency perspective" where impact is the result of an equation in which social capital and agency or "conduits" directed to specific social domains are equally relevant, without effective mediation, social capital may remain disconnected from institutions (ibid., p. 26).

To merge the synergy view of social capital's role in fostering positive development outcomes and the mediating agency perspective, complementarity is a state where agency is assumed by outside or local actors, but not state officials per se, while embeddedness is a more advanced state when the state itself churns out a layer of agents that mediate between the micro and macro levels for certain social purposes.

In order to provide further evidence for the potential of social capital and more pointedly for the synergy view in contributing to positive development outcomes, I would like to open a window on rural development theory and what has been proposed as the "third way" or "integrated development" paradigm (Nemes, 2005, p. 24). I do this because integrated development is interested in the development of the rural society and economy not only through farming, but any economic activity that the localities have to offer. In its structure this paradigm is joining two different, but according to the author complementary development systems: the "central administrative system" characterized by top-down governmental interventions and the "local heuristic system" relying on "essentially endogenous, bottom-up processes" (p. 26.), which correspond to the cooperation of the macro and micro levels of society

that the synergy view is advocating. The two systems complement each other in terms of the tangible and intangible assets that one or the other can provide and the different mentalities, logics along which they function respectively, for the common purpose of the development of rural areas. Although Nemes admits that the two developmental logics often do not understand each other, he also acknowledges that

in reality any development process has to incorporate elements of both logics to have a chance to be successful. (ibid., p. 30)

As apparent from the discussion of the different aspects of social capital above it is crucial to know what the variables are and what their true value is in order to know how to operationalize social capital. Thus, instead of the path dependency of social capital stocks, it is more ‘context dependency’ that governs the concept, where history, culture, norms interact to produce the complex texture that we call social interaction, i.e. social capital, which in turn is constructed and reconstructed continually and may or may not result in positive development outcomes. Constructing social capital in a way that will lead to positive outcomes is what we have been interested in above and what will be discussed through the prism of the Cserehát program. As Schuller et al. so correctly indicate:

Social capital offers a purchase on [social] interaction, but not an unrealistic promise of holding it still. This is why in our conclusion we stress the heuristic value as its strongest merit. (2000, p. 14)

Before turning on to reviewing the context of the program to be analyzed, I would like to specify that sustainability has not been left out of the review above, but is considered implicit to it. Local development and in fact development discipline is by definition thriving for the sustainability of virtuous processes – or at least in this paper we would like to assume so.

The regional, national and local context of the Cserehát program

In order to understand the context in which the Cserehát as a region and as a program is situated it is worth going through findings concerning some specificities of the CEE region and Hungary within it in terms of socialist legacies, the social capital stock, opportunities arising with EU membership and the situation analysis on which the program was founded.

Social implications of transition

With regard to the socialist legacy, the thesis of Greskovits and Bohle (2007) on the form of capitalism that emerged in the Visegrád countries, and within that in Hungary, contains important observations about the macro-level trends which greatly contributed to the disenfranchisement of the Cserehát and other regions of Hungary. The reason for the causal relationship between the capitalization path of the country and the socio-economic situation that the Cserehát program was intended to correct is summarized in the following quote:

The distinct challenges posed by the legacies, and the political elites' reaction to them seem to be at the origin of the intermediate position the Visegrád countries occupy with regard to social and political inclusion, as well as of the more fragile support for their regime paths. (ibid.)

In order to avoid the sudden disenfranchisement of large groups within their respective societies the Visegrád countries chose to compensate for the economic hardships with “generous and targeted social protection” (ibid.). Hungary was in the forefront of such corrective efforts (ibid.), which the authors claim, was one important factor resulting in “selective and limited inclusion parallels” (ibid.). The inflow of investments that brought new capital to the region also favored the appearance of unequal distribution patterns as foreign investors were mostly in search for skilled

labor, and the rest of society “[paid] the costs of foreign-led industry upgrading” (ibid.) after the disintegration of socialist era heavy industries. Although the social welfare oriented policy of Hungary did relieve momentarily the masses it did not stop the degradation of their status (ibid.) and failed to create or catalyze a sustainable source of income. This policy failure crystallized in the most vulnerable groups’ reliance on welfare payments, which in turn resulted in the new generations growing up without the example of school attendance and legal work, or work at all – which the interviews also revealed.

A study on the social protection system of Hungary commissioned by the European Commission in 2003 concludes that transition increased the level of poverty in Hungary, together with the probability of social exclusion (GVG, 2003, p. 71). The layers of society most at risk of these dangers to this day are higher aged and less educated groups, the Roma ethnicity and people living in small settlements in the countryside (ibid.; Government of the Republic of Hungary, 2004, p. 7-12).

