



CHAPTER 5

THE HUNGARIAN TELECOTTAGE MOVEMENT

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INTRODUCTION

The Hungarian telecottage movement grew out of a community development programme in 1993 in Csákberény, a small mountain community in mid-western Hungary. With assistance from the Democracy Network (DemNet) programme, funded by the United States Agency for International Development (USAID), 31 new telecottages were established in Hungary between 1997 and 1998. The country now has more than 150 telecottages and there are plans for about another 50 and up to 600 satellite offices. The telecottages are an integral part of the Hungarian government's approach to providing rural communities with access to government information and services in and with an opportunity to achieve local economic regeneration. They are seen as having great relevance for other central and east European states coming to terms with new economic conditions and are already being copied in some of these countries. They may also provide useful examples for developing countries across the globe.

The information presented in this chapter is based on data gathered from Teleház Kht, the Hungarian Telecottage Association (HTA), and personal observations made by the author during meetings with Hungarian government officials, sponsor organisations, officials of the HTA/Teleház Kht and telecottage managers and staff and visits to some of these centres. The assessment is also informed by the author's involvement with the development of, and research into, telecottages in the UK (Murray and Cornford 1995, 1999) and recent study of the development of telecentres elsewhere in the world (Murray in press).

LOCATION AND CONTEXT

Hungary has a large number of very small villages, of which about 1,800 have fewer than 1,300 residents and 2,500 have fewer than 3,000 residents. These communities are poorly provided for in state and public service delivery, educational institutions, retail and business services, and job opportunities. Consequently, although telecottages have been established all over Hungary, they are mostly located in these small towns and

villages lacking the critical mass for economic provision of such services by conventional means.

The initial optimal scenario of the HTA was that within five years, 500 to 800 telecottages would blanket the country, connected to about 1,000 to 1,500 satellite offices (units with a few computers and a telephone line, accessing the services of a nearby telecottage electronically or by other mechanisms). These projections have since been reduced to about 200 telecentres and 600 satellite offices. The map in Figure 5.1 shows the distribution of these centres.

Telecottages bordering neighbouring states such as Romania and Serbia have been promoting and assisting in the development of telecottages in these countries, and especially in areas with native Hungarian speakers.

Figure 5.1: Telecottage map of Hungary, May 1999 (source: www.telهاز.hu).



HISTORY

Hungary is a country that is currently trying, with some success, to re-integrate itself into the European mainstream. In so doing, the country faces numerous economic and political challenges. It was not the ideal environment in which to prove the viability of multipurpose “Nordic” telecentres on a large scale. Yet, the Hungarian telecottage movement has managed to achieve a sustainable nationwide network of centres. Bihari and Jokay (1999) state that this was due to “the help of some American foreign aid spent the right way, and with the help of some highly dedicated citizens, the initiators of a civic movement determined to make a change. It would most definitely not have happened without them.”

The Hungarian telecottage (or teleház) movement had a false beginning when Hungarian librarians thought of using the experiences of Nordic telecottages as a basis for modernising and extending library services through the establishment of “teleservice centres,” targeting small communities in the rural and remote areas. These initiatives only resulted “in several articles, a publication that ended up being very useful ultimately, as well as a telecottage that closed in 1994 after only a few months of operation” (Bihari and Jokay 1999).

However, in 1993, in the small mountain community of Csákberény in mid-western Hungary, the telecottage idea was resurrected as part of a community development programme. The inaugural telecottage, which still exists, provided an office and access to information, computers and telephone and fax services, and was used by local businesses and for local community events. This community initiative involved local volunteers as well as financial support from the local government, the business sector and, at the national level, the Welfare Ministry. The key difference between this and the earlier library telecentres was that the local Csákberény community became stakeholders in the project and understood its purpose.

At the end of 1994, 15 librarians, computer specialists, sociologists, journalists, public administration experts, village developers and other individuals interested in the potential of this approach established the HTA. The HTA's goal: "to turn Csákberény's initiative into a national movement by encouraging the establishment of more and more telecottages, representing their interests and supporting their needs as a network, as well as by seeking resources on their behalf" (Bihari and Jokay 1999).

Progress was slow over the next two years, despite a variety of promotional initiatives and the development of a publication on HTA activities. The turning point came at a conference organised by the association in 1996 when it won the support of the USAID-funded Democracy Network (DemNet) and the Office of the Prime Minister. As a result of this support, 31 new telecottages were established between 1997 and 1998. Now there are more than 150.

