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THE IMPACT OF THE COVID-19 PANDEMIC ON THE WORK-LIFE BALANCE OF EMPLOYEES

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ABSTRACT

The impacts of the COVID-19 pandemic are still prevalent in the Hungarian labour market. With home office gaining ground, the traditional way of working before the pandemic was partially altered, for which neither employers nor employees were ready. Work-life balance was upset by the change in the daily routine. In our quantitative online questionnaire survey, we looked at whether this disruption and change had a greater impact on the older or younger generation and whether there was a discernible gender difference in home office work in Hungary. Before the questionnaire survey, two hypotheses were developed. One of our hypotheses was confirmed and the other was rejected after analysing the data. We demonstrated that older age groups – the Baby Boomer and Generation X – are more satisfied with their work-life balance than younger age groups – the Generation Y and Generation Z – using statistical methods (cross-tabulation analysis and chi-square test). We examine these possible causes and make recommendations for strategies to promote work-life balance in our article.

Keywords*:* COVID-19, home office, work-life balance, labour market, generations
JEL codes: O15, M54, J81

INTRODUCTION

Our daily lives, our lifestyles, our daily rhythms have been radically changed by the COVID-19 pandemic. We have experienced first-hand what it means when a country shuts down overnight and runs only the life-support systems. Despite previous pandemics, we had no such experience, we did not know how to act, we were guided only by our instincts. Schools and workplaces were closed, panic buying at shops began. Hundreds of thousands of children were left at home, with care, feeding and education to provide. The difficulties of reconciling work and traditional family roles are a stress factor in the lives of individuals, who have to cope with the importance of both areas of life and the many demands that have to be met. Women, mothers, have to fulfil both the female/motherly and the workplace roles, and it is therefore of paramount importance for them to reconcile these two areas. In addition to the

classic role of family provider, men should also strive to relieve the burden on mothers. Employers have already recognised that if a worker's private life is unstable or if she has to work a second job, does not get enough rest and therefore does not achieve a work-life balance (WLB), this has a negative impact on work performance.

The coronavirus pandemic has brought forced change to our lives, changing our habits, and the spread of the pandemic has also affected domestic economic sectors. The aim of our research is to analyse the work-life balance among home office workers, which has been altered by the COVID-19 pandemic, with a particular focus on generational and gender differences. Therefore, we review the literature on the topic, summarise the rise of the home office in Hungary during the pandemic and describe its legal background. In the second part of the article, we present the research methodology we applied and the results we obtained and conclude with some useful advice for labour market participants.

The emergence and spread of the home office in Hungary

Work has always played a key role in individual lives and in society as a whole. Before the COVID-19 pandemic, atypical forms of employment were not characteristic of the Hungarian labour market. New arrangements and forms such as flexible work arrangements and teleworking have affected work time and working hours, as well as the work–life balance and the relationship between employees and work (*Vyas*, 2022; *Putri & Amran*, 2021).

Teleworking can be classified as an atypical form of employment because of the unusual nature of the place of work and the non-standard way of working. Teleworking can also be considered as a modern form of work in modern times (*Venczel-Szakó et al.*, 2021). The introduction of flexible forms of employment helps employees reconcile work and family life, making the workplace more attractive. Family-friendliness is also a cornerstone of building the employer's corporate reputation and enhancing social responsibility (*Vámosi*, 2020).

Home office is not just a "product" of the COVID-19 pandemic: it has been part of the corporate culture of larger companies for several years, but it was previously accepted either for disadvantaged workers (e.g., disabled or with young children, etc.) or for those in a specific job (e.g., managers). Later, this scope has been widened and the employer has come to have high expectations of the employee (*Amin et al.*, 2020). Most of all, Generation Y and Z have come to expect flexibility from their employers. Recent research reflects the fact that physical presence in the workplace in the classical sense is becoming a thing of the past, the workplace is in fact becoming a client state and work-life balance is playing an increasingly important role (*Sipka*, 2021).

In principle, flexible forms of employment can increase worker productivity and work-life balance, and can increase workers' well-being, satisfaction, self-confidence and motivation, especially if expectations at the bottom of the worker needs pyramid are met (*Ayar et al.*, 2022). The current labour market situation, with emerging labour shortages in particular, clearly favours the development of flexibility, but part of this is due to constraints, which employers do not always live well with. It also requires a change in corporate culture and attitudes (*Vámosi*, 2020, *Czifrusz*, 2021).

Work-life balance

The term „work-life balance" appeared in the international literature in the 1960s and 1970s. Since then, there have been many publications on grammatical correctness, consistency of translations, vocabulary and content. The English term „work-life" can be found in the Hungarian literature as a combination of „work-life" or „work-family". The issue of work-life balance is becoming increasingly important today, as many employees spend far more time at work than is optimal or spend much more time at work in their free time (*Csehné & Varga*, 2017).

If we dissect the term itself further, we can assume that there is an ideal level that exists when there is a healthy work-life balance. The understanding of work-life balance (WLB) differs between employers and employees. For employers, the concept of WLB refers to an approach, a corporate culture whereby employees are provided with a fulfilling life outside work, while making a full contribution to the organisation's results during working hours (*Bocean et al.,* 2023). Employees feel cared for by their employers, which increases their identification and loyalty with their workplace and improves their work performance. In any case, it is important to underline that there are many benefits for the company if it is mindful of its employees' social and family responsibilities. For employees, the concept of WLB means that they have more freedom in terms of where, when and how they carry out their work. In practice, the employee feels in control of his/her work, so that he/she can control certain events and life situations. Work-life balance can be achieved more easily and harmoniously (*Vámosi*, 2020). It is also a fact that only healthy people can do their jobs well, so employers need to care about the health of both their female and male employees (*Lehmann,* 2016). More and more companies are implementing these measures to promote healthy lifestyles (*Vámosi*, 2020).

Impact of the COVID-19 pandemic on the labour market

In the pre-coronial period, globalisation, digitalisation and technological development, labour market diversity and the impact of growing economic, social and environmental challenges on labour markets and employment were identified as the most pressing issues facing the world of work in developed countries (*Zádori et al*, 2020). However, the COVID-19 pandemic has been a major shock to the European and global economy (*Tóth et al.,* 2023), as the new pandemic attacks two of the main pillars of the economy, one of which is the use of human labour. The number of registered patients worldwide reached 8 million. There was a growing demand among experts to understand the impact of the pandemic on the labour market (*Bagó*, 2020).

In the first phase of the COVID-19 pandemic, most employers put in place key measures early on: office rotation, travel bans, no client meetings. In practice, online communication has become the norm. In other cases, workers have been kept at home by reallocating working days, rest days and days off. In some organisations, holiday pay was imposed, in public institutions two-thirds to half of annual leave was compulsory, and in others, an agreement was reached with employees that they would simply not have to work, but that their pay would be lower.

If the circumstances were right, workers were ordered to work from home. Within a very short period of time, thousands of workers were able to work from home (or

home-working) as part of their daily routine. Most of them were programmers, IT specialists, marketing and journalism workers, teachers and trainers, translators, analysts, project managers, designers, e-commerce specialists, managers and administrative staff. Previously, this home office was the privilege of senior managers only. Today, this circle has widened considerably (*Géra*, 2020).

The pandemic has significantly changed the daily lives of employers and workers. Almost one in five workers were affected by teleworking/home office in May 2020 (*KSH*, 2020). As the intensity of the pandemic has increased or decreased, so has the proportion of people working from home. For example, in the months April-May 2020, 40-50% of teleworkers declared that they regularly worked from home, and in the following months the proportion of regular teleworkers fell to around 30% (*Ignits,* 2021).

In workplaces where the personal presence of the worker is essential (e.g., cashiers, public transport drivers, customer service staff), workers are provided with protection of the workplace, individual masks and/or face shields and protective gloves and may even be required to work shorter hours. In some cases, protective walls, goggles, and protective sheeting are installed to protect workers (*Géra*, 2020).

It can be predicted that with the end of the pandemic, the home office will also gain political and legislative support, as it can be said without further ado that it is the most environmentally friendly form of work, as it reduces the ecological footprint of both the employer and the employee (*Herdon & Poór*, 2020).

MATERIALS AND METHODS

As a result of the COVID-19 pandemic, home office working has increased significantly in our country. The aim of our research was to investigate which generation of home office workers and which gender is more satisfied with their work-life balance in Hungary. After reviewing the literature and internet sources, the following hypotheses were formulated:

H1: We assume that members of the older generation are more satisfied with their work-life balance than members of the younger generation.

H2: We assume that women are more satisfied with their work-life balance than men.

To test hypotheses **H1** and **H2,** quantitative research was conducted using an online questionnaire with 24 questions, based on the topics covered in the work-life balance and home office literature. Sampling took place between 20 September and 1 October 2022 via the Google Forms interface and spread by means of social media (Facebook). Our research was directed at such Hungarian employees who were working in home office. The non-probability sampling type is characterised by the fact that respondents can complete the questionnaire voluntarily. The results of the survey carried out in this way cannot be extrapolated to any larger population and are therefore not representative.

After the deadline, the opportunity to respond was closed. A database was created from the responses received and the data was summarised in tables. IBM SPSS Statistics 25 and Microsoft Office 365 were used to analyse the data. A total of 162

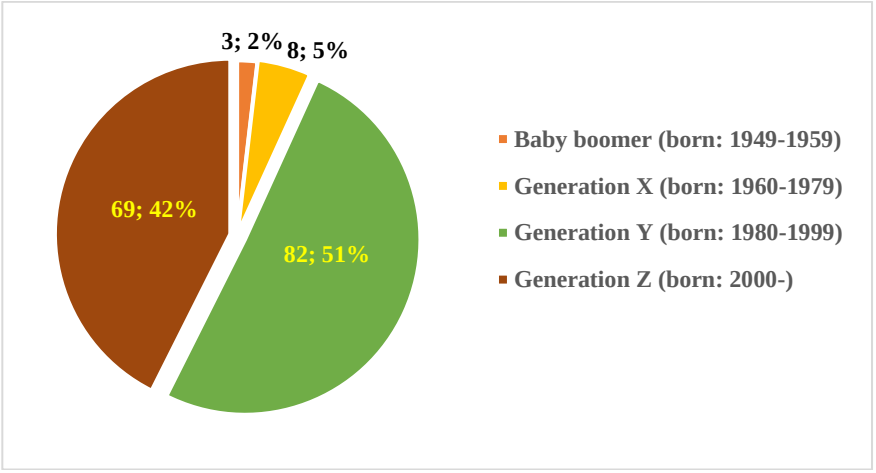
responses to the online questionnaire were received by the deadline, giving a quantitative sample of n=162, which is far from being representative, so no internationally relevant findings can be concluded here.

RESULTS AND DISCUSSION

The first stage of the questionnaire was to collect demographic data. The gender ratio of respondents was 64:36% in favour of women. 103 women and 59 men responded the questionnaire.

Our research also looked at differences between different generations. The majority of respondents (82–51%) were born between 1980 and 1999 (i.e., Generation Y). This is followed by 42% of respondents (69) from Generation X. Eight were born in 2000 or later (5%) and only 3 respondents - 2% of the total sample - were from the Baby Boomer age group (born between 1949 and 1959), which is again a very tiny pattern for making general conclusions. The distribution of generations is illustrated in *Figure 1*.

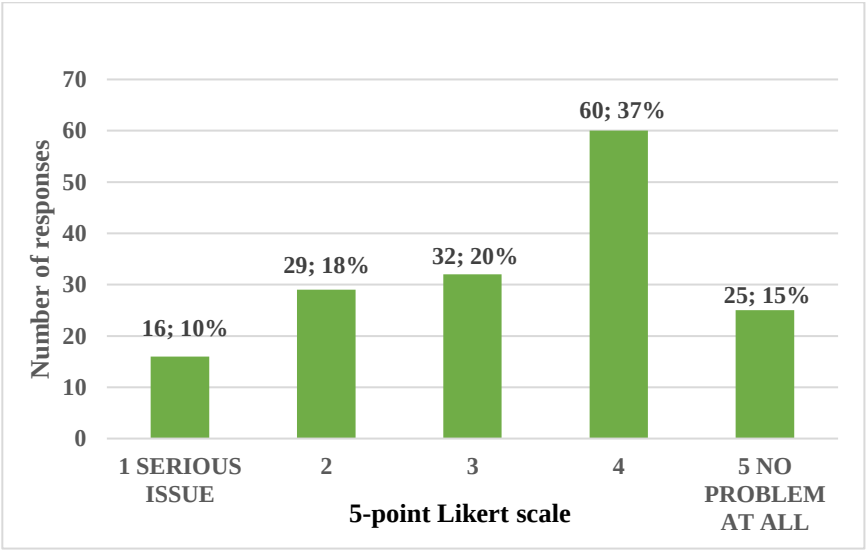
Figure 1: Generational distribution of respondents to the questionnaire (n=162)



We also asked about the respondents' place of residence, education, financial situation and the hours they work at home (home office) per week. We asked whether the employer was a family- friendly workplace, whether it was supportive of the WLB and how many children the employee shared a household with. A five-point Likert scale was used to assess self-reported satisfaction with the employee's own work-life balance.

Figure 2 shows that 25 (15%) have no problem at all and another 60 (37%) have no problem at all in achieving a good work-life balance, 16 (10%) have serious difficulties and another 25 (15%) have difficulties in achieving a WLB in their daily life.