Transition had an emotional effect as well, which is underlined because social capital is feeding from the general attitude of the person and the community: Krishna refers to the attitude towards cooperation which can exist without membership in any formal organization (2002, p. 4), while the staff of the Cserehát program is also emphasizing that one of their main achievement was to influence the attitudes of the people on the ground. Ferge analyzes the results of a public opinion survey on the effects of transition on Hungarian citizens conducted in 1995 (right before the introduction of fiscal restrictive measures known as the “Bokros package”). Her conclusion was that the feeling of loss was higher in Hungary than in the surrounding countries, which is due to a shaken feeling of security affecting people’s trust in their future. Income

inequalities grew the highest in Hungary and Poland among the V4 countries, which the population also perceived as too high. Although this survey represents a snapshot of general feelings of more than ten years ago, it is important because this attitudinal effect seemed to have deepened in the disadvantaged areas and populations of the country and the Cserehát since then.

Social Capital

A 2005 general monitoring report of the European Observatory on the Social Situation concluded that the new member states exhibit much weaker social capital than the EU15 in parallel to their lower GDP per capita and greater degree of inequality (p. 142).

Mihaylova's assessment of the social capital literature in the CEE reveals differing views on which socialist legacy is the most important, however some general phenomena can be singled out. In relation to institutional trust she identifies through the reviews the lack of confidence in the state and mistrust towards institutions as "one of the most salient problems in the CEE" (2004, p. 32). This is confirmed by the view of the authors that the trusting relationship between citizens and institutions is the motor of economic growth in the region (p. 33). Informality reigns in the spheres of networks and civil society in the CEE and again the question is how the informal and formal structures manage to interact with each other so as to drive the development of market economy and democratization (ibid.). These trends also show that the Western instincts and practices of social capital measurement and development are not applicable to the CEE context (p. 92).

Different assessments of social capital in Hungary confirm these trends and also present some deviation from these. In 1991, Gabor (summarized by Mihalylova) observed within the framework of social capital and entrepreneurship that small-scale producers were disconnected from each other and the state, showed little internal cohesion and cooperation, and did not have much prospect in affecting the formation of social and political infrastructure or the market economy.

Cartwright, Sik and Svensson aggregating the available social capital research at national level in 2006, record meager participation in formal civil society organizations, and an equal number of people trusting and distrusting such organizations, although most people consider cooperation “an innate part of human nature” – signaling the prevalence of informal organization and assistance (ibid.). In contrast, they come to the conclusion that Hungary does not deserve the usual stamp of a “low-trust post socialist new member state [of the EU]” (ibid.) as some services and public institutions do enjoy support above the average. Hungarian trust in local authority is at 4th position among the countries of the EU27, while contrary to general mistrust towards politicians and political parties, two-thirds of Hungarians are interested in politics, and parallel to a relatively high voter turnout at both national (64.39%) and local elections (53.12%), the poorest North-East region of Hungary – where the Cserehát is located – registered the highest number of voters in local elections (58.07%) in 2006 (ibid.).

The New Hungarian Development Plan (NHDP) submitted to the EU asserts that in Hungary the “level of social capital is low” (2007, p. 40). The document traces this phenomenon back to the forceful social equalization characteristic of the socialist era and the rapid transition subsequent to that. Further support for this claim is the low

level of voluntary activities. Nevertheless, the two-paragraph assessment of social capital levels in Hungary, strikes an optimistic note, recognizing “unexploited resources” for increasing such levels, notably in the growing activity of social sector and environmental NGOs and ethnic self-organization (p. 41).

An interesting contribution to Hungarian social capital development prospects is the Hungarian Social Research Center’s (TÁRKI) warning issued in its horizontal ex-ante evaluation of the NHDP’s Operative Programs, which are the channels of EU development funds made available for Hungary. TÁRKI called attention to the novelty of development paradigms targeting social capital, which are only realizable if agents of central distributive processes and the representatives of local interests “trust each other and their mutual relationship is perfect” (2007, p. 14). This warning is in line with both the synergy view of social capital in development and the integrated rural development paradigm discussed in the literature review.

Opportunities of EU membership

Hungarian membership in the European Union opened up new development opportunities with the influx of funds made available through different operative programs and instruments. According to the NHDP, more than EUR 22 billion will be available for development between 2007-2013 under the 5 operative programs (Government of the Republic of Hungary, 2007a, Preface).

In the field of social exclusion one of the most imminent problems to tackle is territory- / area-based disadvantage (ibid.). The justification for provision 5.1 (targeting the integrated development of the most disadvantaged areas) of priority 5 (strengthening social inclusion and participation) of the Social Renewal Operative

Program Action Plan asserts that EU developmental funds “practically did not reach” the most disadvantaged areas in the funding period of 2004-2006 (Government of the Republic of Hungary, 2007b, p.10) .

There are many funding instruments available for area-based development in the EU the listing of which is not the aim of this section. Of primary interest is the LEADER+ program which is a framework, at least in its ideology, reflecting the precepts of the new rural development paradigm for cross-sectoral partnership-based cooperation. It was an explicit aim of the Cserehát program to replicate this cooperation scheme and make the program’s subjects ready to participate in the more formalized EU program. In order for territory administrations to be eligible for LEADER funds Local Action Groups (LAGs) have to be formed locally by representatives of the public, private and civil sector. Local rural development plans have to be drawn up by the LAGs, which can apply for funding following these formalized plans of desired development paths. These partnerships should ultimately serve rural development, but also the revitalization of communities through the common thinking on shared objectives.