AFFILIATIONS AND STRATEGIC ALLIANCES

Although each telecottage is an independent entity, its assets are normally owned by a local non-governmental organisation (NGO) and its office space, personnel and financial resources are contributed by the local government (largely through contracting out of public services). In some cases, the telecottage is based in a local library, school or community centre. The telecottage operator can be the NGO, a private company or an individual taking out a contract with the owner.

The following organisations have been primary supporters of the National Telecottage Programme and/or local telecottages:

- central government
- Hungarian Telecottage Association
- Hungarian Post Office
- United States Agency for International Development (USAID)
- United States Department of Labor (USDOL)
- Democracy Network (DemNet)
- Hungarian British Embassy
- The British Council
- British Know-How Fund
- European Union Delegation, PHARE
- Soros Foundation, Hungary
- Microsoft Hungary
- Matáv (Hungarian Telecom)

- Elender (an Internet provider)
- Mikro Volán Elektronika Rt.
- Santa Cruz Operations

FUNCTIONS

Being based on the Nordic multipurpose telecentre model, the Hungarian telecottages aim to provide a wide range of functions to a broad community of users. Some are more commercially based than others and some specialise in certain applications such as information and communications technology (ICT) training. However, the telecottage movement has at its core the idea that local telecottages can have a strategic role in aiding NGOs, local governments and local businesses in order to:

- promote better information delivery;
- enhance local economic development; and
- facilitate improvements in the provision of local government services.

The National Telecottage Programme aims to widen the spectrum of available networked services by working with government and business partners and contracting to:

- generate micro-regional and local economic development programmes;
- provide social services, child welfare and support for village caretakers;
- provide general access to public administration and transmit official business;
- establish connections to distance working networks and organise an internal distance work systems;
- gain access to, and maintain, a public information system through distance work;
- turn small post offices into telecottages; and
- convert small libraries into telecottages.

The telecottages cover a portion of their operating expenses by contracting with government agencies and serving as micro-regional programme management centres, initiating development proposals and collecting regional development information. Many centres also provide support to their local communities by applying for international, national, regional, county and local grant funding. Sometimes this service is offered for a fixed fee, but more often it is linked to a percentage of the funds awarded.

Telecottage offices and desk space are offered to a wide range of local clients, including distance workers, village caretakers, village managers, regional development managers and NGOs (including vineyard co-operatives).

Training is a major focus of telecottages and some of the centres are actually located in local schools. In such centres, computer and telecommunications facilities are made available to students and teachers at pre-arranged times. But even when the links are not so strong, students and teachers will use telecottage facilities to make up for the lack of similar equipment in the schools. As well, ICT training for local citizens and businesses is often provided as part of national and regional training programmes.

As the number of telecottages grew, it was recognised that it would be beneficial, not least for promotional and quality control purposes, to have a standard definition of what a telecottage was and the minimum level of services that could be expected from such a centre. Consequently, the HTA set minimum standards expected of agencies wishing to

use the name “telecottage,” defining the standards in terms of “operational characteristics” and the “basic services.” These standards are now applied in determining the eligibility of bids during calls for proposals and in evaluating performance of telecottages.

Each member telecottage should provide:

- public benefit and societal oversight;
- open services that constantly adapt to serve the community’s changing needs;
- a community space and public forum;
- public services for everyone;
- responsible, independent, competent management and services;
- modern information and communications technology;
- headquarters and a service centre for NGOs;
- co-operation and assistance in arranging official matters;
- Internet access;
- e-mail;
- public interest information;
- local advertising;
- local news;
- office services;
- use of computers and multimedia; and
- computer games.

The telecottages are also encouraged to develop additional services relevant to local needs and economic conditions. A recent survey of services offered identified a wide variety of applications, including:

- advertising
- agricultural information services
- alarm monitoring
- babysitting
- bookkeeping
- business brokering
- computer access
- computer use consulting, technical advice, repair and maintenance
- copying services
- desktop publishing
- education and training
- employment services
- assistance with seeking grants
- Internet services (business brokering, e-business, home page programming and maintenance, local Internet service provision, etc.)