Figure 2: Self-reflection on work-life balance (n=162)



We also performed a cross-tabulation analysis using SPSS (*Figure 3*). We investigated whether there was a correlation in the work-life balance between generations. Due to the sample size (n=162), we pooled generations that were close to each other and created 2 new groups. A „senior" age group was created by merging the Baby boomer and X generations, and a „junior" age group was created by merging Generations Y and Z. The Pearson Chi-square test that was run confirmed the significant correlation, as the value obtained is 0.049, which is higher than the marginal estimate of 0.05.

Figure 3: Differences between senior and junior age groups in the context of work-life balance (n=162)

2generation * How satisfied are you with your work-life balance? Crosstabulation

			How satisfied are you with your work-life balance?					
			Not satisfied at all	Not satisfied	Partially satisfied	Satisfied	Completely satisfied	Total
2generation	Senior	Count	2	11	23	36	18	90
		% within XY generation	2.2%	12.2%	25.6%	40.0%	20.0%	100%
	Junior	Count	8	12	22	17	13	72
		% within XY generation	11.1%	16.7%	30.6%	23.6%	18.1%	100%
Total		Count	10	23	45	53	31	162
		% within XY generation	6.2%	14.2%	27.8%	32.7%	19.1%	100%

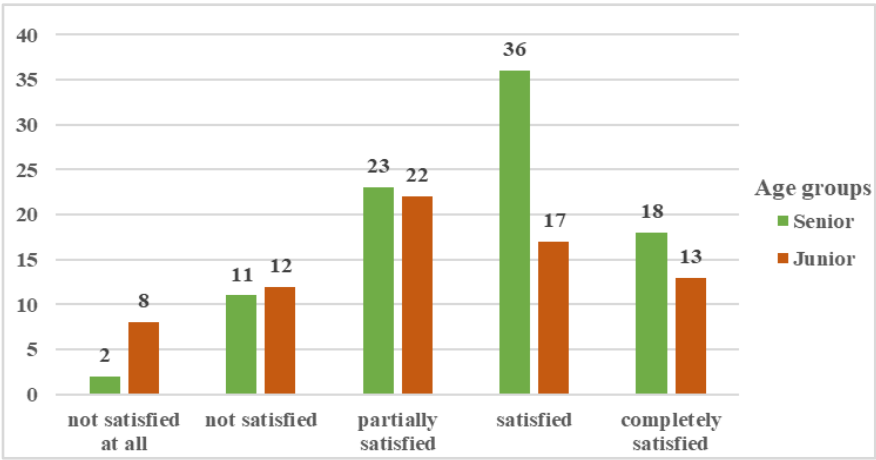
Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.400[a]	4	0.049
Likelihood Ratio	9.692	4	0.046
Linear-by-Linear Association	5.592	1	0.018
N of Valid Cases	162		

a. 1 cells (10.0%) have expected count less than 5. The minimum expected count is 4.44.

The bar chart in *Figure 4* shows that the senior age group has a higher number of members who are partially satisfied (23-22), satisfied (36-17) and fully satisfied (18-13) than the junior age group. And there are fewer people (2-8) in the senior age group who are not satisfied (11-12) and not at all satisfied than those in the junior age group.

Figure 4 Comparison of work-life balance (n=162)



In the questionnaire, we tested whether there was a correlation between gender and work-life balance on a 5-point Likert scale. We also performed a cross tabulation analysis using SPSS software. However, the Pearson Chi test performed showed no statistically verifiable correlation between gender and WLB based on the sample. Therefore, due to the small sample size, it is not possible to clearly identify and state whether women or men are more satisfied with their work-life balance.

Workers who have no children or only one child living in the same household rate their work- life balance higher than those who have more than two children.

People with a higher level of education work much more in a home office than people with a lower level of education.

The higher someone's income, the more difficult it is to achieve an optimal WLB.

Representativeness was not an aim of the research, as neither the sample size nor the sampling allows it. The sample size is low (n=162), the number of individuals representing the generations is also low. In the online survey, territoriality was not explored in depth. When processing the data, we found that there were too many response options for the questions asked, which made it difficult to identify statistical relationships during processing. Nevertheless, we found some correlations between the results obtained, which could be the basis for further research.

CONCLUSIONS

The COVID-19 pandemic has created an emergency situation that has acted as a powerful catalyst in the labour market. In Hungary, the previously unprecedented home office has exploded regardless of gender and age.

Our research has looked at the impact of the pandemic on different generations, how it has changed their previous lifestyles and their work-life balance. To this end, we formulated two hypotheses. We performed a cross-tabulation analysis and then ran a Pearson Chi-square test to confirm a significant correlation.

Hypothesis H1 was confirmed. Our quantitative research investigated whether women or men are more satisfied with their work-life balance.

We rejected Hypothesis H2 because we could not provide statistical evidence that women are more satisfied than men.

Finally, we would like to make a few recommendations to improve the work-life balance of employees while agreeing with *Shirmohammadi et al.* (2022).

Let us first create balance within ourselves. Then focus on key tasks. Prioritise what is really important, reduce wasted time such as commuting to work (home office), shopping online, reducing time spent on social media, etc. Set boundaries: set precise working hours and avoid dealing with work tasks and problems in your free time. Do not read work correspondence at home, switch off the company phone and leave work problems at work. Then devote more time to rest and recreation. Rest and relaxation are the cornerstones of good health. Regular exercise, hiking, nature walks, me-time. Sport also helps us to refresh mentally. Remember that physical and mental health depends on getting enough and quality sleep.

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CURRENT STATUS-QUO OF AZERBAIJAN RENEWABLE ENERGY AND POSSIBLE COOPERATION WITH EU

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ABSTRACT

The article aims to provide information regarding current situation and future potential of renewable energy sources in Azerbaijan. Moreover, it proposes measures for the more convenient and efficient utilization of alternative and renewable energy sources to address the pollution of the natural environment resulting from recent significant climate changes on our planet. It extensively covers various aspects of alternative energy sources, including their development history, types, operational principles, and structures. Additionally, the factors influencing these energy sources are elucidated, along with an overview of state programs aimed at their development, tasks, and implementation, as well as European Union cooperation initiatives. The research also delves into the utilization of alternative renewable energy sources, ongoing projects, and the efficient utilization of natural resources. In modern times, the use of renewable energy sources present a promising avenue, offering the potential to safeguard environmental balance, restore equilibrium, and maintain ecosystem dynamics. The accelerating disruption of this balance underscores the urgency of expanding development and utilization efforts in this area. This article investigates current and possible future cooperation between European Union and Azerbaijan in renewable energy industry.
Keywords: energy sources, European Union, Azerbaijan, resource, consumption, economy
JEL codes: O13, P18, Q42, N54, N55

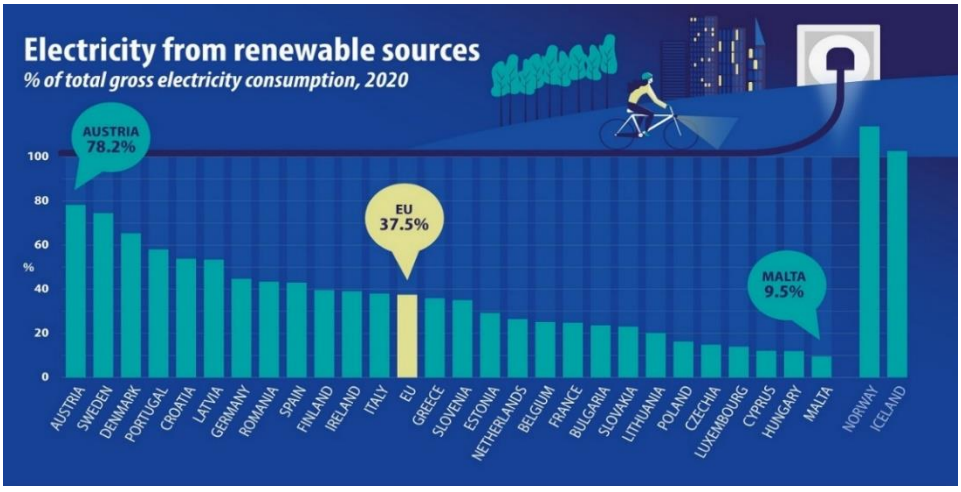
INTRODUCTION

In recent years, renewable energy sources have grown to comprise 39 percent of the total electricity production in European Union (EU) countries (*Figure 1*) (*Eurostat*, 2022). Renewable energy is a key factor in achieving our energy independence. This increase is due to a 28 percent rise in solar energy production and a 7 percent rise in wind energy production.

Azerbaijan holds significant potential for the development of renewable energy. The country boasts excellent wind and solar resources, as well as promising opportunities for biomass, geothermal, and hydropower (*Figure 2*). To harness this potential, the government has set a target to add 420 MW of renewable energy capacity by 2020 (*Mustafayev et al.*, 2022). To achieve this, Azerbaijan has initiated projects using engineering, procurement, and construction contracts. However, the actual implementation has been limited compared to the available resources and long-term objectives. Increasing the share of renewable energy in the energy mix offers numerous benefits beyond economic

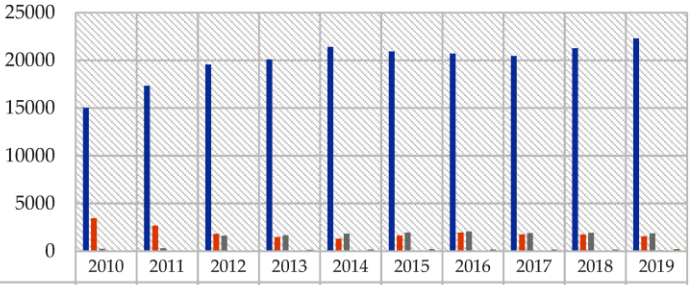
diversification. It can serve as a catalyst for new employment opportunities, particularly in a nation traditionally reliant on oil and gas, by fostering technological innovation and developing new sectors that contribute to economic growth and GDP. Furthermore, the accelerated adoption of renewable energy, coupled with ongoing improvements in energy efficiency, can reduce the country's oil and gas consumption. (*Masud et al.*, 2019).

Figure 1. Renewable energy on the rise: 39% of EU's electricity



Source: *Eurostat*, 2022

Figure 2. Power generation and types of resources used in Azerbaijan (million kWh)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TPP and PPs working with fuel	15003	17317	19537	20066	21401	20905	20699	20445	21243	22290
Hydro Power Plants	3446	2676	1821	1489	1300	1638	1959	1746	1768	1565
Autonomous producers (working with fuel)	260	301	1630	1664	1848	1955	2062	1900	1934	1873
Wind Power Plants	1	0	0	1	2	5	23	22	83	105
Solar (photovoltaic) Power Plants	0	0	0	1	3	5	35	37	39	44
Electricity generated from waste incineration	0	0	0	134	174	182	175	170	162	196

Source: *Mustafayev et al., 2022*

The share of renewable energy needs to increase from about 18% of total final energy consumption in 2015 to roughly two-thirds by 2050. During this period, the share of renewables in the power sector should rise from about one-quarter to 85%, primarily driven by the expansion of solar and wind power generation. The energy intensity of the global economy must decrease by approximately two-thirds, reducing energy demand in 2050 to just below 2015 levels. Despite significant population and economic growth, this can be achieved through major improvements in energy efficiency, according to the report. (*IRENA*, 2018)

Azerbaijan has significant potential for renewable energy development, with abundant wind and solar resources, as well as promising opportunities for biomass, geothermal, and hydropower. The government aims to add 420 MW of renewable energy capacity by 2020 and has initiated projects using engineering, procurement, and construction contracts to achieve this. However, actual implementation has fallen short of the available resources and long-term goals. Increasing the share of renewable energy in the energy mix can provide numerous benefits beyond economic diversification, such as creating new jobs in sectors outside of oil and gas, fostering technological innovation, and boosting GDP growth. Moreover, accelerating the adoption of renewable energy and improving energy efficiency can reduce the country's dependence on oil and gas. (*IRENA*, 2015).

MATERIALS AND METHODS

Our motivation for selecting this topic stems from the pressing issues related to energy and climate change. We aim to provide insights into the current situation and future potential of renewable energy sources in Azerbaijan. Another goal is to explore how EU countries are attempting to shift their current energy policies with key partners. Additionally, we thoroughly examine the potential renewable energy sources in Azerbaijan. The widespread use of conventional energy resources in today's production sectors significantly contributes to climate change, which has hazardous and detrimental effects on our environment, leading to continuous pollution. Currently, many countries around the world are striving to modify and enhance their energy policies to address this global challenge.

This study is based on desktop research utilizing secondary data and statistics. Initially, the research theme was established, followed by the collection of relevant data regarding the Azerbaijan's alternative energy sector from various sources to support objective conclusions. Data was gathered from official databases such as Stat which is Azerbaijan's official statistical database. Subsequently, the data was analysed to reflect current EU trends and the consequences of their policies. Based on this analysis, we will determine the extent to which the EU has succeeded in implementing its renewable energy policies.

RESULTS AND DISCUSSION

Current Energy Policies of Azerbaijan

Azerbaijan is interested in increasing the proportion of renewable energy sources to 30 % of total electricity by 2030 (*WindEurope*, 2024). Government of Azerbaijan has

initiated certain energy policies to achieve this goal. In accordance with the President's Decree No. 1209 dated May 29, 2019 „On Accelerating Reforms in the Energy Sector of the Republic of Azerbaijan", the draft law „On the use of alternative (renewable) energy sources in the production of electricity" has been started.