The challenge of such EU membership opportunities is that in order to benefit from them the applicants have to have very specific capacities allowing them to find and conceive projects, find consortium partners, compile project documents, understand the procedure of application, have the financial assets to comply with the procedures and the professionalism and perseverance to implement projects after winning funds. Besides the knowledge of systematic thinking and discipline, the role of social capital is paramount in joining and holding together such initiatives, i.e. forging developmentally active communities.

Integrated challenges at the Cserehát

The Cserehát located between the rivers of Bódva and Hernád is integrating territorial and social disadvantages discussed previously. These factors paralyzing equal opportunity for development also paralyze competitiveness in many a settlements, which – according to the program’s director, Márta Márczis – is even more difficult to bear when the world around is developing.

The Cserehát Program Document draws up the situation analysis – including the background and source of the accumulated disadvantages – according to the underlying historical and more recent macro-level processes, the geographical region’s environmental endowments, the characteristics of transport and traffic, those of the population, the quality of public education, (un)employment, infrastructure and local economy, social and health care services and the examination of the region’s exclusion from the information society (Anon, p. 6-11). These will be summarized below.

The study of macro-level processes dates the beginning of the region’s fall behind back to the 1870s, when the region incompatible with catering for either the manufacturing industry or the industrialized agricultural production was nevertheless forced in to the latter, while parallel to that its forests have been depleted. The fact that the east-west railway line was not built and the border settlements at end of World War I cut the region off its usual industrial, service and cultural markets (half of it belonging to Hungary, the other to Slovakia) resulted in the isolation of the Cserehát. The economic and settlement policies of the socialist era marginalized the small villages and caused massive outmigration. The 1990s created new types of

dependencies (mentioned further above) which only exacerbated the under-developed status of the region.

Interestingly enough, the environmental endowments that now represent resources and opportunities for development in the light of central – EU – funds, such as environmental micro-regions offering different agricultural and recreational possibilities, have been preserved due to the under-development of the region. However, this status is also the obstacle hindering the rapid and easy exploitation of the resources.

Transport and traffic within the Cserehát on the Hungarian side, and the connectedness to its Slovakian side suffer from many not exclusively infrastructural problems. The roads are in a deplorable state, huge holes slow and hinder commercial and private traffic. Even one of the coaches recalled this as his first impression when arriving to the region for field work. A railway connection is missing between Torna in Slovakia and Hidvégdó in Hungary (3.4 km), blocking commercial transport. Commercial and private border crossing is difficult due to opening hours of the station and the quality of roads leading to it. Within the Hungarian area of the Cserehát, there are no east-west bound roads, many settlements cannot be transited, the number and frequency of bus lines have been reduced, are badly scheduled and expensive due to their scarcity.

The population of the region is on the one hand ageing due to outmigration, on the other hand growing rapidly typically within the Roma ethnic groups who are most affected by social exclusion. Approximately 91 000 people live in 117 settlements of which 4 have town status in the Cserehát. The 16 000 Roma constitute 17% of the population, but distributed unevenly within the territory: there are 16 settlements

where the Roma population is 50%, while in 24 settlements there is no Roma representation at all. The coaches all have underlined that the region has very strange differences, with rich and totally destitute villages living side-by-side.

Public education is unable to fulfill its role of intensifying social cohesion and integration. The kindergartens and schools are unable to keep up with the growing number of children in certain areas, while determined segregation of the Roma and non-Roma is also a daily fact. The special educational needs of more disadvantaged groups cannot be catered for, while there are no educational possibilities or training facilities for adults outside of the school system. According to several coaches, high-school education is not an option for many young people in the area, simply because there are no high-schools available.

Sustained unemployment at the Cserehát (above 15%) is much higher than the national average. In the inner villages of the region the only option is public work commissioned by the local institutions of the settlements. Employment offices claim that currently devised governmental instruments are not sufficient to suppress the disenfranchisement of the local workforce; whereas social measures could not mitigate the biggest problem nation-wide: the number of inactive people. The handicapped workforce's (gauged at 6% of the population, mostly women) situation is even more difficult. Entrepreneurship is far and few between, small businesses are not competitive, while governmental funds are difficult to access. As a result of this spiral, the coaches have called attention to the phenomenon that most worried them: the alignment of the individuals' and communities perception of their future to these negative trends. The lack of confidence, willingness and courage, the lack of

knowledge of what is possible and how to embark on it, i.e. the lack of a sense of reality have a paralyzing effect on the individuals and communities alike.

Local infrastructure is poor in many respects beside the road network. Public utilities are lacking in many places which is affecting the local people's standard of living. Similarly, the infrastructural elements necessary to build tourism as a reliable income resource for the local businesses to prosper are of low quality and run-down.

Social and health-care services are of low quality again due to the lack of infrastructure, the uneven distribution of services (due to the fluctuating quality of local public institutions and local social capital), and few and inappropriate human capital. Existing social services are wasteful, inefficient and ineffective, best reflected in the situation described so far.

Integration to the information society is hampered by the lack of broadband services in the region. There are only three settlements with institutional ADSL connection. There is suspicion towards and fear from digital technologies, which is also reflected in the number of community access point, with only 7 telehouses (providing free internet access) available. One out of every four public schools is in short of a computer.