- equipment loan services
- local area development services
- local media services
- local phone book publishing
- local radio broadcasting
- office and other space leasing
- newspaper reading room
- public administration tasks and advice on official matters
- photographic and video services
- postal services
- programme management and headquartering for regional economic development initiatives
- public e-mail services
- public information services
- second-hand book sales
- snack bar, coffee-house and tea room operations
- social activities
- special events organisation
- carpool and other transport services
- tele-administration
- telebanking
- teleshopping
- tele-education
- telephone answering services, message forwarding, call centre operations and fax services
- telework assistance
- tourism services
- translation services
- computer equipment sales
- word processing and documentation services
- videoconferencing
- youth services

COSTS AND FUNDING

The critical financial support (about US\$1.5 million) for the establishment of the first 31 telecottages in the years 1997 – 1998 came from the USAID-funded DemNet competitive grant scheme launched to help promote the speedy development of new telecottages and heighten general awareness of the possibilities of such centres. Concurrently, the Office of the Prime Minister offered to support the telecottage movement within the framework of its national modernisation programme. The HTA was asked to develop a concept for

a National Telecottage Programme and the Prime Minister's Office committed itself to a grant to support the implementation of the concept. A key part of the approach was the idea of using telecottages in the public administration process. Support was also gained from Matáv, Hungary's largest telecommunications firm, the first of a number of commercial sponsors of the National Telecottage Programme.

The Telecottage Public Purpose Corporation was founded to run the programme. This corporation is 100% owned by the HTA and has a supervisory board that includes representatives of the relevant government bodies.

The capital cost of establishing a telecottage is typically US\$15,000 – \$20,000. The annual operating costs are of about the same order. The HTA always argued that initial support would be necessary for the first two years of the telecottages, after which it should be moving towards a funding regime based on four main revenue streams:

- fees for local services (office services, local media, education, retail, etc.);
- grants and grant competitions (donations, organising events);
- business brokering through the network (trade through the network, financial services, distance learning, distance work); and
- provision of state and local government services based on contracting out (social services, regional development, assisting official business, public interest information dissemination).

Some telecottages receive “wage subsidies” from county labour offices, job creation grants, block grants from local governments, as well as in-kind cost-sharing from the local mayor's office.

ACCOMMODATION

It cannot be said that there is really a typical Hungarian telecottage. The telecottages come in a variety of sizes and are located in many different types of buildings — from single rooms within schools and other buildings to purpose-built telecentres. The following examples are based on some of the telecottages that the author visited in September 1999. They do not define the totality of Hungarian telecottage accommodation, but do give an idea of the types in common use.

Community centres and village halls

Local community centres offer an obvious location for community-focused telecottages. The local community is accustomed to accessing these centres which are normally located close to the village centre. The operators of the telecottage can look after the bookings and organisational arrangements for the community activities in the centre and can promote such activities through newsletters, etc. Facilities such as kitchens and administration offices can also be shared.

In one village visited by the author, the “satellite teleház” was based in a room previously used as a small local library. The local authority paid for the part-time manager who worked in the centre four hours a day with some assistance from community volunteers. The community centre in which this telehá was based had been derelict for some years. It was then rebuilt with local voluntary support.

Another telecottage was based in a village hall that had a large function room (for weddings and similar events), and a number of smaller meeting rooms. The telecottage had one large public access computer room and a smaller room used as its office. It shared the entrance with the village hall and its staff looked after the administrative arrangements for the hall. A commercial company (a husband-and-wife team) ran the telecottage and also operated their own business from the centre. The next stage of development was to open up the second floor of the building under a contract to provide library services.

School premises

One of the telecottages visited had originally rented a room from a local Youth and Fitness Club but had then moved into a semi-derelict building in the grounds of the local infants school. Most of the users of this centre were originally the children and their teachers, but other members of the community were beginning to use the telecottage more. The telecottage had a public access room, an office and a small refreshments area. Its main function was to be a “civic incubator,” assisting local community groups in bidding for funding and completing official forms. The centre’s one full-time manager and seven volunteers also provided computer maintenance, sales services and some desktop publishing. A local cable company employee also used the telecottage as an office. A local executive board had overall responsibility for the telecottage, and the telecottage manager reported to the president of the civic organisation.

Purpose-built telecentres

One telecottage visited was in a brand new purpose-built structure. Compared to other telecottages, this had the most up-to-date equipment and office furniture and an impressively sized public area with access to a kitchen. The administrative offices also included workplaces for a local agricultural advisor and local employment officer. The main purpose of this telecottage was to provide the community with access to a range of government services, and reports on operations were reported through the office of the local mayor.