The year 2022 witnessed significant developments in Azerbaijan's energy sector, marking historic milestones. Energy security emerged as a paramount concern on the global agenda during this period. Particularly noteworthy was Azerbaijan's energy collaboration with the European Union (EU), which gained increased significance. The signing of the „Memorandum of Understanding on Strategic Partnership in the field of energy between the Republic of Azerbaijan and the European Union, represented by the European Commission," on July 18 in Baku, marked the inception of a broader and new phase of cooperation in this domain. Energy cooperation has perennially held a prominent position on the agenda, yielding significant accomplishments over time. Presently, its importance has escalated further. The signing of the aforementioned agreement was necessitated by the prevailing circumstances. (*IRENA*, 2019).

President Ilham Aliyev and the President of the European Commission Mrs. Ursula von der Leyen emphasized this while making a statement to the press about the signing. The head of state said in his statement: „Our active cooperation in the field of energy has a history of more than fifteen years. Today's memorandum is not the first document signed between us. We signed the memorandum of understanding in 2006 and the joint declaration on the „Southern Gas Corridor" in 2011. in short, we have a good history and achievements. The energy projects initiated by Azerbaijan and supported by the European Union, including our partners, are completely changing the energy map of Europe. We started with oil production. We built the oil pipeline connecting the Caspian Sea with the Black Sea and the Mediterranean Sea." Reflecting on past years, let's remember that following the establishment of the Baku-Tbilisi-Ceyhan main export oil pipeline named after Heydar Aliyev, the Baku-Tbilisi-Erzurum pipeline, transporting „Shah Deniz" gas, was put into operation. This pipeline facilitated the delivery of natural gas extracted from the Azerbaijani sector of the Caspian Sea to Georgia in 2006 and to Turkey in 2007, solidifying Azerbaijan's status as a gas exporter on the global stage. Subsequently, the realization of the 3,500-kilometer „Southern Gas Corridor" megaproject further diversified the export routes for Azerbaijani gas.

The project unfolded in four successive phases. Under the second phase of the „Shahdeniz" initiative, production commenced. SCPK (South Caucasian Pipeline), traversing Azerbaijan and Georgia, was expanded to deliver gas to the Turkish border. TANAP (Trans-Anatolian Gas Pipeline) was laid across Turkey, covering a distance of 1,850 kilometers. The final leg of the corridor, TAP (Trans-Adriatic Gas Pipeline), transported our natural gas through Greece, Albania, and the Adriatic Sea to Europe. TAP has been delivering Azerbaijani gas to Italy for the past two years. (*IEA*, 2016)

The inauguration of the Greece-Bulgaria Interconnector (IGB) in the summer of 2022 signalled the onset of forthcoming projects aimed at expanding the „Southern Gas Corridor" in the years ahead. This underscores the growing significance of

energy security as a top priority on the global agenda. Consequently, collaborative global initiatives spearheaded by Azerbaijan alongside its partners and backed by the European Union assume critical importance. These initiatives have substantially reshaped Europe's energy landscape. Notably, President of the European Commission, Mrs. Ursula von der Leyen, highlighted three key aspects of the signed Memorandum of Understanding. Firstly, she pledged to double the volume of gas supplied from Azerbaijan to the European Union, affirming the document's commitment to expanding the „Southern Gas Corridor" as a vital supply route for the EU. Secondly, she emphasized renewable energy, citing Azerbaijan's considerable potential in this field, particularly in offshore wind energy and „green hydrogen." She underscored the establishment of a robust foundation for cooperation in this domain through the signed Memorandum of Understanding.

In addition to its role as a fuel provider, Azerbaijan is poised to emerge as a significant and dependable supplier of renewable energy to the European Union. It's imperative that our gas cooperation aligns with our climate responsibilities, such as addressing methane gas emissions. Our memorandum includes a pledge to reduce methane gas emissions across the entire gas supply chain, among other commitments. Furthermore, a comprehensive energy dialogue has been initiated, underscoring the European Union's recognition of Azerbaijan's substantial potential in renewable energy production (*Zhang et al.*, 2016). The process of investing in wind and solar energy has already been commenced. Azerbaijan's renewable energy potential has been assessed on a preliminary level. Our territories on Garabagh district were declared a „green energy" zone shortly in the recent years. So, the potential of solar and wind energy here is 4500 megawatts. (*Ministry of Energy of Azerbaijan*, 2020)

On 1st of March in 2024, Azerbaijan Renewable Energy Agency has signed a Memorandum of Understanding (MoU) with WindEurope for developing wind energy industry in Azerbaijan and possible export of this energy to EU through Caspian-EU Green Energy Corridor. Azerbaijan has already signed cooperation agreements with Georgia, Romania and Hungary to launch this corridor. In December of 2022, Black Sea Energy Project was launched among these countries which involves laying a 1-GW underwater cable (*Mammadov*, 2024) Additionally, each new built wind turbine generates 13 million EUR revenue per year which creates new economic possibilities for Azerbaijan. Furthermore, each party will exchange their best practices in order to make this cooperation more fruitful (*WindEurope*, 2024).

Furthermore, Azerbaijan has signed another Memorandum of Understanding (MoU) with Kazakhstan and Uzbekistan in May of 2024 in Tashkent, Uzbekistan. The main purpose is to produce green energy and deliver to Europe through Trans-Caspian and Middle Corridors. These countries are already working on the development of deep sea cables in the bottom of Caspian Sea such as Trans Caspian Fibre Optic (TCFO) which will help to connect Chinese, Central Asian energy markets to Azerbaijan and Europe (*Mammadov*, 2024).

Renewable Energy Sources in Azerbaijan

Presently, renewable energy sources do not play a notable role in Azerbaijan's overall final energy consumption, despite several energy policies on ameliorating renewable energy industry. This proportion peaked at 3.1% in 2010 but declined to 1.7% by 2022. One contributing factor to this variance is the fluctuation in hydroelectric power production, which amounted to 3,446 million kWh in 2010 and dropped to 1,746 million kWh in 2022. The percentage of renewable energy sources utilized in non-energy applications remains consistently low, accounting for 0.4% of the total final energy consumption in 2022 (*Table 1, Table 2 and Table 3*). (*Mustafayev et al.*, 2022).

Market reforms seek to leverage competitive market dynamics to establish energy carrier prices that accurately reflect their true costs, ultimately enhancing economic efficiency nationwide. International development partners have provided support for the realization of six out of these ten strategic objectives (*Table 4*) (*IRENA*, 2019).

Table 1: Installed electricity generation capacity, MW, 2022

State electricity producers /autonomous electricity producers /independent electricity producers	Power plants					
	General	Heat	Water	Sun	Wind	Boycott
„Azerenergy" JSC	6 935	5 881	1 055	-	-	-
Nakhchivan State Energy Agency	237	147	68	22	-	-
Self-producers of electricity (BP, SOCAR, Azersun Holding)	722	722	-	-	-	-
„Clean City" OJSC	37	-	-	-	-	37
„Azerishiq" JSC	52	-	-	-	52	-
„Azalternativenerji" LLC	16	-	-	13	3	1
Private wind and hydropower plants	17	-	9	-	8	-
Total, MV	8 017	6 750	1 132	35	62	38
Share, %	100	84.2	14.1	0.4	0.8	0.5

Source: *IRENA*, 2019

Table 2: Potential of renewable energy sources

Renewable energy sources	Technical Potential, MVT
The wind	3000
Sun	23 040
Bio/Waste	380
Small SES	520

Source: *IRENA*, 2019

Table 3. Ten priority directions for the energy sector

Preparation of the country's energy sector development strategy for the next 25-30 years.
Development of a 15-20-year state program on efficient use of energy resources, improvement of energy efficiency of end consumers and use of alternative energy sources.
Development of a 5-year state program for the development of the energy sector (the 1st five-year Strategic Development Plan).
Preparation of the draft law on the regulation of the domestic electricity market.
Preparation of the draft law on the regulation of the domestic natural gas market.
Preparation of the draft law „On the Network Code" in the field of electric energy.
Drafting a draft law on an independent energy regulator to regulate domestic energy (electricity and gas) markets.
Draft law on „Network Code" for natural gas.
Restructuring of energy system structures (Azerenergy, Azerishik) on the basis of new market entities provided for in the legislation.
Creation of a flexible tariff system based on the cost of goods and services that reflect and supply the interests of end consumers and other market participants (X-Factor).

Source: *IRENA*, 2019

Table 4: Technical assistance projects in the renewable energy sector

Objective of the project	Donor	Beneficiary
Supporting the development of Azerbaijan's long-term energy strategy (initial stage).	**European Commission, EU4ENERGY, Energy Charter Secretariat**	Ministry of Energy
Supporting the drafting of the electricity market law in line with the EU's Third Energy Package.	**USAID**	Ministry of Energy
Development of the regulatory and legal framework for the expansion of the Renewable Energy Sources sector.	**European Commission**	Ministry of Energy
Development of the regulatory and legal framework for the expansion of the renewable energy sector.	**SHAME**	Ministry of Energy
Supporting the holding of auctions for renewable energy sources in Azerbaijan.	**SHAME**	Ministry of Energy
A regional TA (Transportation Alternatives) project to improve energy statistics and policy in Eastern Europe, the Caucasus and Central Asia.	**European Commission, BEA**	State Statistics Committee, Ministry of Energy
TA project „Azerbaijan: preparation of the financial recovery plan of the energy sector".	**AIB**	Ministry of Energy, Ministry of Finance
Supporting the creation of an independent energy regulator to regulate domestic energy (electricity and gas) markets and drafting a draft law on „independent energy regulator".	**SHAME**	Ministry of Energy, Energy Regulation Agency
Preparation of the Network Code.	**AIB**	Ministry of Energy

Source: *IRENA*, 2019

Hydropower Energy Sources

In the nation's energy balance, hydropower has long had a dominant role. With a potential of 1,131 MW, hydropower was the most promising renewable energy source in 2017; thermal energy had a potential of 6,750 MW. Resources can be found around irrigation canals, the Caspian Sea, the Araz River, and the Kura River and its tributaries. Together with independent electricity producers in Azerbaijan, the small hydropower sector – which includes the power plants at Sheki, Mugan, Zeykhur, Gusar, Nügadi, Chinarli, Balakan, Guba, and Zurnabad – is also flourishing. These independent energy producers generate electricity for their own use at their own facilities. The 2017 addition of the 1.5 MW Balakan HPP is another attempt to boost output in this tiny hydropower industry. The production of hydropower is influenced by seasonal factors. (*Ministry of Energy of Azerbaijan*, 2024)

Wind Energy

Excellent wind resources are available in Azerbaijan, particularly in the Caspian Sea's coastline districts. ABOEMDA's investigation indicates that the wind potential is approximately 3000 MW. The government's 2020 target of obtaining 350 MW of new power reflects this potential. fell to his share at the end of 2017. Of the 62.4 MW of power generated, 51.7 MW belonged to „Azerishiq" OJSC, 2.7 MW to „Azalternativeenergy" LLC, and 8 MW to the private sector. A number of projects are still in the development stage, such as the recently inaugurated „Yeni Yashma" Wind Power Plant and the „Absheron Wind" project in Azerbaijan. (*Malikov*, 2016)

Solar Power Sources

The potential for solar energy in Azerbaijan is estimated to be 23,040 MW. Between 2400 and 3200 sunshine hours are experienced annually. For the most part of the region, global horizontal radiation ranges from 1,387 kW/m^2 to 1,534 kW/m^2. The majority of the region receives less than 1,387 kW/m^2 of direct normal radiation, which ranges from 1,095 kW/m^2 to 1,534 kW/m^2. Four solar photovoltaic plants with a generating capacity greater than one MW are present. In addition to the 24 MW capacity of the Nakhchivan sun Power Plant, plans call for the building of 5 2.8 MW sun power plants and 1 4 MW solar power plant. 34.6 MW of solar power has been installed nationwide by the end of 2017, including on the roofs of numerous public buildings and social enterprises. The sports complex in Masalli, which has a 70 kW photovoltaic system, is one example of such a project. This system is owned by the „Azalternativenerji" Public Legal Entity, and ABOEMDA is where the pertinent financial and administrative processes are produced. (*IRENA*, 2019)

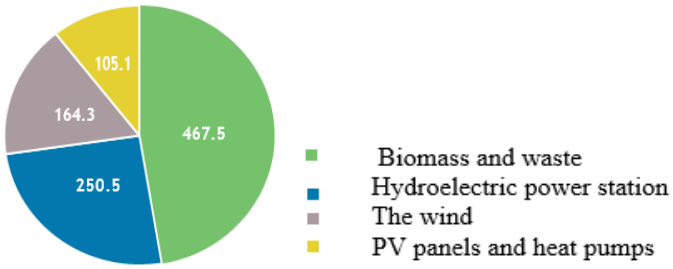
Bio Power Sources

Azerbaijan's capacity to produce electricity from garbage and biomass is estimated to be 380 MW. At the moment, traditional biomass is the primary kind of bioenergy utilized for cooking and heating in rural regions. Additionally, the Baku Solid garbage Plant (Block 4) shows the government's efforts to harness the huge potential for energy production from biodegradable household garbage.

Renewable Energy Economics

The primary funding source for Azerbaijan's development of renewable energy sources is the state budget. ABOEMDA states that US$579.1 million ($987.4 million) will be allotted between 2010 and 2022 to various energy sources, such as waste, biomass, wind, small hydropower, solar photovoltaics, and heat pumps. AZN) was invested, of which the state contributed 480.9 million US dollars (820 million AZN), or 83%. Due to high interest rates, lending for renewable energy and energy efficiency is not advantageous in the current investment environment. The interest rate was raised by the Central Bank of Azerbaijan in 2019 from 4% at the start of the year to 14% at the conclusion.