As a consequence of these cumulative processes the Cserehát became what Murdoch (presented by Nemes, 2005, p. 9) categorizes as the third type of rurality, where “neither horizontal nor vertical networks work effectively” (ibid.) meaning very weak social capital locally, and little if any synergies with state institutions. To come out of the spiral of past legacies, present disadvantages and dependencies both endogenous

(bottom-up) and state-led (top-down) development strategies are needed (ibid.), i.e. there is a need for integrated rural development.

Once this need is recognized the question is how to go about it? Where to start and how to plug the holes to make the local populations capable of benefiting from local possibilities of public services and business opportunities and the wider possibilities offered by the central government and the EU?

The Cserehát program can give one kind of answer to these questions, which will be the subject of the last section of this paper. I will first present the strategic framework of the program, which relies heavily on the provision of social capital instrumental to achieve the main purpose of the program: draw up and execute local development projects. Next I will turn to implementation and give an aggregated account of the coaches' experience along several themes connected to social capital and some lessons drawn from execution. The conclusion of this section will present the conditions of the sustainability of capacities acquired through the program and weigh – as much as possible – its prospects.

Social Capital development in the Cserehát program

Strategy

The goal of the Cserehát program, co-financed by the Ministry of Social Affairs and Labor and implemented by the UNDP, was the suppression of territorial and ethnic poverty through an integrated approach aiming at assisting the communities through local agents (coaches).

The program's novelty, or at least special status among development programs implemented lately in Hungary and also within the European Union lies in the local development principles that the direction focused on during the elaboration of the strategy and its implementation, and the poverty phenomenon that Hungary and other new member states are hosting within their borders. This phenomenon is what has been discussed above in the section on the program's context: disadvantaged patches of settlements within the societies of the EU's new members states are falling further behind despite of the development funds and efforts devised by the EU and central governments, while other areas more aligned to the mentality and requirements of these are able to take advantage of the funds they offer in order to prosper. This way territorial and social inequality is increasing.

The basic principles differentiating the programs from state-led efforts are in line with the integrated rural development paradigm and instruments of social capitals operationlization discussed earlier. These are as detailed by the program director Márta Márczis:

- The sole transfer of money to achieve development goals is not sufficient; the localization of *effective absorption capacities* is a key factor.

- What is needed is not uniquely the development of economic and infrastructural capacities, but that of *human capacities* as well. Most of the local constituents in this disadvantaged area needed information, knowledge, but most importantly *motivation* to acquire all these, to as much as think about local issues to be solved and to engage in partnerships with other people to address these issues. That is to say, local endogenous capacities have to be built up to complement the top-down instruments of the government.
- *External agency* is needed to build up this motivation and all other missing capacities. This will channel in partnerships and make the region start communicate internally and externally (with the world). Independent “eyes and ears” are needed in order to energize development thinking.
- *Ownership*: the target audience has to participate in the development process of all the capacities detailed above to ensure that the assistance reaches the region and the settlements - and that funds are not diverted towards applicants prioritizing their own interests, which was a unfortunate trend in Hungary since the influx of EU funds has set off.
- The assumption that there are *development needs in every settlement*: local people should be taught the techniques of how to transform their perceived needs into a project plan.
- The level of social organization, i.e. that of *social capital is related to the economic development potential* of communities. This level should be raised; local connections and networks should be enforced in order to function.

- Community development is not understood in its classic form, that is, undertaken for its own sake: the aim is to *foster cooperation for development purposes*. Within this principle, priority is given to development (in this regard the project cycles and output of the program), but community development goes hand in hand with it to the extent required by each settlement and grouping.

The instruments to achieve the goals along these principles were in the first phase the publication of small learning projects and coach assistance in their elaboration, planning, and implementation; setting up a regional Social Development Resource Center helping in providing information, assistance in administrative work, and the coordination of local organizations; and a fund set up to provide financial equity for long-term macro projects elaborated by and based on the new networks, resources and synergies ushered in by the previous phases of the program, which enable the insolvent consortia to apply for funds in the national operative programs between 2007-2008.

The financial strategy of the program consisted of the multiplication of the program's approximately HUF 600 million² budget (71% was provided by the Hungarian government, the rest by UNDP): not spending it directly on development projects, but on contributing to the capacities to carry them out locally.

The expectations were aligned with the limits of the program. Since it was constructed around a limited budget and a limited time interval it was only capable of achieving limited results in terms of sustainability. Besides the appearance of either dormant or non-existent capacities and social capital in the region, the objective was to attract

² As of today only HUF 550 million due to the change in USD exchange rate.

approximately five-fold the amount of the macro-project fund of HUF 240 million through the funds requested for these endogenously generated projects. Such a volume of investment could already achieve meaningful results in the Cserehát's development.

Implementation

Under this heading we will reflect on the principles and strategy laid out above and see how it was dealt with and what it became in the implementation process; coach appraisals and criticisms will also be articulated. This will not be a listing of all the aspects discussed above, rather an account related to what the coaches and program director have underscored.