Village houses

The original telecottage at Csákberény is based in a small traditional Hungarian village house tastefully converted into a small community telecottage. It is located on one of the village streets and provides facilities for access to computers, printers, fax and the Internet. Only a small number of people can use this facility at any one time but it has a wide user base within the community and is kept fairly busy.



The first Hungarian telecottage in Csákberény.

In a more remote rural area of Hungary, one village has a larger, more modern house that has been converted into a telecottage. This is used primarily as an ICT training centre (mainly for students and their teachers, but also for other villagers) and for agricultural biodiversity training courses. This telecottage consisted of a large public access computer room, a meeting room and an administrative office. At the time of the author's visit, it had one member of staff (a conscientious objector who was performing community service rather than joining the army), a part-time "entrepreneurial manager" funded by a small local government grant, and a team of 15 volunteers.

Three years previously, the village had had only one telephone line into the local post office. At the time of the author's visit, there were 400 lines and an ISDN line (high-speed communications network) into the telecottage. The telecottage had plans to increase its training activities. It was also producing a local newspaper for the 7,000 people in the nearby communities, and it planned to promote local organic agricultural produce via the Internet and through locally produced advertisements and promotional literature.

MANAGEMENT

The Hungarian Telecottage Association

When the HTA was established in 1994, its intention was to encourage the establishment of more and more telecottages by representing their interests nationally, by supporting their needs as a network, and by seeking resources on their behalf. The HTA has been extremely successful in this regard and in providing local telecottage managers and organisations with guidance and advice on establishing, funding and running telecottages. The HTA's main goal is "to assure the best conditions for the network and the services to expand, to make telecottages sustainable over the long run, to guarantee a high level of operating quality and to preserve their community-based origins and character." Although the HTA relies on local groups to set up the telecottages, it can try to ensure, through its control of telecottage funding allocations, that the local telecottage plans, operational systems, financial and legal structures and staffing are capable of meeting the local aims and objectives. Regular conferences and workshops are run by the HTA to assist in this process and a training programme for managers and their assistants is being developed, as described below.

The Telecottage Public Purpose Corporation

The HTA's operations are conducted by a 100%-owned separate legal entity, the non-profit Telecottage Public Purpose Corporation. This organisation handles all issues related to the expansion of the network and its services, and all services provided to telecottages or to the Association. The Telecottage Programme Office and its five contractors and full-time thematic programme managers provide a continuous array of diverse services. The Public Purpose Corporation develops grant competitions, manages training and development programmes, maintains and develops the telecottages' home page, operates a monitoring system, conducts public relations activities, prepares publications, maintains international contacts, and does just about everything else that the Association and the network may need.

STAFFING

As shown in the example above, the managers of the centres are recruited from a range of sources and can be part-time or full-time. Most centres operate with one to two contract staff. Their assistants are most commonly volunteers from the communities, and the number of volunteers per centre ranges from 8 to 30.

TRAINING MANAGERS, STAFF AND USERS

The rapid increase in the number of telecottages and the utilisation of the network by the state agencies, local governments, NGOs and private sector have convinced the HTA of the need to ensure quality services, reliability and stability in the network. There is seen to be one essential element for this: training for telecottage leaders and employees. Up until now, this training has been on the job, performed alongside everyday tasks and responsibilities. The HTA is now developing what it calls a Programme and Methods for Development and Introduction of Telecottage Manager Training as an integral part of its National Telecottage Strategy.

Once this programme has been fully developed, it will form part of the framework of telecottage quality assurance. Telecottages wishing to apply for HTA-administered grants and to use the Teleház Kht telecottage name will be required to ensure that their employees are trained to HTA standards. The HTA is working closely with telecottage colleagues in the UK to export aspects of the National Vocational Qualification for telecentre managers who received formal recognition in the UK in January 2000. (For further information on this, see Chapter 18.) Training materials are also being developed for telecentre management training under a European Union Leonardo-funded project (LocalNet) in which the HTA is a partner. This training will rely on a significant amount of online tutoring and a competency-based assessment methodology. Managers and their assistants will receive technical, managerial, business, financial, marketing and community-focused training. Some telecottage staff will also learn training skills so that they can in turn provide further training for the local staff, volunteers and users.

PUBLICITY

The HTA has been very active in promoting the concept of telecottages within Hungary and publicising the successes of the Hungarian telecottage movement internationally. It organises annual conferences and invites international speakers and senior national officials to these. It produces a number of books and leaflets in Hungarian and English (as well as some in Bulgarian, Croatian and other neighbouring languages). It also uses press and TV coverage to help raise the profile of the telecottage movement, and it has its own Web site (www.telahaz.hu).