Figure 6: Investments in renewable energy sources, mln. in AZN



Source: *Malikov*, 2016

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CONCLUSION

To facilitate the shift to the market's operation for renewable energy sources, support measures should be found. In order to facilitate the initial establishment of the national market for renewable energy sources, guaranteed tariffs are necessary. But if the market for renewable energy sources grows, it would be possible to use auctions to buy renewable energy sources through market pricing at a reduced cost. But for this strategy to work, a few things need to be in place, such as a solid legal and regulatory environment and intense market competition.

Azerbaijan has enormous potential for the development of renewable energy sources. The nation boasts abundant solar and wind energy, as well as substantial potential for hydroelectric, geothermal, and biomass power production. The

government has given itself the goal of acquiring 420 MW of renewable energy capacity by 2020 in order to fulfil this potential. Projects on the design, acquisition, and construction of contracts using renewable energy sources have been implemented nationwide in order to achieve this goal. However, in comparison to the scope of the nation's long-term objectives and the amount of available resources, the projects' actual implementation has been quite constrained.

Increasing development in the field of alternative energy in the future:

1. Expanding the contribution of renewable and alternative energy sources to the nation's overall electricity generation and energy security;
2. Boosting energy output and consumption by the use of alternative energy sources, making effective use of additional energy resources, and making sure that environmental harm brought on by human activity is minimized during the energy production process;
3. Making use of alternative energy sources and sending raw materials from oil and gas to the petrochemical sector;
4. Operating space power plants fueled by solar batteries is the most economical way to use solar energy;
5. Widespread use of cutting-edge technology in the sphere of applying alternative energy sources and implementing international best practices;
6. Development of high-tech technical and material foundation for the Republic's use of alternative energy sources;
7. Buying and using biogas energy in regions with advanced animal husbandry;
8. Using AEM to guarantee energy security when utilizing conventional energy sources like gas and oil;
9. In Azerbaijan, widespread usage of alternative energy sources significantly reduces reliance on fossil fuels; this is known as energy diversification.
10. The Republic of Azerbaijan's future utilization of geothermal and wind energy depends on financial resources being invested and state level measures.

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INFORMAL LAND BUYERS' PERSPECTIVES IN DILLA CITY, SOUTHERN ETHIOPIA

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ABSTRACT

Formal urban land is market unable to supply adequate residential plot that could shoulder the prevailing demand from low- and middle-income people and hence, the aim of the paper was meant to explore the informal land buyers' expectations of infrastructure and various related municipal services that they deprive themselves of. A mixed-method approach was used, combining a survey of 186 respondents in informal land markets, observation, and focus group discussions with municipal experts. Secondary data from formal land markets in Dilla municipality from 2017-2023 were analyzed using descriptive statistics. The result of the study revealed that the pushing factors of informal land market proliferation in Dilla city is due to the lack of formal land supply from Dilla municipality which is only 6.6% so that the remaining great majority (97.3%) of the study area residents expect at least one service (road, water, electricity, drainage, monitoring services) from Dilla municipality to improve deprivation of basic infrastructural services, notwithstanding the need of land monitoring services such as surveying and title deeds. The situations call for design a pro-poor land and housing policy, adequate compensation during expropriation of farmers for serviced supply of land, creating awareness about formal land markets, and working in collaboration with rural counterparts in basis of rural – urban collaboration frameworks.

Keywords: informal land market, critical physical infrastructures, residential land, land governance
JEL codes: R14 - Land Use Patterns

INTRODUCTION

Dilla city is an administrative seat of Gedeo zone, center for newly established Southern Ethiopia Regional State, surrounded by recently UNESCO recognized indigenous Gedeo cultural world's heritages, the home of world's quality Coffee, and transport hub connecting East Africa. Dilla attracts attention of people's diverse segments ranging from students to businessmen who want to work, do businesses, and learn and coupled with its high population growth is a home of a multitudes. This has created enormous residential plot demand in the city. Dilla is surrounded by permanent cash crops and trees from Gedeo agroforestry practices which makes land expropriation and

preparations of serviced land difficult because of inefficient land governance and lack of political commitment. Observing the larger participant of the informal land market particularly around expansion areas of Dilla, the questions that come to mind include: is residential land of non-serviced expansion area cheap? Why do people prefer non-serviced land with all its costs and challenges? By narrowing down these broader questions, the following three specific researchable questions were considered, such as, what the pushing factors contributed for informal land market are, what the expectations of informal land settlers from the local government are, and what the institutional bottlenecks are being existing on efficient land market of the study. The areas deprived of road network and transportation, water supply and drainage that are related to physical infrastructure. The areas are not permeable to important social events: death, illness, birth, marriage, fire danger, flooding, etc. one can hardly find walkways for these events. And the area is exposed to environmental hazards as well.

Conceptually, land is a valuable economic resource that generates large profits for both individuals and countries (*Vogel*, 2012). In Africa, urban land is a political as well as an economic resource (*Wubneh*, 2022). Regarding land transaction in Eastern Africa, formal land market exists, but they do not successfully reach significant segments of the population and suggested making the current formal land market processes less bureaucratic and more accessible to most people (*Adam et al.*, 2020). Factors such as population growth, increased rural-to-urban migration, fast urbanization, and serious housing supply difficulties are driving up demand for urban land (*Wubneh*, 2022). In most African cities, the high cost of urban housing is often caused by several problems, including inadequate land governance policies that encourage speculative acquisitions, poor urban planning that leads to urban sprawl, and a lack of essential infrastructure that has significantly increased the cost of serviced land, consequently, the majority people cannot afford the restricted amount of serviced land that is available. Hence, the emergence of informal land markets has been primarily fueled by high land prices, fragile land markets, and deficient land administration procedures. And the growth of informal settlements is a characteristic of most African cities covering to roughly 13% in North Africa, over 60% of urban households in sub-Saharan Africa. Today, most African municipal and even national governments are unable to supply bulk infrastructure—such as roads, power, water, sewage, and road connections—to residential homes (*Zhang et al.*, 2017).

In Urban Ethiopia, 70% of the land is going to informal markets and only 30% is going through formal market channels, this means the supply of land is more informal than it is formal, this is due to, among the others, farmers have tremendous incentives to divide and transfer their lands before official acquisition when they get government compensation, which ranges from 5 to 35 percent of the informal market value (*Haile*, 2022). Research conducted in Ethiopia's capital city indicates that the growth of squatter communities has continued because of issues including institutional inefficiency, population pressure, a strong incentive for unlawful construction, and a lack of effective law enforcement (*Abagissa*, 2019). However, informal land markets on the urban fringe provide affordable, non serviced land for those being unable to access formal land and housing markets (*Lombard*, 2016). For example, as the case study of Bahir Dar city on land tenure in changing peri-urban Ethiopia has revealed, primarily

the urban poor are moving to unplanned peri-urban areas to live (*Adam*, 2020). Taking related studies in Ethiopian all together, the country's current urban land acquisition system has led to social injustice (*Mengie*, 2016). For different socio-economic groups in the vibrant informal land and housing markets in emerging countries cities is the fundamental source of this problem as well (*Acioly*, 2010). Even though the Ethiopian lease policy has been in place for almost three decades, it is with problems like land hoarding, illegal land grabbing, informal settlements, and urban sprawl (*Koroso*, 2023). The analysis found that Ethiopian urban land laws lean toward the efficiency principle, which is theoretically and practically pro-rich, despite the laws' consistency and incorporation of the concepts of fairness and efficiency (*Gebrihet & Pillay*, 2021).

Research conducted in Mekelle City showed that the emergence of informal land markets is due to low supply of land relative demand (*Gebregziabher et al.*, 2014). Likewise, the study conducted in Burayu town revealed that the primary factor contributing to the growth and spread of squatter settlements is the limited availability of land (*Bekele*, 2014). This is due to inadequate land supply and management and the fast-growing urban population, squatting is becoming a more significant problem (*Ochocho et al.*, 2018). Among the socio-economic and demographic factors contributing to the formation of informal settlements in the peri-urban areas, the research conducted at Woldia town has identified key drivers such as income disparity, rising urban land lease prices, inadequate compensation to farmers during land expropriation, a rising urban population, inefficient land provision, lack of housing affordability, and increased rental prices (*Baye et al.*, 2020).

A comprehensive literature review attempt undertaken by the authors' pointed out vast understanding on the urban fabrics of expansion areas such as the methodology presented on the reviewed paper mostly focusing social aspect but few researches follow socio-spatial approaches, which indicates research gap for the topic considered. Related studies undertaken both in Ethiopia and in the continent of Africa have confirmed that the causes of the inception of informal land market and informal settlement are weak policy driven and land governance, planning that does not meet the needs of the community, institutional capacity limitation, high price of formal land due limited or inadequate supply of land, inefficient land governance, etc. leads to inadequate land supply and inefficient formal land market. Therefore, the non-pro-poor formal land market forced economically deficient urban segment of the people to participate in informal land market (*Adam*, 2014; *Adam et al.*, 2020; *Alene*, 2022; *Baye et al.*, 2020; *Bekele*, 2014; *Gebregziabher et al.*, 2014).

Generally, most research undertaken on subject so far in one way or another tried to create substantial understanding related to urban informal land market, issues with land market, informal settlements, urban land policy, etc. in the urban fabrics of expansion area. On other hand, the perspectives of the dwellers who buy informal land and settle in basic infrastructural service deprived situation was not considered. Accordingly, the purpose of reviewing various literatures is to capture the knowledge related to the topic and to see the research gap fulfilled. Therefore, from viewpoint of the study area the research gap made clear and related to geography and population as well as context (Perspective), among the others. Therefore, this research was meant to bridge the knowledge gap to be considered during policy formation focusing on unstudied portions of the subject.

Because of limited attention given to urbanization and urban development sector in Ethiopia, institutions working on the sector such as municipalities are not with required capacity to shoulder urban infrastructural need and supply residential land for ever growing urban population due to various causes. Scientific way of giving solutions is insufficient and their focus is on capital and major cities such as Addis Ababa, Bahir Dar, Gondor, Hawassa, etc. and no research undertaken on the topic in the local context, Dilla. The research gaps are multitude such as related to context that is in geographic south where permanent cash crop predominates and more difficult to expropriate due to high cost of compensation than in central and northern parts of the country. The subject of the study is also different from the other studies in that no research studied the perspective of buyers around expansion areas. Above all, the identified problem is practical real-world problems that need to be solved! The majority of dwellers who live in the Dilla expansion areas do not have access to essential infrastructure services, as the ground reality shows, yet they should. Therefore, the aim of the "Informal Land Buyers' Perspectives in Dilla City, Southern Ethiopia" was meant to explore the buyers' expectations of infrastructure and various related municipal services that they deprive of.

MATERIALS AND METHODS

This study used descriptive cross-sectional survey data with mixed approaches. As primary data sources, a survey of 186 randomly selected respondents from the direction of major outward expanding directions where informal land market was rampant in addition to observation. Regarding brief socio-demographic description of the respondents, the survey consists of 79.4% and 20.6% male and female ration, respectively. Likewise, age 25-39 (64.79%), 15-24 (2.7%), and 40 and above (32.6%). The majority (96.79%) of the respondents participating in the informal land market falls in age 25-39 and above and the remaining fall in age range 15-24 (3.21%). Similarly, 73.8% of the respondents were government and own business workers, and the remaining were from, farmers, and others such as non-government organization workers. Average income in ETB or Euro of the respondents that were monthly average less than or equal to 4000 ETB (65.56 Euro) were 54.7%, between 4000 ETB (65.56 Euro) and 8000 ETB (131.12 Euro) were 35.2%, and more than 8000 ETB (131.12 Euro) were only 10.1%. Besides, in-depth Focus Group Discussion (FGD) was undertaken with municipal land and infrastructure development experts using questions designed for the purpose. The study relied on secondary data from the Dilla municipality covering six years (2017/18-2022/23) for formal land market analysis. Earlier years' data was unavailable, and recent urban land market conditions were noted to differ from those in older records, necessitating this time-frame. The location map (*Figure* 1) of the study area is shown below.

In addition, literature from various databases was considered during reviewing: Scopus, Google Scholar, reputable institutional websites (World Bank, for example). Illustration below (*Figure 2*) is to serve as conceptual diagram of the entire review processes. The keywords and combination of words such as 'urban land market', informal land transactions', 'informal land market and expansion area', and urban

fabrics and expansion of Ethiopia' were used as an approach grasp important information to realize the objective of the paper. Analysis was made qualitatively by the help of descriptive statistics.