External Agency

The external agency principle was realized after long debates with the government officials: they represented the development logic of top-down governmental interventions insensitive to the local needs and capacities, and contended that directing the money into the region and spending it through a local civil organization would be the best. UNDP warned that this could become counterproductive in a region with turbulent social problems and lacking important capacities, especially basic ones such as social capital (mainly but not exclusively motivation and the ability to cooperate). According to the UNDP agency principle, new ideas and ways of thinking are better catalyzed by the fresh minds of third party facilitators, since new / innovative inputs are hard to create solely from local experiences. Although the UNDP method prevailed, a local settlement development association was already counting on the construction promoted by the government. Two coaches claimed that this created suspicion against the UNDP and their tasks, which required efforts to be

surmounted besides addressing the problems detailed in the situation analysis of the program. They had to build up trust from a very pessimistic basis.

Coaches

One of the most important novelties of the program is the special, encompassing role of the coaches, their method of recruitment and orientation. Therefore it is also an element drawing many criticisms.

The coaches' status was special because agency based on coaching differs from the traditional consultant or mentor status insofar as the coaches of the program did not give assistance to already materializing and functioning projects or project owners, but their primary role was to give motivation to the local constituencies. All coaches referred to the overall success of this approach in practice and some highlighted that this is truly an advantage over government commissioned consultancy.

The recruitment of the 10 coaches was also aligned to this enlarged scope of mentoring. Concurring with the principle of external agency, the coaches had to be previously unaffiliated to the region (which did not rule out familiarity with it). Personality was also one of the key factors as they were required to be able to motivate others. They had to have experience in local development and teamwork, but where they acquired it was not essential, which resulted in a corps with very diverse professional backgrounds: social workers, rural development researcher, former project manager at international organization, project manager in the public sector, public cultural organization manager, rural development state official, project management consultants. The director of the program considered that this diversity was positive, because the knowledge bases complemented each other. The coaches gave a more nuanced opinion of it: two coaches argued that this diversity and the

practical steering of the coach corps failed to make it an “intellectual workshop” and hindered effective teambuilding, because the coaches were too individualistic, coach meetings and orientation were not sufficient, and there was pressure to come up with innovative ideas not always possible. One coach highlighted that the communication between the coaches was very good and meetings were very helpful. Ms Marcziś asserted that teambuilding was successful, because now coaches are initiating meetings with each other without the assistance of the program office. Some evidence supports that sharing of ideas worked out, since community building tools made up by one coach could spillover to others, for example the organization of ‘thematic days’ around certain activity themes favoring community network building conducive to development was one such instance.

The orientation of the coaches was out of the ordinary because the direction – in line with the original plans – wanted to make the program a model endeavor, thus besides the goals communicated in the program document and one coach meeting where Ms Marcziś explained her concept of coaching³, they were sent to the field to accomplish these (without being provided a contact list, which made the task very difficult for some of the coaches not used to such a missionary attitude). Although one coach complained that there were not enough coach meetings, Ms Marcziś explained that the course of this experiment had to be followed through closely, therefore coach meetings were held every month.

It can certainly be concluded that working with a diverse group of implementers has more propensity to create conflicts, and requires more internal steering to balance the

³ Coaches gradually gather reliable and skillful proxies around them to be able to step out of their circle and leave behind a developmentally active community.

lack of information and sometimes of skills occurring, however, the experiences and ideas of the coaches could indeed enforce one another and the program as a whole – this the risk of such an approach.

Building social capital: establishment of trust, networks and connections

Establishing trust was the first step towards accomplishing the goals of the program, and it had to be done rapidly (meaning less than 2 weeks of net days spent in the field) due to a change in conception of implementation, leaving little time (2 months) to submit small project proposals (of max HUF 2 million) to be funded out of the learning project fund of the program (approximately HUF 140 million).

The main feature that all the coaches highlighted as the most important instigator of trust was the promise of project funding. This view concurs with the principle of building communities as a tool instigating development. This project funding had to be credible and attainable. Therefore the application procedure of the small projects aiming at basically any kind of development needs the locals would have and which was viable to be accomplished, was very flexible. Not only formal organizations, but informal associations (selfhelp groups) were eligible for the funds; the call for applications was written in a way intelligible to applicants who have never applied to such funds before; administrative requirements did not block the flow of project ideas, however the accounting phase did include the strict bureaucratic accountability practices of the UNDP; equity of applicants could be given in voluntary work hours, not only financial capital; and last but not least the coaches were there to communicate the call for application and assist the groups in the different project cycles.