One of the HTA's most ambitious publicity initiatives has been the production of a documentary film, *Our Telecottage*. The HTA saw need to use the mass media to raise public demand, encourage further civic initiatives, inform potential donors and public officials, and advise authorities and communities in other countries about the potential of telecottages, drawing upon the Hungarian experience. It gained sponsorship from the Hungarian mission of USAID for this project. The film presents an overview of Hungary's telecottage movement and its role in combatting rural out-migration, unemployment and social alienation by providing villages and country folk with opportunities that city-dwellers take for granted. Through case studies, it shows what telecottages are and what they are good for, how to establish a telecottage, the role of

civic organisations, the communities' reactions to the telecottages, and the future prospects for the telecottage movement.

The HTA is happy for this film to be freely distributed for non-profit purposes so long as appropriate credits are given to its production staff and sponsors. The HTA plans to produce versions of this film in Bulgarian, Croatian, Polish, Romanian, Slovak, Ukrainian and other languages.

ACCESS

The centres are open for 41 to 48 hours per week and the vast majority of the centres also open at other times on demand.

TECHNOLOGY

Provision varies from centre to centre, but according to 1999 data, centres tended to have five to seven computers, three to four CD drives, one colour printer and one black-and-white printer, one to two phone lines, a fax and a photocopier. Most also had modems for Internet access. Roughly 40% of the centres had scanners, TVs, VCRs and 27% had video cameras. Only 13% of the centres had ISDN access, but this was expected to rise to 35%.

RESEARCH AND EVALUATION

The HTA has implemented a Telecottage Fact-finding, Monitoring and Evaluation System as part of the process of defining the National Telecottage Strategy Concept (HTA 1999). This study has provided an overview of the types of telecottages and the services they offer. It has proven to be invaluable in convincing government and commercial sponsors of the benefits of supporting the Hungarian telecottage initiative. It has also been of great value as a source of advice and guidance to new and existing telecottages and as input to the plans for the national telecottage managers training programme.

CONCLUSIONS

Several factors have been critical to the development of Hungarian telecottages. One has been the special relationship between telecottages and the NGOs. Another has been that this was a grass roots movement based on local community needs and initiative. At the same time, it was recognised from very early on that the community groups needed the assistance of a professional national network or association to help convince governmental and other sponsors of the opportunities presented. The work of HTA has been critical in this regard. This core partnership has been assisted by the USAID-funded DemNet programme which saw the unique role that NGOs could play in Hungary and made their involvement and the support of local government and/or commercial organisations a funding requirement. The Hungarian government recognised that, to survive in the new global information economy of the 21st century, it needed to encourage and support businesses to take maximum advantage of the Internet and electronic commerce, provide people with the skills to join and take advantage of the information society, and achieve affordable access. It also expected the telecentres to play a key role in this strategy and supported them accordingly. Like all successful undertakings, the movement has also benefited from the involvement of key motivated

local individuals and entrepreneurs with the necessary contacts and powers of persuasion to guarantee the support of local and central government, albeit in return for the contractual provision of government and civic services.

The socio-economic circumstances may also have had an impact on the development of telecottages. The demise of the old communist structures led to a lack of essential services in rural areas, a gap that the telecottages are trying to fill. Such deprivation had also developed a strong tradition of community self-help and resourcefulness to achieve local objectives, an approach that fits in well with the bottom-up development approach of the telecottage movement. In this sense, there may be lessons in the Hungarian telecottage movement for other former Eastern Bloc countries.

Developing countries may also be able to learn from this experience. The approach adopted has been based on a thoughtful assessment of telecentres established elsewhere, particularly in Scandinavia and Australia, but tailored to suit an economy undergoing substantial changes as it attempts to catch up with the more advanced economies of Western Europe. No single telecentre model will be pre-eminent in Hungary. Business entrepreneurs will identify services that can be offered commercially and social entrepreneurs will develop models and funding options for commercially non-viable community services. The very scale and the speed of development of the Hungarian telecentres will result in success and failure. In some cases, the centres may provide a blueprint for large-scale private/public sector partnerships to turn the information-poor into the information-rich. On the other hand, they may turn out to be yet another “heroic failure” in experimenting for social inclusion and technology-led development. Either way, it is an experiment well worth watching — and well worth trying.

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