Figure 1: Location map of the study area

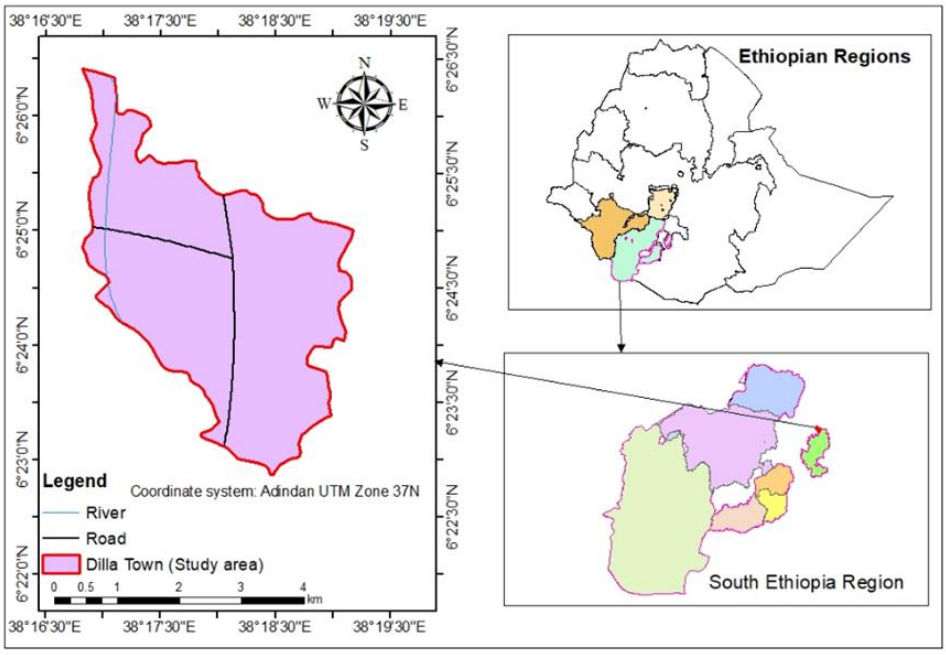
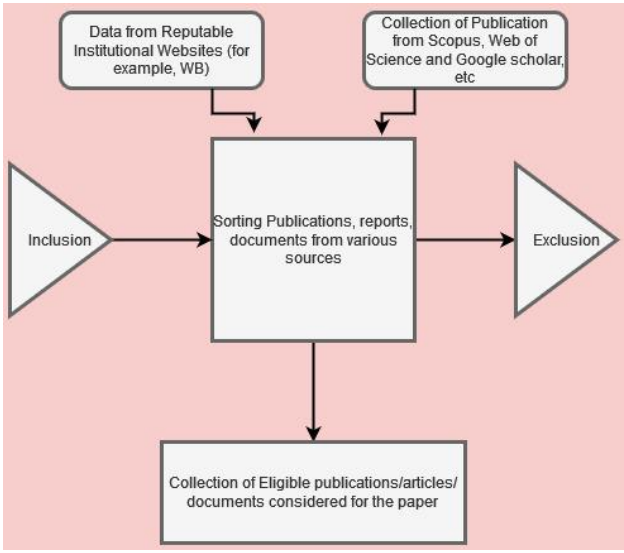


Figure 2: Conceptual Diagram of the literature review process



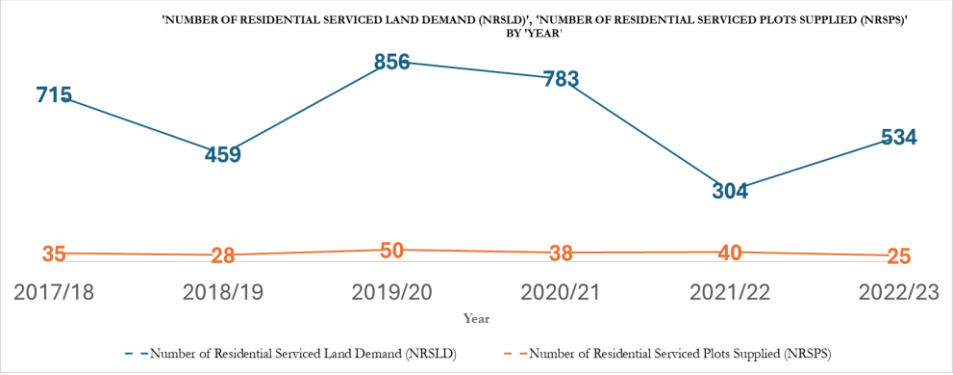
RESULTS AND DISCUSSION

In this section separate, various subsections such as pushing factors of informal land buyers, expectations of buyers about critical infrastructure, institutional bottlenecks from Dilla municipality side, and experts' outlooks on urban land inefficiencies are discussed meant to addressing the main purpose of the research in harmonized way.

The pushing factors.

As results of respondents from the survey, focus group discussion with Dilla municipality experts, secondary data analysis showed the existence of formal land market inefficiency in the study area. The pushing factors of informal land market proliferation in Dilla city is due to the lack of formal land supply from Dilla municipality which is only 6.6% taking the six-year average, *Figure 3*. Moreover, buyers were drawn to the informal land market in the study's expansion areas due to factors like affordability, larger land size, and week law enforcement. The proportion of land supplied through formal land market in study area is by far less than the recent study finding in Addis Ababa, which is 30%, (*Haile*, 2022).

Figure 3: Demand and Supply Analysis for formal land market in Dilla



Source: Using data from Dilla Municipality, 2024.

In municipal residential land auction, plot price is determined by accumulative result of several variables such as the Value the bidder attached to the plot Price and its (80%) amount the current willingness to pay of the bidder (at least 12% of the winning bid in case of Dilla), and the bidder willingness to pay of all value of the plot rent (its weight is 8%). The following table (*Table 1*) help illustrate the non-affordability of residential land for urban poor and low and middle-income section of the population in the formal land market of Dilla. For a plot code named LFR06 (*Table 1*), there were 10 auction bidders, the base price per square meter set at 250 Ethiopian Birr (ETB). The average exchange rate of Ethiopian currency (Birr) for the Period 2023 was 0.01639 Euro. For plot LFR06, the land lease auctions the least bidder attached a value 650ETB (10.65 Euro) and the maximum bidder attached a value of 5800 ETB (95.06 Euro). As shown on the same table the average value is

3135.5 ETB (51.39 Euro), which means more than 23 times compared to the base price. This means that urban formal land market is not affordable to consider urban poor and low and middle-income section of the population.

Table 1: Residential land auction bid analysis for selected plots in Dilla.

SN	Plot Code and the Value the Bidder attached to m² of the plot						Base Price of the Plot Code: LFR
	Bidders of Plot: LFR06	Value the Bidder attached to m² of the plot	Bidders of Plot: LFR10	Value the Bidder attached to m² of the plot	Bidders of Plot: LFR15	Value the Bidder attached to m² of the plot	
1	LFR06a	5370	LFR10a	**1050***	LFR15a	3500	250
2	LFR06b	4015	LFR10b	3500	LFR15b	2025.75	250
3	LFR06c	**5800****	LFR10c	**4652****	LFR15c	3000	250
4	LFR06d	2570	LFR10d	3500	LFR15d	3002	250
5	LFR06e	2150	LFR10e	3400	LFR15e	4000	250
6	LFR06f	1500	LFR10f	3500.1	LFR15f	4001	250
7	LFR06g	4100	LFR10g	3006	LFR15g	**4954****	250
8	LFR06h	2000	LFR10h	3400	LFR15h	3150.69	250
9	LFR06i	3200	LFR10i	3000	LFR15i	3700	250
10	LFR06j	**650***	LFR10j	2512.5	LFR15j	**1050***	250
11			LFR10k	4500	LFR15k	3125	250
	Average	**3135.5**		**3274.6**		**3228.04**	

Source: Based on data from Dilla Municipality, 2024

It can be deduced that the pushing factors to informal land market were related to land supply inefficiencies (limited supply, slow bureaucratic, non-affordability, etc.) from Dilla municipality side. Though the informal land market is considered to be as illegal by Dilla municipality due to lack of better alternatives that could serve people from low-income category. As majority of the participants was from low-income category which is unable to afford residential plot from the formal market.

Expectations of informal land buyers about critical infrastructure services

Informal land buyers from expansion areas of Dilla were analysed and the majority of buyers was expecting critical infrastructural service supply from Dilla municipality/Dilla city administration. During observation while the interview was undertaking, the problem of critical infrastructure was pervasive. The survey result (*Table 2*) showed that the great majority (97.3%) of the study area residents expect infrastructural service delivery from Dilla municipality or Dilla City Administration to improve deprivation of the infrastructural services in the area. Likewise, the responses of the interview participants for an open-ended question result indicated that the majority (93%) voted at least one infrastructural service delivery. Among the infrastructural services road construction is the top priority if they were subjected to choose one only (voted by 15.1% respondents) but if they are privileged to have more than a single infrastructural service (General Infrastructure Service Supply) the

majority (93%) would prefer more of the services. As indicated, there were few (4.3%) expecting overall municipal services such as surveying and title deeds that raise buyers' service expectations to 97.3%.

Table 2: Informal land buyers' critical infrastructure expectation summary

Do you need any support from Dilla municipality/city administration? * What Service do you expect from Dilla municipality/city administration? (Crosstabulation)				
Service Type	Unit	Yes	No	%
Road	N	28	0	15.05
Water	N	6	0	3.22
Electricity	N	8	0	4.30
Drainage System	N	3	0	1.61
General Infrastructural Service	N	128	0	68.82
Monitoring Overall System	N	8	0	4.30
Nothing	N	0	5	2.7
Total	N	181	5	186
	%	97.3%	2.7%	100%

Source: Using data from Dilla Principality, 2024.

The photo was taken during observation (*Figure 4*) depicted the deprivation of the study area from critical infrastructure such as road network, water supply, electricity, drainage, and exposed to environmental hazards as well.

Figure 4: Critical infrastructure condition in Dilla city expansion area

Source: Photo taken by author during field observation, 2023

Institutional Bottlenecks from Municipality

Institutional bottleneck that hider efficient residential land supply in Dilla is the focus of the section. During FGD with the municipality land development and management unit experts confirmed while reacting to the query about the institutional bottlenecks that have been hindering to ensure the supply and smooth marketing of urban land in the study pointed out the following: the expansion area of Dilla is covered with permanent crops (coffee and tree of agroforestry of Gedeo), therefore, compensation payment to land owners is high and hence the issue of crop compensation has become a challenge, less land preparation for land auction, the attention given by politicians to the municipal land preparation unit is less, the land offered for lease must be serviced or have adequate infrastructural facility so that it is costly to finance the related infrastructural expenses, and there is less access to infrastructure in the expansion area.

Experts from infrastructure development department raised concerns from the other perspectives. Dilla city, like other cities in Ethiopia, collects rent from land and carries out infrastructural development work on its own but there is inefficiency that calls for improvement for land management. The land management inefficiency of Dilla municipality is the reason behind the lack of adequate land preparation and supply. In addition, budget allotted for expropriation and provision of critical infrastructure and municipal services, and efficient land governance are among the major institutional bottlenecks in challenging adequate serviced land supply in the study area.

Triangulation: Demand, Supply, Informal Land Market Explained

The result of FGD with municipal experts indicated a similar reason about the existing pressure that forces buyers towards informal land market, but experts provide a list of reasons that cause challenges to adequate supply that can shoulder the outpacing demand of residential land in the formal land market such as lack of understanding of the formal urban land lease auction, the price of land for lease auction is higher than the informal land market, and above all, the amount of plots/land accessible for lease is small in number and the original supply and demand do not match as the number of people requesting residential space increases. As a result, the city of Dilla has a large number of informal land transactions. Informal land market participants are not only who buy land for residential purpose, but also religious institutions engage in informal land transactions due to the inadequate provision of land in all land services such as manufacturing, business, and social services, for example, church. Therefore, the reason given by the informal land buyers from expansion areas of Dilla is valid.

The informal land market dominates Dilla City due to the high land price of residential land transactions in the formal land market when compared to the formal land transaction. Due to this fact FGD with municipality experts indicated that low- and middle-class people are more involved in informal land transactions.

CONCLUSION

The result of the study showed that the formal land market inefficiency and non-affordability are the major pushing factors for informal land buyers in Dilla, among

the others. The pushing factors of informal land market proliferation in Dilla city is due to the lack of formal land supply from Dilla municipality which is only 6.6% taking the six-year average. The formal land supply leads of outpaced demand in a land price increase of about 23 times its base price. This is due to the policy of the government that disregards the poor. This figure is highly deviate from the study undertaken at Addis Ababa that showed formal land market supply is 30%. Reasons such as area being covered with permanent crops (coffee and tree of agroforestry of Gedeo), therefore, compensation payment to landowners is high, less land preparation for land auction, the attention given by politicians to the municipal land preparation unit is less, among the others; are institutional bottlenecks that have been hindering to ensure the supply and smooth marketing of urban land in Dilla. The implications of formal land market inefficiency led to proliferation of informal land market for those denied the opportunity to buy residential land where critical infrastructural services deprive of. Though informal land buyers cursed by municipality as illegal they (97.3%) expect services related to both critical infrastructure and land administration from Dilla municipality or Dilla City Administration. Due to the wide need and the backlog of the services in question, the supply of such services is hardly possible with weak stakeholders collaborating for the realization. Besides, the rural conversion to urban is pervasive in such informal land market resulting from poor cooperation between the urban and rural land administration sectors.

Unless concerned urban authorities give due consideration and work towards the scare land resources will end up on the hands of speculators. Similarly, realization of critical infrastructure services will remain complex backlog and the livelihood of the neighborhood will be impermeable and will be costly if left unchecked. Studies undertaken so far have not examined the informal land market buyers' perspectives. Considering them is not only important to gain policy input but also helpful for collaboration. Further studies considering the rate of spatial expansion of uncontrolled residential housing developments and its implication is important to see multiple impact on sustainable neighborhood. The situations call for design a pro-poor land and housing policy, adequate compensation during expropriation of farmers for adequate serviced supply of land, creating awareness about formal land markets, and working in collaboration with rural counterparts in basis of rural – urban collaboration frameworks. Finally, the study is important to understand serviced land supply in southern part of the country surrounded by permanent cash crop and useful to uncover perspectives of informal land buyers.

The paper gave the opportunity to appreciate the real problems such as institutional bottlenecks to serviced land supply, pushing factors to informal land market, the dwellers perspectives the challenges of critical infrastructure around expansion areas. Besides, it serves as an important discussion agenda for those stakeholders (local government, experts, land buyers, and policy makers) and put direction for the betterment of the society at large. As this study and various literature in Ethiopia revealed, Urban land price will remain untouchable to poor and low-income sections of the country unless proper policy measures taken to create justice in urban land market.

