

Social innovation achieved in a development trap: examples of local efforts in Hungarian context

Réka Horeczki ¹, Petra Kinga Kézai ^{1,2} and Nóra Baranyai ¹

¹ ELTE Centre for Economic and Regional Studies, H-1091 Budapest, Hungary;
kezai.petra@krtk.elte.hu; baranyai.nora@krtk.elte.hu

² Kautz Gyula Faculty of Economics, Department of Leadership and Marketing, Széchenyi István University, H-9026 Győr, Hungary

The Central and Eastern macro-region of the European Union (EU) is perhaps the most complicated formation on the continent, based on geographical factors with historical and cultural attitudes. In a geopolitical and generally political sense, the macro-region has always been historically fragmented (Akcalı and Korkut 2012, Balogh et al. 2022) and we can conclude that it is still the same even today. The history of the countries of the region over the past century has shown that border changes have mostly changed political and nation-state roles (Hardi et al. 2009), while the human and economic relations of border regions are considered permanent. The cultural capital of these areas is truly valuable (Hribar and Lozej 2013, Rechnitzer and Berkes 2021), not only because of the nationalities and traditions that live there but also because of the assimilating yet traditional inhabitants. We believe that any initiative that makes an effort to unite, think together, and act together will help to keep the region united.

In the whole region, the European Union has become the dominant factor, the operator and financing agent of external and partial internal integration (CFR 2025). Regional initiatives and different funding programmes directly convey the expectations and reactions of outsiders. EU funds have not been properly absorbed in many places due to inadequate government and institutional structures (European Economic and Social Committee 2014, Finta 2024). Therefore, a priority for governance is to identify and strengthen areas that reduce dependence on external support. Developing innovation ecosystems, stimulating innovative thinking and strengthening Multi-level Governance (MLG) provide opportunities to sustain collaborations that reduce external dependencies. In the study, we will use MLG and social innovation as a response to the challenges. In all these contexts, the concept of MLG tends to refer to systems of governance where in which authority is a dispersed of authority upwards, downwards, and sideways between levels of government – local, regional, national, and supranational – as well as across spheres and sectors, including states, markets, and civil society (European Commission 2020).

The further aim of the research is to prepare a common development policy proposal for the Central and Eastern macro-region, which will together manage and provide recipes for overcoming the MIT (to find an integrated government solution). According to the European Committee of Regions (2024): “territorial inequalities are increasing across Europe, while regions are facing new challenges related to the climate crisis, energy dependency, demographic change and geopolitical tensions.” The geographies of discontent (Rodríguez-Pose et al. 2023) and development traps (Diemer et al. 2022) point to many root causes of the challenges of Europe’s cohesion and can be related more directly to the questions of social deprivation that arise from rapid social change, lack of economic opportunity and alternatives, exclusion and reduced social interaction. In this paper, we describe some social innovations that are linked to the local and municipal levels and that are based on cooperation.

This paper is structured as follows: First, we provide a comprehensive review of the literature on the evolution of social innovation. Next, we conceptualize social innovation as a strategic

instrument for regional development. We then present our methodological framework, which is grounded in a questionnaire-based survey conducted among Hungarian self-governments. The Findings section analyzes the survey data, interpreting twinning through five key dimensions, one of which is social innovation. Finally, we discuss the theoretical implications of the results and offer recommendations for both policy formulation and practical application.

Before the regime change in 1989/90, twinning relations were centralized (Süli-Zakar and Czimre 2007; Fabry 2019), but since the establishment of local government autonomy in 1990 a significant part of the relations are established on internal initiative, spontaneously, and built from the bottom up, and it is rare that the directions of relations are shaped by state or other external institutional pressure, from the top down (Brucker and Zsibók 2025). Of course, this does not mean that the state does not try to manage relations indirectly, there are still incentives and subsidies especially since the establishment of the Orbán government in 2010, that direct municipalities in the desired direction, but these are more opportunities than obligations.