Given that this program instrument – similarly to the other two – was an important tool in establishing the trust of the constituents, it is worth assessing some of its positive and negative aspects. Ms Márczis brought some figures in to show how justified this instrument and its implementation method was: only 40% of the approximately 200 incoming applications were submitted based on information accessed through the general channels (print and online media) where such calls are usually published, the majority of applications were catalyzed by the coaches. This shows that if such programs are communicated according to these classic methods, those most in need of capacity and local development will not be able to apply: information has to be disseminated through the channels available and listened to by those targeted. The downsides of the method and its implementation that the coaches pointed out, resided in on the one hand the flexible application procedure versus strict accounting requirements that the director of the program raised as a positive feature, on the other the fact that the financing scheme (even if more flexible than usual) and its execution created problems affecting the instrument's value in building trust. The administrative differences of the application, contracting and accounting phases of the projects impacted some of the applicants more harshly than others – especially those not accustomed to such procedures (which was around 90% to believe Ms Márczis). It is a question whether this is a negative or positive feature, which most probably depends on the perspective of the observer: looking at the overall goals of the program, exposure to and success in the harsh realities of the project world is rather positive, from the perspective of a coach relying on the credibility of the instrument towards its constituencies it could prove negative if these differences cannot be announced well ahead – which was apparently the case as for some coaches who complained that some strategic information were slow to reach them from the

program direction. The financing anomalies were less of a communication nature and more resulting from problems in design: Ms Márczis admitted and coaches confirmed that the post-financing scheme put huge pressure on the winners of even relatively small amounts because many had no capital resources whatsoever living day-to-day, and payments coming from the UNDP regional center in Bratislava were late due to slower than expected processing of contracts for the 103 winners due to human resource limitations. This planning issue compromised the credibility of the initial phase of the program risking to be viewed as just another program which cannot be trusted.

Other soft tools of the establishment of trust can be categorized as elements leading to the embeddedness (in the sense referred to by Evans) of the coaches, as indeed the problem of whether to dissociate themselves from the communities they worked with after the end of the 2-year program caused personal dilemmas for some. Individual links and trust in the coach as a person was basically the main factor in forging ties between the coach and the local constituencies and also between the different actors on the ground. The features underpinning this relationship are difficult to generalize as they depend on the situations encountered, however here are some of what the coaches identified (not in order of importance): provision of good, reliable information (avoiding misunderstanding); honesty (including approaching local partners as equals and reprimanding them when they do not accomplish what was previously agreed as one coach recounted); in some cases building up cooperative groups step-by-step starting with small groups and enlarging these, in other cases the opposite was practiced due to the lack of time; emphasizing and making the parties understand that they have no other choice but to cooperate to achieve positive development outcomes; address them on their own language, flooding people with

technical jargon is frustrating and inhibitive; be part of the partnering processes as outside agents that everybody is looking up to in certain ways; feed the confidence of people – especially the Roma – to be able to as much as speak with public officials (and not only scream their grievances), and the other side to be willing to engage with them; in this respect work both with the individuals and the community; compassion to raise the (very instable) spirits of the people when things are not going as planned.

Another important component of social capital building is the establishment of the networks which allow the constituents to gather information, partners and funding for their developmental needs. As we have seen in the literature review, these networks can consist of either formal or informal connections to others in the community or outside world, and to institutions of the central government or other organizations. In many instances the institutions and the potential partner constituencies were already present and required the establishment of interconnecting links, in other instances the institutions, groups or organizations had to be created anew.

There are several institutional links that can be potentially leveraged in the region. To start from the bottom, in many instances contacts with the local mayor and public services had to be established especially for the Roma groups, which are the most disenfranchised ones in the country in general and the Cserehát in particular. The most apparent trends drawn from the interviews on one side and the other of the spectrum were: the Roma lacking confidence and unable to engage in normal conversations with the local public officials; while on the other side the public officials clearly discriminating their Roma counterparts ignoring them when the coaches showed up with their representatives at the mayor's office. The state of public

education is also a big problem as revealed by the situation analysis. The coaches mentioned again discrimination against the Roma as the most important ill to be corrected: schools are segregated to an extent that the Roma children are not taken on the excursions; while again on the other extreme a teacher published a note on the Cserehát program's webforum⁴ complaining that educating children is very difficult when the example they see at home is not appropriate for social integration (e.g. letting the Roma children drink alcohol and smoke at their will). These are extreme cases, but unfortunately very frequent phenomena at the Cserehát that the coaches had to dissipate by reconciling such derailed relationships. One coach related that the Roma children left out of the kindergarten in Tomor could be reintegrated thanks to the change in negotiating techniques that he advised to the parties: instead of shouting at the officials he told them to sit down and talk.

Not only intra-community ties had to be reinforced, but also inter-community ones as well. On the public's level this amounts to the very simple connection of people meeting people. However simple this may seem, the external agency of the UNDP was needed to launch or reinvigorate this kind of mentality. One instance of such encounters are the "thematic days" suggested by one of the coaches and applied by others as well. The idea was to organize thematic days, fares where people of similar interest from other settlements could gather. The first such event was organized to promote the formation of ethnic self-governments which could institutionalize the regrouping of Roma willing to make efforts for the development of their community, another event promoted marketing associations that would collectively market the

⁴ http://www.cserehat.hu/index.php?m=8413&FIX_thread=tema

products of small producers. The product fair organized in Pele is not exactly falling into this event category, but it can show what change such initiatives could bring for the communities. In this particular case a village of 380 inhabitants organized an event attracting more than 1000 people, which was unprecedented.