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ADDRESSING URBAN INEQUALITY THROUGH INNOVATIVE SOCIAL HOUSING STRATEGIES – A COMPARATIVE ANALYSIS OF APPROACHES AND OUTCOMES

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ABSTRACT

This article presents a detailed examination of how social housing is approached in three major South African cities: Johannesburg, Durban, and Cape Town. These cities serve as unique examples, each dealing with different issues and finding creative solutions. The study conducts this comparative analysis through document analysis namely the City of Johannesburg Housing Policy, Durban Metropolitan Housing Strategy, the City of Cape Town Integrated Development Plan, and the National Department of Human Settlements Annual Report. Community involvement, and sustainable practices related to social housing emerge as critical components in all these cities seeking to achieve adequate urban development through social housing. In Johannesburg, there is a strong focus on addressing the ongoing effects of apartheid through „restorative housing" and encouraging diverse communities through mixed-income housing. Durban stands out for its „cultural inclusivity" approach, which views diversity as an advantage in urban development. In Cape Town, they have adopted „ecological urbanism" to harmonize nature and urban life, overcoming geographical challenges. One common theme in these cities is the involvement of the community, empowering residents to be active participants in shaping their living spaces. Sustainability is not just about the environment but also about connecting housing projects with economic and social systems. This analysis highlights how social housing can transform urban areas into fair, inclusive, and sustainable places, not only in South Africa but worldwide.
Keywords: social housing, urban development, South African cities, community engagement, sustainability

INTRODUCTION

Urban Inequality and the Need for Effective Social Housing

Urban inequality is a persistent and complex issue that affects cities all over the world. In terms of housing, urban inequality refers to discrepancies in accessing to sufficient and affordable housing, as well as differential treatment based on socioeconomic level, race, ethnicity, and other criteria. Despite efforts to address the issue, numerous cities continue to face entrenched disparities that exacerbate social divisions and exclude disadvantaged communities.

Presentation of the Social Problem

The existing housing policies prioritize profit-driven development over affordable housing, resulting in the displacement of low-income residents and the gentrification of urban neighbourhoods (*Rafael,* 2013). Furthermore, zoning rules and land-use regulations frequently increase spatial inequalities by limiting access to desirable sites and maintaining socioeconomic division.

Diversity of urban populations

Cities are home to a diverse population with different socioeconomic backgrounds, cultural identities, and housing requirements. However, existing housing strategies frequently fail to account for this variety, resulting in standardized and discriminatory methods that ignore the specific needs of marginalized populations (*Sutherland et al.*, 2018). In places such as Durban, the melding of ethnicity, language, and cultural traditions worsens efforts to alleviate urban housing disparities.

Challenges in Land Use

Land scarcity and competitiveness for excellent urban real estate present substantial hurdles to reducing urban inequality in housing. Rapid urbanization and population expansion put pressure on available land, raising property prices and rendering homes unaffordable for many residents. Furthermore, restrictive land-use rules and zoning regulations frequently impede the building of inexpensive housing in desired areas, compounding spatial disparities and maintaining social divisions.

Informal Settlements and Housing

Informal settlements are a visible reflection of urban inequality, demonstrating the inability of current housing policy to provide adequate shelter for marginalized people. These settlements are distinguished by insecure living circumstances, a scarcity of basic amenities, and susceptibility to removal and displacement (*UN-Habitat*, 2004). Despite their widespread presence in many urban areas, informal settlements are frequently overlooked by policymakers, prolonging cycles of poverty and marginalization.

Diversity among urban populations

Cities are home to a diverse population with different socioeconomic backgrounds, cultural identities, and housing requirements. However, existing housing strategies frequently fail to account for this variety, resulting in homogenized and discriminatory methods that ignore the specific needs of marginalised populations (*Sutherland*, 2018). In Durban, the confluence of ethnicity, language, and cultural traditions challenges efforts to solve urban housing disparities.

Urbanization, the ongoing trend of people moving from rural areas to cities, is a defining feature of the 21st century. It promises economic opportunities, cultural exchange, and a better life for millions globally. However, it also brings with it a significant challenge: urban inequality.

Urban inequality comes in various forms, including disparities in income, education, healthcare, and housing. Among these, the unequal access to adequate housing is a glaring symbol of the difficulties faced by marginalized urban populations. Housing inequality is not just a consequence of urbanization; it is a driver of serves as a driving force behind it. As more people seek opportunities in cities, competition for housing increases, raising costs, and reducing the availability of affordable, decent homes. This leads to a housing crisis that worsens homelessness, overcrowding, and housing instability (*Schiller*, 2021; *Beeckmans et al*., 2022).

Governments and civic organizations worldwide have been striving to address urban inequality, particularly concerning housing. Social housing programs have become a frontline strategy to tackle this issue. Social housing involves offering affordable housing units, often subsidized by the government or non-profit organizations, to individuals and families who cannot otherwise secure stable living conditions,

Social housing aligns with the concept of the right to adequate housing, as outlined in international agreements like the Universal Declaration of Human Rights and the Sustainable Development Goals (SDGs). This right emphasizes not just providing shelter but ensuring that housing is safe, secure, habitable, and affordable. Social housing helps ensure that the basic human need for shelter is met, regardless of one's income or social status (*Yuan*, 2020).

The Purpose of this Comparative Analysis

This article conducts a comparative exploration to evaluate diverse approaches to urban social housing. The focus is on the South African context, where Johannesburg, Durban, and Cape Town have grappled with the formidable challenge of urban inequality, driven by historical and socio-economic factors. These cities have adopted distinct strategies to tackle the issue of social housing, reflecting their unique demographics, policy approaches, and urban dynamics. The aim is to assess the effectiveness of these approaches, explore their outcomes, and show the intricacies of addressing urban inequality through innovative social housing strategies (*Beeckmans et al.,* 2020).

South Africa provides a fascinating landscape for this comparative analysis. The nation's history is marked by a legacy of apartheid, a system of racial segregation that resulted in profound disparities in housing and social services. The post-apartheid era has brought significant political, social, and economic changes, including efforts to redress housing inequalities and provide social housing solutions. It is within this intricate socio-political tapestry that the diverse approaches and outcomes of urban social housing programs are examined (*Mudau et al*., 2020).

This analysis is not only relevant within the South African context but also holds broader implications for other regions facing urban inequality. By scrutinizing the strategies and outcomes of these cities, valuable insights are extracted that can inform policymakers, urban planners, and researchers worldwide (*Schiller*, 2021). The goal is to offer an understanding of what works, what does not, and why when it comes to addressing urban inequality through social housing.

As the journey through the intricate landscape of urban social housing in South Africa.

The Impact of Urban Inequality

Urban inequality is not merely an abstract concept or statistical phenomenon; it has tangible and far-reaching effects on individuals, communities, and society. For residents of cities marked by significant housing disparities, the struggle to secure suitable shelter can be a relentless battle. The inability to access stable and affordable housing poses an array of challenges, ranging from homelessness and overcrowding to a lack of security, stability, and access to essential services (*Biggs et al.,* 2022).

Moreover, urban inequality can compound existing social divisions, creating a cycle of disadvantage that spans generations. It can hinder individuals' access to education, employment, and healthcare, making it challenging for them to escape the grip of poverty. This not only impacts the well-being of individuals and families but also influences the overall economic and social fabric of cities.

The Significance of Social Housing

Social housing programs emerge as a crucial means to address urban inequality and its far-reaching implications. By providing affordable and decent housing to those in need, these initiatives strive to break the cycle of disadvantage and foster a more inclusive, equitable, and stable urban environment. Social housing not only serves as a lifeline for individuals and families facing housing insecurity but also contributes to the broader well-being of communities (*Soyturk et al.,* 2016).

To effectively combat urban inequality, it is essential to consider the relationship between housing and broader social and economic factors. Housing is not a standalone issue; it is intertwined with employment, education, healthcare, and social inclusion. Therefore, social housing programs that offer more than just shelter, incorporating support services and community engagement, are more likely to achieve lasting, positive outcomes (*Roberts et al*., 2016).

MATERIALS AND METHODS

Research Design

This study employs a qualitative research design, primarily qualitative content analysis, to explore the intricacies of social housing strategies in Johannesburg, Durban, and Cape Town. The qualitative approach offers a deeper understanding of the contextual factors, motivations, and outcomes of these initiatives (*Lewis*, 2015).

Document Analysis

The research process involved an analysis of various documents, reports, policies, and studies associated with social housing in the selected South African cities (*Table 1*). These documents, to name a few are the City of Johannesburg Housing Policy, Durban Metropolitan Housing Strategy, the City of Cape Town Integrated Development Plan, and the National Department of Human Settlements Annual Report. They were essential in providing historical context, outlining the goals and methodologies of the initiatives, and highlighting key challenges and achievements The following were the document categories that were analysed.

Data Analysis

The collected data was subjected to a thematic analysis. Thematic analysis allowed for the extraction of meaningful insights by categorizing and interpreting the data. Themes and patterns were identified through examination and coding of the textual data from the documents to identify recurring themes, concepts, and patterns related to social housing strategies.

Table 1: Document sources

Document Type	Source
Municipal Housing Policies and Strategic Plans	City of Johannesburg Housing Policy (2020)
	Durban Metropolitan Housing Strategy (2018-2022)
	Cape Town's Integrated Development Plan (2022-2027)
Government Reports	National Department of Human Settlements Annual Report (2020/21)
	Gauteng Provincial Government Housing Report (2019)
	Western Cape Department of Human Settlements Annual Review (2020)
Academic Studies and Publications	A century of South African Housing Act 1920–2020. In Urban Forum. by *Mabin A* (2020)
	Pathways to meaningful upgrading of settlements. Towards adequate housing infrastructure in South Africa. By *Mndzebele & Gumbo* (2024)
	A critical analysis of housing inadequacy in South Africa and its ramifications. Africa's Public Service Delivery & Performance. By *Marutlulle* (2021)
Reports from Non-Profit Organizations	Habitat for Humanity South Africa Annual Report (2020)
	The Assessment of SDG. Sustainability. By *Mudau et al.*, (2020)

RESULTS

This study found that the historical context in Johannesburg plays a significant role in shaping the city's social housing strategies (*Table 2*). The legacy of apartheid, with its deeply entrenched housing disparities, continues to cast a long shadow over the city's housing landscape. During apartheid, housing was systematically segregated along racial lines, resulting in stark inequalities that persist today (*Schiller*, 2021). Cape Town presents a unique challenge when it comes to addressing spatial inequality. The city's topography, with its natural boundaries, profoundly influences housing patterns. The complexities of reshaping housing within these geographic constraints are a central concern for social housing initiatives (*Agbajor & Mewomo*, 2024).). Durban's housing landscape includes a substantial number of informal settlements. The city has undertaken efforts to upgrade these settlements, aiming to provide basic services and, where feasible, integrate residents into formal housing. This strategy reflects a commitment to improving living conditions for the most vulnerable (*Sutherland et al.,* 2018).

Table 2: Intercity comparison

City	Housing Policy Framework	Diversity among the urban population	Land use challenges	Urban inequality and impact
Johannesburg	Prioritization of mixed-income developments, spatial transformation, and community engagement (*Hale,* 2018)	Diverse population with various socioeconomic backgrounds and cultural identities (*Hale*, 2018)	Land scarcity due to rapid urbanization and competition for available land resources (*Hale,* 2018)	Persistent housing inequalities along racial lines, compounded by historical apartheid policies and spatial segregation (*Schiller*, 2021).
Durban	Emphasis on partnerships and collaboration, inclusive policies, and informal settlement upgrades (*Sutherland et al.,* 2018)	Mixture of ethnicities, languages, and cultural practices (*Sutherland et al*., 2018)	Challenges in upgrading informal settlements and providing basic services to marginalized communities (*Sutherland et al.,* 2018)	Complexities arising from diverse cultural backgrounds exacerbate efforts to alleviate housing disparities (*Sutherland et al.,* 2018)
Cape Town	Focus on mixed-income developments, inclusive housing policies, and spatial integration initiatives (*Agbajor & Mewomo*, 2024)	The rich tapestry of cultural diversity, including various ethnic groups and linguistic (*Agbajor & Mewomo*, 2024)	Spatial challenges due to topographical constraints, limiting urban expansion and reshaping housing patterns (*Agbajor & Mewomo,* 2024)	Spatial disparities influenced by natural features exacerbate socioeconomic divisions and hinder equitable housing access (*Agbajor & Mewomo*, 2024).

Thematic analysis

The thematic analysis of the various documents related to housing policies and strategic plans in South Africa reveals several key themes that are central to the discourse on housing development and urban planning in the country. These themes cut across various sources, including government reports, academic studies, and reports from non-profit organizations, providing a comprehensive view of the challenges and opportunities in the housing sector.

Policy Frameworks and Strategic Planning

One prominent theme that emerges from the documents is the focus on policy frameworks and strategic planning in addressing housing issues. The City of

Johannesburg Housing Policy (*Hale,* 2018), Durban Metropolitan Housing Strategy (2018-2022), and City of Cape Town Integrated Development Plan all highlight the importance of having clear policies and strategic plans to guide housing development. For example, the Durban Metropolitan Housing Strategy outlines specific goals and objectives for improving housing access and affordability in the region, demonstrating a commitment to long-term planning and sustainable development.

Housing Inadequacy and Inequality

Another key theme that runs through the documents is the issue of housing inadequacy and inequality in South Africa. Academic studies such as „A Century of South African housing acts 1920–2020" by *Mabin* (2020) and „A critical analysis of Housing Inadequacy in South Africa and Its Ramifications" by *Marutlulle* (2021) shed light on the historical context and current challenges facing the housing sector. These studies highlight the persistent inequalities in access to adequate housing and the need for targeted interventions to address housing inadequacy in marginalized communities.