The government has supported the establishment and maintenance of Hungary–Hungarian twinning relations as an integral part of its national policy since 2015. Thus, in Bethlen Gábor Fund Management (BGFM) Hungarian settlements can apply, on the one hand, to establish new twinning relations with a settlement inhabited by Hungarians living in the Carpathian Basin, and on the other hand, to develop their already established twinning on an intraethnic basis, exchange experiences, create joint programs, and thus contribute to the well-being of Hungarians living abroad in their homeland, to the promotion of relations with the kin state, and to the strengthening of Hungarian national identity. Since its launch this year, the 10-year twinning programme has contributed to the establishment or strengthening of more than 1,100 twinning relations (Portfolio Blog 2025). Support for Hungarian nationalities (except for the Roma), which were previously more closely linked to the government in terms of organization, has also been in the hands of the BGFM since 2018. The aim of supporting the twelve nationalities – Armenian, Bulgarian, Croatian, German, Greek, Polish, Romanian, Ruthenian, Serbian, Slovak, Slovenian and Ukrainian – is to provide resources to these communities to nurture their language, cultural traditions, intellectual and material heritage in a dignified manner, and thereby contribute to the preservation of Hungary’s cultural diversity (BGAZRT 2025). Within the framework of the so-called nationality support, applications can be made for support for ethnic civil organizations, budget support for ethnic cultural initiatives and ethnic camps, while the basic funding for the tasks and operations of local nationality self-governments belongs to the Fund. Thematic grants are intended to implement local cultural programs that contribute to the visibility of ethnic communities and the nurturing of intraethnic relations, including their twinning relations with the kin state.

As mentioned earlier, and the composite indicators created from the individual questions also clearly show, that identity-based relationships result in the involvement of broader segments of society in twinning cooperation, and these relationships can integrate most deeply into local society. An active local society also handles the emerging difficulties better, and accordingly – in addition to the lack of resources generally characteristic of local governments – it also perceives the inhibiting factors less. And the existence of relations clearly brings greater benefits to these settlements. The twinning or sister city relationships can be seen as networks and best practices that can be considered one of the key factors of social innovation in Central and Eastern Europe. In the most successful cases, this is not just a formal cooperation, but a process that can transform and strengthen local communities, local nationalities, and ethnic minorities (if the relationship was established on their initiative), and can also improve the problem-solving capabilities of self-governments.

We based our examination of the twinning town network as a social innovation on five main factors:

1. the emergence of new social interaction and new forms of cooperation that transcend traditional hierarchical institutional frameworks (cooperation between Volunteer Firefighter Network around Carpathian-basin);
2. when the twinning relationship is based on value creation and the goal is resource sharing (whether physical or human/cultural resources), it is mostly social best practices that are shared or cultural capital that is exchanged (the establishment of Bulgarian horticultural tradition in Hungary is an excellent example of the transmission of agricultural traditions, which is maintained by twinning arrangements);
3. social innovation occurs when new approaches are sought to solve local social problems: when external actors join in, objective factors can often be identified that can help local governments solve problems. A city struggling with emigration can learn from a sister city that has successfully implemented a program to attract young people. Or a sister city in another country may have already found a solution to a city's environmental-social-geopolitical problems, such as flash flooding in mountainous areas or the integration of digitalization techniques into everyday life; changing geopolitical situations, security policy factors and refugee.
4. the greatest benefit of social innovation is widespread social involvement, bringing the population into direct contact with other cultures and perspectives, which creates opportunities to strengthen trust, break down stereotypes, increase the sense of European identity, and stimulate social learning. These initiatives mainly cover active platforms where people actively participate and learn from each other e.g. the cases of European Capital of Culture titled cities network.
5. when traditional frameworks are no longer sufficient: bottom-up, economically profitable initiatives, where the initiator is not the local government but a civil association, business, or individual local resident. This horizontal, network-like governance model can also function as part of social innovation, mobilizing structures that break through established frameworks.

This study demonstrates that twinning functions as dynamic platforms for social innovation, fostering regional cohesion and community resilience. Through these relationships strengthen local identity, enhance civic participation, and generate social capital—key ingredients for overcoming the Middle-Income Trap. While traditionally perceived as symbolic or cultural gestures, these partnerships increasingly serve as functional arenas of collective learning, enabling local actors to cocreate solutions to social, economic, and environmental problems.

Through diverse examples of social innovation—from the Carpathian Basin Volunteer Firefighter Network to Bulgarian-Hungarian horticultural heritage and the European Capital of Culture initiatives, the study illustrates how twinning can act as a transformative social innovation system. These cases demonstrate that innovation arises not only from technological or financial inputs but also from relational capacities, shared cultural heritage, and collaborative governance. Even when the economic outcomes are modest, the long-term social dividends—enhanced participation, strengthened networks, and mutual learning—contribute to a more integrated and inclusive regional development paradigm.

The article emphasizes that twinning partnerships represent a participatory and bottom-up model of MLG, wherein municipalities, civil society organizations, and citizens collaboratively reshape the frameworks of local governance. By integrating innovation into routine collaborative practices, these networks transcend the realm of symbolic diplomacy, operating

instead as enduring mechanisms of territorial cohesion and drivers of inclusive, community-orientated development throughout Central and Eastern Europe.