The settlements also have an institutionalized forum, which the program helped to reinforce. One of the most relevant actors of local development are the Multi-purpose Small Regional Associations. Hungary consist of 168 small regions, which were established as statistical areas in 1994. In 2004 the Government Decree 65/2004 enacted the promotion of the associations to “execute a fraction of the local self governments’ public functions, and serve the accomplishment of area-based development in an associational format” (Térport website). The geographical region of the Cserehát is divided between three different small regional associations centered around 3 towns of the region: Szikszó, Edelény and Encs. Although the institutional framework is existing, the relationships are not always frictionless, which hinders the efficiency and effectiveness of these organizations. Especially the macro-project instrument of the program did achieve results in shedding light to the mayors on the necessity to cooperate in order to embark on the conceptualization of projects that could have an impact on the region’s economy. One instance coming from the Közép-Hernád völgy (South-Eastern area of the Cserehát), one micro region of the ten defined for the coaches within the program, illustrates well the workings of the old mentalities based on personal considerations and clientelistic instincts and that of the new mentalities open for the most effective synergies to prosper. One of the macro-project proposals of the micro region was a tourism project string with an 8-10 year term creating a homogenous settlement image in the Hernád (consisting of the settlements of two micro regions of the program) and an ‘ecological corridor’ with

tourist attractions. The municipality of Encs a major town in the whole region was supposed to be leading the consortium behind the project, but the mayor never came to the meetings and when appearing at one, he tried to dismantle the entire network. Although the participating settlements had an instinctive reaction not to leave out Encs due to its status, they finally had the courage to choose another mayor, that of Hernádszentandrás, as the consortium leader, who also has the administrative periphery to draft and follow through the project in its implementation phase. The coach assisting the region recounted with pride that the older mayors chose their young colleague because he should be more able to carry through such a long-term project.

Another institutional network connection is the Social Development Resource Center that the program set up as one of its instruments to achieve its goals. The resource center is a development information clearing house and connection point linking the Cserehát to the outside world, mainly to central government and EU opportunities. The center is also providing technical assistance to small project applicants with their administrative duties, but due to its belated foundation in the course of the program, the coaches had to provide these services in their stead. The retarded launch of the resource center is one thing that Ms Márczis would change in retrospect, but this was a partly unforeseen obstacle, which was due to the lack of applicants with the necessary, mainly language, skills for the office positions. The current setup is again not the optimal one, as only one person speaks English out of the staff of three, which is not a good percentage for an office linking Cserehát to the world.

An informal network that the program is attempting to revitalize is the link between the localities and those who migrated from the region. A conference was supposed to

be organized in September 2007, but until the completion of this paper it did not happen. As one coach said, if the region manages to mobilize 10-15 such links to receive either financial or celebrity endorsement it could help greatly to put Cserehát on the map in Hungary and attract people (tourists) to the region.

The increase in one of the debated measurements of the level of social capital, the number of formal organizations and participation in them, figured among the programs objectives and also served as one of its indicators. Although exact numbers were not available at the time of the interview, Ms Márczis highlighted that the program's success is reflected in the revitalization of dormant organizations, the foundation of new ones and the transformation of informal self-help groups into formal organizations (especially among the Roma). Last but not least, one of the coaches initiated an Small-Regional Roma Self-Government Association, which is a totally innovative form of organization. The coach assisting the Roma communities of the Tókörnýéke (Western Cserehát) micro region in driving through the foundation of the association asserted that this could have happened much earlier as there was legal ground for it, only the resources were not correlating appropriately so far – which reflects how such programs can serve innovative purposes as well.

Connection to information of all sorts was also an important goal, although this was the objective the least targeted by the small projects decided on by the local applicants. There are some projects establishing public internet access, but this was not underlined by the coaches so much. One coach mentioned that he was informed about a larger project in preparation – independently of the program – aiming at installing hotspots all around the Cserehát and offering low-cost computer configurations appropriate for internet browsing.

The coaches acknowledged that not all endeavors bore fruit in forging the communities, but what they all singled out was that “something” got started in the circle of the active people within the communities, which will hopefully give them enough ammunition and experience to bring it forward and not recoil into despair. How sustainable the results of the program will be is the subject of the last part of the paper.

Sustainability

The potential of sustainability is inherent to the strategy and to all instruments of the program in both tangible and less tangible terms.

The strategy has been conceived in a way that aligns the program to the mainstream of governmental national development goals. The Cserehát program document identifies several linkage points to governmental development strategies that we have partly seen within the context of the program. The document mentions the program goals’ correspondence to the development strategy of the ministries – especially that of the Ministry of Social Affairs and Labor –, the development strategy of Northern Hungary, and the National Action Plan for Social Cohesion, while as referred to previously, the macro-projects can receive financing from the corresponding operative programs of the NHDP.

The methodology of the Cserehát program was supposed to serve as a model for similar poverty alleviation programs in Hungary, but there is reluctance on the part of the government to handle it as such. No funds are foreseen for the continuation of the program, although, as Ms Márczis contends, in rural development terms the two years is only the induction period of any program and completion is considered to be

feasible on a 10-15 years term. There are some prospects that the Ministry of Agriculture and Rural Development will embrace the methodology, or that the National Development Agency will extract the novelties of the coaching mechanism, but no clear commitments exist up to the end of September 2007.