Sustainable Development Goals (SDGs) and Housing

The documents also reflect a growing emphasis on aligning housing policies with the Sustainable Development Goals (SDGs) set by the United Nations. Reports such as „The Assessment of SDG. Sustainability" by *Mudau et al.,* (2020) underscore the importance of integrating sustainable development principles into housing strategies to promote environmental sustainability and social equity. This theme indicates a shift towards a more holistic approach to housing development that considers the broader implications for sustainable urban growth and inclusive communities.

Community Participation and Empowerment

Community participation and empowerment emerge as a recurring theme in the documents, emphasizing the importance of involving local communities in decision-making processes related to housing development. Non-profit organizations like Habitat for Humanity South Africa emphasize the role of community-driven initiatives in addressing housing challenges and fostering social cohesion. This theme underscores the need for inclusive and participatory approaches that empower residents to shape their living environments and advocate for their housing rights.

Thematic analysis of the documents on municipal housing policies and strategic plans in South Africa reveals a complex landscape of challenges and opportunities in the housing sector. The identified themes of policy frameworks, housing inadequacy, sustainable development, and community participation provide valuable insights for policymakers, researchers, and practitioners working towards improving housing outcomes and promoting inclusive urban development in the country.

DISCUSSION

Johannesburg's Ongoing Battle with Apartheid Legacies

The city of Johannesburg stands at the intersection of a complex historical legacy and a contemporary struggle for social justice, particularly in the realm of housing.

Johannesburg's social housing strategies are deeply intertwined with its tumultuous apartheid history, a legacy that continues to reverberate through the city's housing landscape. The consequences of apartheid-era racial segregation persist, manifesting as enduring economic and spatial disparities that disproportionately affect marginalized communities.

What distinguishes Johannesburg's approach from other cities grappling with similar challenges is the innovative concept of „restorative housing." This approach transcends the traditional boundaries of housing policy, positioning housing as a tool for healing historical wounds and addressing deep-rooted socio-economic injustices. Instead of merely providing shelter, Johannesburg's social housing initiatives aim to rectify the injustices of the past by actively working to dismantle the structural inequalities perpetuated by apartheid.

Central to Johannesburg's strategy is the commitment to mixed-income developments. By intentionally integrating diverse income groups in housing projects, the city aims to foster social cohesion and reduce income-based segregation. This emphasis on inclusivity and integration signifies a transformative leap in urban policy, challenging the entrenched patterns of segregation that have defined the city's landscape for decades. Moreover, Johannesburg's approach to social housing represents a paradigm shift in how cities conceptualize and address historical injustices. Rather than treating housing as a mere commodity or service, the city recognizes it as a fundamental human right and a potent instrument for social change. By prioritizing the needs of marginalized communities and actively working to dismantle the legacies of apartheid, Johannesburg is paving the way for a more equitable and just urban future.

However, despite these efforts, Johannesburg's ongoing battle with apartheid legacies is far from over. The city continues to grapple with entrenched poverty, spatial inequalities, and systemic discrimination that have deep historical roots. Addressing these challenges requires sustained political will, comprehensive policy interventions, and meaningful community engagement. Johannesburg's approach to social housing represents a bold and innovative response to the enduring legacies of apartheid. By reframing housing as a tool for restorative justice and social transformation, the city is not only providing shelter but also initiating a reparative process to rectify the socio-economic wrongs of the past. However, the journey towards true equality and justice is long and arduous, requiring continued dedication and collective action from all stakeholders involved.

Durban's Cultural Mosaic: A Unique Challenge and Opportunity

Durban, known for its extraordinary cultural diversity, is not just a city but a melting pot of various ethnicities, languages, and traditions. This diversity, far from being a challenge, is a source of strength and a unique opportunity for the city. The innovative concept of „cultural inclusivity" in housing has emerged as a powerful tool to redefine the way cities approach diversity. Instead of viewing cultural differences as obstacles, Durban demonstrates that they can be the cornerstone of urban development, nurturing inclusivity and social harmony. The notion of cultural inclusivity in housing goes beyond mere accommodation; it celebrates diversity and

actively integrates cultural traditions into the fabric of urban life. By embracing and celebrating cultural differences, Durban creates an environment where diverse communities not only coexist but thrive together, contributing to the enrichment of the city's social and cultural tapestry.

This transformative approach sets a precedent for other cities with multicultural populations, emphasizing that cultural diversity is an asset rather than a challenge in urban development. By embracing diversity and fostering inclusivity, Durban not only creates vibrant and dynamic communities but also lays the groundwork for a more harmonious and resilient urban future.

Cape Town's Topographical Challenge: A Test of Innovation

Cape Town's distinctive geographical constraints, characterized by its natural boundaries such as mountains and oceans, have necessitated a fundamental rethinking of traditional urban development approaches. These constraints have paved the way for an innovative perspective known as „ecological urbanism," which challenges conventional paradigms and advocates for a harmonious integration of nature and urbanization. At the heart of ecological urbanism is the recognition that housing projects are not isolated entities but integral components within a larger ecological, economic, and social system. This perspective views urban development as interconnected ecosystems, where the built environment interacts dynamically with the natural environment. By embracing this holistic approach, Cape Town seeks to create urban spaces that not only meet the needs of its residents but also enhance the overall ecological integrity of the city.

One of the key principles of ecological urbanism is the idea of mixed-income developments that serve as thriving hubs of self-sustaining urban ecosystems. These developments go beyond simply providing housing; they incorporate green spaces, sustainable infrastructure, and renewable energy sources, creating vibrant and resilient communities that are in harmony with their natural surroundings.

Cape Town's embrace of ecological urbanism serves as a blueprint for cities worldwide grappling with geographical challenges. By demonstrating the potential for creative and harmonious urban development within the context of nature, Cape Town inspires other cities to rethink their approaches to urban planning and design. In doing so, it offers hope for a more sustainable and resilient urban future, where cities and nature coexist in harmony.

Sustainability as a Holistic Imperative

Sustainability has evolved beyond its traditional definition focused solely on environmental conservation. Instead, it has expanded to encompass social and economic dimensions, forming the foundation of a comprehensive mission known as „holistic sustainability." This paradigm shift signifies a departure from the narrow view of sustainability as purely „green" initiatives towards a more interconnected understanding of urban development. Holistic sustainability recognizes that housing is not an isolated element but rather an integral part of a larger system where social, economic, and ecological factors converges. In this view, housing developments serve as more than just physical structures; they function as interconnected hubs that impact

various aspects of community life. By embracing systems thinking, cities understand that housing projects play a crucial role in shaping economic opportunities, educational access, healthcare provision, and overall community well-being.

By adopting an integrated approach to urban development, cities reimagine the purpose of housing initiatives. Rather than focusing solely on providing shelter, these initiatives aim to create thriving communities where residents can lead fulfilling lives. This shift in perspective acknowledges that sustainable housing is not an end but a means to achieve broader societal goals, such as poverty alleviation, social cohesion, and equitable development. In essence, holistic sustainability challenges traditional perspectives on urban development by emphasizing the interconnectedness of social, economic, and ecological systems. By embracing this comprehensive approach, cities can envision and create communities that are not only environmentally sustainable but also socially inclusive, economically vibrant, and resilient to future challenges.

Community-Centric Approaches: The Key to Success

Community engagement is more than a consultative step in these cities; it is the cornerstone upon which successful social housing strategies rest. The idea of „co-designing communities" transcends consultation, moving towards the active involvement of residents in shaping their destinies. It signifies a transformative concept — „community-led urbanism." In this paradigm, communities are no longer passive stakeholders in urban development. Instead, they become active agents in moulding their urban environments. This concept reshapes the dynamics of urban planning, reflecting a shift from a top-down process to a bottom-up movement. Urban development is no longer driven solely by officials and planners; it is increasingly influenced by the grassroots, making communities the architects of their urban destinies.

CONCLUSION

The comprehensive analysis of social housing in Johannesburg, Durban, and Cape Town reveals a web of complexity, nuance, and innovative ideas. These cities provide profound insights into the significance of historical legacies in shaping housing policies, the potential for cultural diversity to become an asset, the opportunities created by geographical constraints for innovative urban development, the transformative power of community engagement, and the necessity for urban development to be a holistic mission.

The community-centric approaches in these cities not only signify community participation but a fundamental shift in power dynamics. Communities are no longer passive stakeholders; they are active co-creators. This is not just a different way of doing urban development; it is a profound transformation in the balance of power, where residents become architects of their own urban futures.

The lessons from these cities extend beyond being case studies; they represent a new philosophical foundation for urban development, guiding cities toward more equitable, inclusive, and sustainable urban environments, where equity, inclusion, and sustainability are guiding principles, not mere buzzwords.

It is important that cities worldwide consider the transformative lessons from Johannesburg, Durban, and Cape Town, adapting and reimagining their social

housing strategies to create urban environments that are not only equitable and sustainable but also inclusive and community-led.

The role of policy frameworks in shaping social housing in urban centres is undeniable. The experiences of Johannesburg, Durban, and Cape Town offer a compelling narrative of how well-structured policies can catalyse transformative change. In the South African context, post-apartheid policies have paved the way for a more equitable and inclusive society. The National Housing Policy (*Scheba et al.*, 2021), and the Social Housing Act of 2008 provide the legal underpinning for social housing, emphasizing mixed-income housing, community participation, and sustainability.

Johannesburg's pioneering policies, encapsulated by the concept of „restorative housing," serve as a model for addressing historical injustices and promoting mixed-income developments. Durban's focus on cultural inclusivity aligns with the broader national policies aimed at fostering social cohesion and celebrating diversity. Cape Town's holistic sustainability policies resonate with South Africa's sustainability goals, contributing to a more environmentally conscious urban environment.

However, policy implementation is not without its challenges. Resource allocation, bureaucratic hurdles, and the need for public awareness and support are ongoing issues that cities face when translating policies into actionable plans.

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THE TOURISTIC IMPORTANCE OF GYULA REGION IN THE NEW DESTINATION STRUCTURE DEFINED IN 2020 – FROM PAST TO PRESENT

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ABSTRACT

The management system and organisational structure of national tourism fundamentally was renewed in Hungary in 2016, which had several new elements. The five determined 'important tourism development areas' as destinations became the new frame for developing tourism in 2016 and 2017. Destination system was also renewed in 2020, when not only the official names and territorial range were overviewed, but also eleven destinations were created and six new ones were determined. Among these destinations the Gyula region consists of the least number of settlements only two (Gyula and Békéscsaba). The article focuses on the research questions of what processes and events led to the creation of the current tourist offer of the two municipalities of Gyula tourist region and how the area performed in the years 2020-2022. By examining the socio-economic changes in the two settlements after the Second World War, the roots of the current level of tourism development are explored. The analysis of the statistical data series available from the Central Statistical Office and the National Tourism Data Supply Centre are used to analyse the specificities of the period 2020-2022. Since the two cities have different tourist characteristics, they cannot be considered major competitors, and in fact Békéscsaba's dominant position in business tourism can be well complemented by the spa services offered in Gyula. In both municipalities surveyed, tourism operators faced challenges due to travel restrictions resulting from the COVID pandemic, but the dominant domestic visitor share in the tourist area meant that guests returned quickly after the closures.
Keywords: destination, tourism development, tourism region
JEL codes: Z32

INTRODUCTION

The management and organisational system of domestic tourism was fundamentally renewed in 2016, the most important element of which was Act CLVI on the state tasks of developing tourist areas, adopted at the end of the year. During 2016-2017, 5 priority tourism development regions were defined, firstly Lake Balaton and Sopron-Fertő, then Tokaj, Upper Tisza, Nyírség, and thirdly Debrecen, Hajdú-szoboszló, Hortobágy, Lake Tisza, and finally the Danube Bend was defined in a government decision.

In September 2020, the words 'priority' and 'development' were removed from the definition of destinations, and six more tourism areas were added to the list of tourism units. Regarding the newly implemented system, it can be stated that, on the one hand, the whole territory of Hungary will no longer be part of a destination. On the other hand, a tourist destination does not necessarily have to consist of a single coherent area but can also have a mosaic structure.

Of the six newly created tourist areas, the uniqueness of Gyula and its region is first most noticeable in the number of settlements, as it is made up of only Gyula and Békéscsaba (*Kis & Bagdi,* 2022). The town of Gyula seems to be the most important settlement in the region, where several developments have been implemented in the past or are underway, such as the HUF 1 billion in funding for the complex tourism development of the town under the Széchenyi 2020 state development programme. The investment to increase the region's competitiveness in tourism started in mid-2023, during which the Ladics House and the Centenary Confectionery will be renovated and even connected. The bicycle network will also be extended (*Gyulai Hírlap*, 2021, 2023).

Over the past three decades, accessibility has become a key issue for the economic development of the whole Békés county, especially in the eyes of the public, but the M44 motorway has been decades in the making. The M44 road became part of the political campaign at the turn of the millennium, because of which the section between Kecskemét and Békéscsaba was named in Annex 1 of Act CXXVIII of 2003 on the public interest and development of the express road network of the Republic of Hungary (as a motorway-level development) (*Netjogtar.hu*, 2023). In the following years, there was virtually no progress in its implementation, because this section is not an international transit route and could not count on EU funding. Finally, in the spring of 2009, the expropriation of the land along the route of the planned road was halted (*Teleki*, 2009). By the end of 2004, the section of road No. 44 between Békéscsaba and Gyula was widened to four lanes instead of the whole section (*Nagy*, 2019).