The coaches gave various accounts of what constitutes the sustainability of the program. They all concurred that what they could achieve in so limited a time was to help create burgeons of developmental activity. Not the entire society is included in this sphere directly, of course, but the program did increase the capacities and social capital of those willing to cooperate. The instruments of the program drove it through to many people that there is no development without partnerships. Those participating in the program and especially the most disadvantaged Roma communities learned to think and conceptualize together. With regard to these disenfranchised communities and those not partaking in macro projects, the token of sustainability, besides the mentality of mobilization that they hopefully embraced, is the translation of their capacities into formal organizations. For the communities and constituencies members of a macro project the prospect of winning funding for their conception is the true promise of sustainability.

As far as the instrument of the program are concerned, the learning projects initiated single communities to the method and thinking of development projects. Community building was most relevant in this instrument, the sustainability of which resides in the local actors, most importantly those who assumed the role of catalysts within their own community and were rewarded by increased social capital and – hopefully – a network they can rely on for information and assistance in implementation in the future. Small projects brought such simple things to the communities as a sense of

achievement and partnership. The most disenfranchised, i.e. the Roma groups' majority is not able to generate projects on its own according to the coaches, but there are very able minded activists who benefited greatly from the program.

The Social Development Resource Center as a provider of information inside the Cserehát and a linking pin to the outside world, and as a technical assistance entity for development project applicants will be sustainable. The center is practically able to survive financially by linking into EU projects that the program generated or others according to Ms Márczis.

The token of sustainability for the program as a whole and for most of the coaches is the third program instrument, the macro-project proposals, that they have worked on during the last year with the developmentally active cells identified through the small-project process. Ms Márczis highlighted that 80% of the 43 applications were generated through the work of the coaches, which again shows that the ones applying have done so as a result of the synergies forged by the program and might not have done so otherwise. Since the program office in Budapest only started to process the applications by the time this paper was completed, limited information is available on them. Ms Márczis estimates, however, that the 10-15 projects that will have been granted financial support from the macro-project fund amounting to HUF 240 million will attract approximately twice as much from the operative program pool than expected or HUF 2 billion. The structure of the payments made from the fund changed compared to the one initial target of a max. HUF 25 million grant per application for equity support, and was complemented by two additional targets: a 90% grant support for projects aiming at development projects not covered by any operative program (i.e. improvement of access to social, economic services,

development of networks) – only one such application was received – and a grant for the commissioning of feasibility studies and professional project writing (e.g. for larger environmental projects). The shortlisted project descriptions will be revised by a team of professional project consultants and will reshape them, which is another round of assistance to correct errors and leverage further possibilities (e.g. two Hernád Valley micro regions submitted two projects that should be merged, one project could be financed by LEADER+ if restructured). A positive trend in the applications is that most of the consortia are committed to contribute financially to the applicants' equity, which means a contribution of approximately 10% of the grants required through the program.

Conclusion

In conclusion to the paper, the theory of social capital's relevance in development, especially within the EU, was successfully substantiated through the case study of the Cserehát program. It has been shown that in order for any settlement in Hungary to prosper, let alone small under-developed ones, social capital does matter. Furthermore, it has gained evidence that this social capital has to consist of all three of its functional types: bonding (family / ethnic ties), bridging (horizontal ties to other groups and networks) and linking (hierarchical ties connecting constituencies to state and other formal institutions) in order to take advantage of the available opportunities within the communities and the EU's development framework. Far from being hesitant of whether to include the institutional level into social capital, we can say that the interaction with the institutional framework of a country has a valid and important place in development and social well-being. The facilitator role of the government institutions is also needed for social capital to generate in places where it is a scarce resource for historical reasons and due to other self reinforcing mechanisms (age, ethnic background, size of settlement). Thus social capital and government institutions are in mutual dependency.

We have seen guidelines of how this mutual dependency should be implemented in practice, through the synergy view of social capital and development's relationship, promoted by Evans and others, and the agency principle highlighted through the work of Krishna, which were related to the theory of integrated rural development treated by Nemes. All these perspectives have been encountered in the real life context of the Cserehát program. We have seen evidence through the accounts of the program director and coaches that social capital is constructable on a shorter time scale if done

for a purpose (and is not tied down in path-dependency), but the sustainability of it is fragile, moreover so if the state does not take its complementary and embedded place in society seriously. In the particular case of the program, agency had the capacity to orient a number of thus far inactive actors towards development, but apparently the program got caught up in the whirlpool of politics and interests which can compromise the sustainability of the acquired capacities.

It is only after some time – Ms Márczis set this period at five year from the termination of the program – that it can be observed whether the capacities acquired by the handful of active local people and organizations will prevail in a national policy environment that was unable to provide for these capacities in the first place. The director of the program is optimistic based on her previous experiences, let us be it too.

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Interviews conducted between September 10-25, 2007:

Márta Márczis – Cserehát Program Director

Erika Bodnár – Coach (Tornai medence)

Erika Borbáth – Coach (Közép-Hernád völgy)

Ágoston Nagy – Coach (Alsó Bódva völgy)

Gusztáv Nemes – Coach (Közép-Cserehát)

Tamás Wágner – Coach (Tókönyéke)

Melinda Kassai – Coach (Dél-Hernád völgy)

Kisszöllősi Szánthó Bea – Coach (Kegyetlen)