However, one election cycle later, a budget allocation was made for the planned M44 motorway, resulting in the Tiszakürt-Kondoros section being opened in 2019, the Kondoros-Békéscsaba section in 2020 and the Tiszakürt-Lakitelek section in 2021. The Lakitelek-Kecskemét section is currently under construction (*MTI*, 2022). As regards the eastern end of the M44, the idea has been put forward in recent years that the section should be developed towards Salonta to achieve international connections. This would mean that Sarkad would be the beneficiary instead of Gyula (due to its significant crop storage capacity) (*behir.hu*, 2023).

In June 2023, the Hungarian government suspended the implementation of 270 domestic investments, including the "Preparation of the section of the M44 expressway between Békéscsaba and the border (Salonta)" under No.182. Therefore, at the end of 2023, there is no decision on the final direction, the next years will be about the elaboration of the construction plan (*Minister for Construction and Transport*, 2023).

Gyula was connected to the national railway network by a branch line, which had the consequence that before 1945 there was no passenger rail service between the

capital and Gyula. The disadvantaged situation of the former county town persisted even under socialist rule, because, for example, even in 1988 there was no regular bus service to Budapest, although it was already possible to reach Makó, Zalakaros and Aggtelek (*Erdősi*, 1991). It is typical that the rail 'rationalisation' of Gyula because of the economic crisis in 2008/2009 reduced the accessibility of Gyula by 7 minutes, which was the fifth most significant deterioration at the municipal level in the country (*Dusek*, 2010). The renovation of the railway station building is also long overdue.

MATERIALS AND METHODS

The aim of the research is to identify the main stages of tourism development in the two settlements forming the tourism region under study, the course of development of the settlement attractions until the development of the independent tourism regional level, and to assess the tourism performance of Gyula region as an independent tourism area in the period 2020-2022. The inclusion of the impact of the COVID pandemic in the study was necessary due to the timing of data availability.

The research questions are:

- What processes and events have led to the current tourism supply of the two municipalities forming the Gyula tourist region?
- Based on the detailed accommodation data collected by the National Tourism Data Centre, how does the tourism region perform in the period 2020-2022? How have local tourism operators been affected by the COVID pandemic?

The literature related to the region is rather scarce, which may be due to the fact that Gyula is "one of our youngest spa towns" (*Vajda & Vadas*, 1990, p. 128), but Békéscsaba was not considered a tourist centre in the past (*Tánczos-Szabó*, 1976). We do not intend to publish a complete bibliography, but we would like to summarise the most important features, turning points and events related to the towns.

In our research we have used publicly available data collected by the Hungarian Central Statistical Office. Due to the changing statistical data collection methodology in tourism, we also requested data series for the study area from the National Tourism Data Centre, which were made available for the period 2020-2022. For the analysis of tourism performance, in addition to professional tourism indicators, a growth rate forecast was carried out.

RESULTS AND DISCUSSION

Historical perspective - an overview up to the change of regime

The relationship between the two towns was already unusual in the 19th century in the sense that Békéscsaba had a 50% higher population than Gyula, despite the latter's status as a county seat. Moreover, Békéscsaba was only declared a town in 1918, although in 1910 it already had a population of 42,000. The railway (Szajol-Arad line) connected Békéscsaba to the national network in 1858, while Gyula was connected by a branch line only in 1871.

Over the past 100 years, daily life in Gyula has been greatly affected by the fact that the Treaty of Trianon established a new Romanian-Hungarian border near it. This peripheral location resulted in Gyula losing its status as a county town in 1950. This geographic disadvantage still has an impact in the 21st century if we only think of the accessibility of the city (proximity to motorways). For example, according to a study carried out in 2005, Gyula and Békéscsaba were considered remote places on the mental map of the Hungarian population, as were Nyíregyháza, Kőszeg and Lenti (*Michalkó*, 2007). In contrast to their geographical location, the city's economic geography and tourism potential are much better, so that Gyula and Békéscsaba were not considered peripheral either during the period of state socialism or after 1990 (*Pénzes*, 2013).

The mid-to-second half of the 1970s can also be seen as a turning point in Gyula's life since the way in which the domestic settlement stock developed was an important agenda item at the governmental level. For example, related research shows that Békéscsaba, Békés and Gyula are closely related to each other in national comparisons. For the "three cities" to function more effectively, some form of division of labour was needed, and Gyula leaders then suggested that their cities focus on their tourism industry (*Tóth*, 1980).

The role of Castle Spa in urban development is undisputed. As for the history of the bathing culture in Gyula, it is worth noting that it dates to the 16th century, but the construction of deep wells did not begin until 1943, and due to historical events, the first swimming pool was opened in 1951(*varfurdo.hu*, 2023), but the Castle Spa was only opened in 1959. The restoration of Gyula Castle was completed in 1962 (*Bereczky*, 1968). During the socialist period, the Castle Spa was developed in several stages, including a HUF 5 million investment in 1968, which attracted 12-15,000 visitors a day during the high season. Gyula was a well-known spa town by the 1970s (the bath was declared a spa in 1971) and was the 3rd most important tourist destination in the Great Plain behind Debrecen and Szeged.

The fact that Gyula was the thirteenth in the country to be awarded the status of a health resort in 1984 (and the number of settlements qualifying as health resorts did not increase until 2012) certainly served to strengthen its tourist character (*termalonline.hu*, 2015, 2022). The alkaline hydrocarbonate thermal water comes from several wells, the deepest well is at a depth of 2000 m, while the hottest well breaks up at 71°C (*Vajda & Vadas*, 1990).

Historical perspective - an overview from regime changes to the present

As an administrative centre, Békéscsaba had a catchment area of approximately 100,000 people after the turn of the millennium, while Gyula was considered a medium-sized town with a population of around 30,000 and a catchment area of approximately 70,000 people (*Kiss-Bajmóczy*, 2001). In fact, Gyula even had a positive migration balance at the turn of the millennium, the highest in Békés County (*Kovács & Bajmóczy*, 2001). In a 2014 study on the categories of peripherality, based on an aggregation of the effectiveness of delimitation methods in the border area between Battonya and Salgótarján, Gyula was almost the only settlement that was not considered peripheral (*Pénzes*, 2014).

Although Gyula also faced new challenges after the regime change, its situation was better than that of other settlements in Békés County. In the decade before the turn of the millennium, the number of guest nights decreased in many settlements in the Southern Great Plain, while in Gyula the number tripled (*Csizmadia*, 2001). The Association of Hungarian Spa Towns was founded in Gyula in 1993 (*Szabó*, 2015). Since 1995 the Gyulai Várfürdő Kft. has been operating the spa (the local government is the majority owner) and several developments have been implemented in the town, which have also strengthened the tourism potential. For example, between 2001 and 2004, within the framework of the Széchenyi Development Plan, an investment of HUF 1.3 billion was made in the spa area to improve services (*Szűcs*, 2005).

At that time, the total capacity of the spa was 2.5 million guests per year, compared to 866,000 in 2003. But later, development funds were not lacking (*Radics et al.,* 2011), so that in 2008, based on tourism competitiveness, the Gyula sub-region was among the six most competitive border sub-regions in Hungary, but it was the only one in the eastern part of the country (*Bujdosó & Pénzes*, 2012). A local tourism destination management organisation was also established in 2010 (*visitgyula.com*, n.d.).

The tourist importance of the city is described by the results of a field survey in 2010, when the number of Romanian visitors in the Castle Spa, based on the number of cars with foreign license plates, was estimated at 15-16% on an average weekday, but doubled on weekends (*Nagy*, 2011). On the other hand, official statistics, such as the number of overnight stays, show that Gyula was/is one of the most popular settlements in Hungary in the last decade, largely thanks to the Castle Spa.

The role of Gyula as a tourist destination is well illustrated by the fact that in 2011, Gyula was the 13th most popular city in Hungary with nearly 240 thousand overnight stays, which were mainly - 93.5% - taken by domestic tourists (*turizmusonline.hu*, 2012). Thanks to the Aqua Palace, inaugurated in December 2013, the municipality moved up to 6th place in the national ranking with 353 thousand overnight stays (89% of which were domestic tourists) (termalfurdo.hu, 2015).

In the following years (e.g., 2017-2018) Gyula was essentially in 6th-7th place in the ranking of domestic settlements, then in 2019 it dropped back to 12th place, but in the meantime the number of overnight stays increased to 425,000 (86.3% of domestic), and Gyula was part of a priority tourism development area (*turizmus.com*, 2020, 2021a, 2023). Due to the coronavirus epidemic in 2020, the annual guest numbers dropped to 53% (compared to 2019), which was enough to rank Gyula 10th in the ranking of domestic municipalities (*turizmus.com*, 2020, 2021a, 2023).

In Gyula, the average length of stay was 3.5 days in 2015, then gradually decreased to 3.1 days in the following years. As a result of a paradigm shift in 2016 (*Aubert et al.*, 2017), Gyula and its region finally became a tourist region in September 2020. Tourism is less important in Békéscsaba as a destination, with around 25,000 guests staying in the city between 2015 and 2019, while the average length of stay was typically around two days (around 50,000 guest nights per year in total).

Based on statistical data, some researchers have also used mathematical methods to evaluate the performance of the tourism sector at the municipal level, such as *Béres-*

Virág & Vinogradov (2018). Based on the Hoover Index, they were able to identify destinations (at the municipal level) that are average or better in terms of the number of overnight stays for less than forty domestic municipalities. According to their calculations, Gyula was classified as an average destination, while Békéscsaba was classified as a poor performance tourist destination based on 2003 and 2013 data (*Béres-Virág & Vinogradov*, 2018).

Gyula is currently one of the most internationally important complex spa towns in Hungary. In this group, for example, Bük, Hajdúszoboszló, Harkány, Hévíz and Zalakaros can be considered as having a single profile, while in the case of Sárvár and Gyula, other factors are present in addition to the dominance of health tourism. Gyula has the richest historical and cultural potential of the seven spa towns, just think of the castle, the Ferenc Erkel Memorial House, the Centenary Confectionery, or the Almásy Castle (*Köbli*, 2018).

Presenting the county seat's tourism developments, the primary attraction of Békéscsaba is the Munkácsy Mihály Museum. At the age of eight, Hungary's first globally recognised painter arrived in Békéscsaba as an orphan and lived with his uncle. He worked as a carpenter in the town for nearly six years. Upon his demise in 1900, the artist became the first individual to have a road designated in his honour. Since 1951, the county museum has been named after Munkácsy, and in 1994, the Munkácsy Mihály Memorial House was established in a separate structure. (*Munkácsy Mihály Múzeum*, 2024a) The Munkácsy district was established in 2017 as a component of the Modern Cities Programme with the aim of developing the first cultural district in the Southern Great Plain, thus enhancing the city's appeal to tourists. (*Veselicz,* 2021) To demonstrate this newfound aspiration, several cultural events have been scheduled for 2024 as part of the Munkácsy 180 Memorial Year. (*Munkácsy Mihály Múzeum*, 2024b)

Békéscsaba organised the inaugural Csabai Sausage Festival in 1997 as part of its efforts to establish a unique tourist identity. This festival quickly became the town's distinctive symbol and one of the nation's significant culinary gatherings. In its initial occurrence, the event garnered a mere 55 teams, although by 2023, the number of participants had surged to over 1,000. The multi-day event is usually scheduled to take place on the national holiday weekend of 23 October. In 2014, the next step in the process of creating a positive image was the establishment of Csaba Park. The initial phase of this project involved the development of a "Sausage Courtyard", a museum and a facility dedicated to the production of sausages. The second stage involved the construction of a sophisticated tourist facility, which incorporated an event hall that eventually became the designated location for the event. (*CsabaPark,* 2024)

An instance of the advancement of the city's tourism attractions is the refurbishment of the Almássy Castle, which started in 2014, predominantly with financial aid from the European Union, and was ultimately inaugurated in 2016. The castle's permanent exhibition, situated adjacent to the Castle Baths, was inaugurated under the name "Weekdays and Holidays in the Castles of the Great Plain". Its objective is to showcase the daily existence of the Almássy family, namely their aristocratic lifestyle, incorporating interactive components. (*gyulaikastely.hu,* 2024)

The project's success is evidenced by the museum's five-year visitor count of 361,000. Furthermore, in addition to the previous tourist development, the Stefania wing had renovations between 2019 and 2021 to transform it into an event space. Additionally, a new gourmet restaurant called Csemegetár was established to serve culinary purposes. (*turizmus.com*, 2021b)

The tourist region of today - statistical analysis of tourism intensity for the period 2020-2022

The two settlements of the Gyula and its region tourism area, Gyula and Békéscsaba, show significant differences in tourism characteristics (number and type of attractions, tourism infrastructure and superstructure), which means that the tourism performance of the two settlements should be examined separately. The regional level data provided by the Hungarian Tourism Agency show the extent and pace of change in tourism supply and demand, considering that the closures caused by the COVID pandemic have significantly affected the 2020 data.

In the year 2020, hotels were closed during the months of March and May as part of the government's efforts to stop the pandemic. Many units used the forced closures for restructuring, renovation and service upgrades, activities that were not necessarily completed by the summer period when the data was collected for the operating units (*Mondok*, 2023). The discrepancy between the number of operating accommodation units in 2020 and 2021 reflects this frequent shutdown (*Table 1*). In the summer of 2022, accommodation units that invested in heating and lighting efficiency improvements due to the energy crisis reduced the number of operating units, but this reduction did not undo the available capacity figures because units with higher occupancy rates did so during the pandemic closure and opened for the season (*Table 1*).

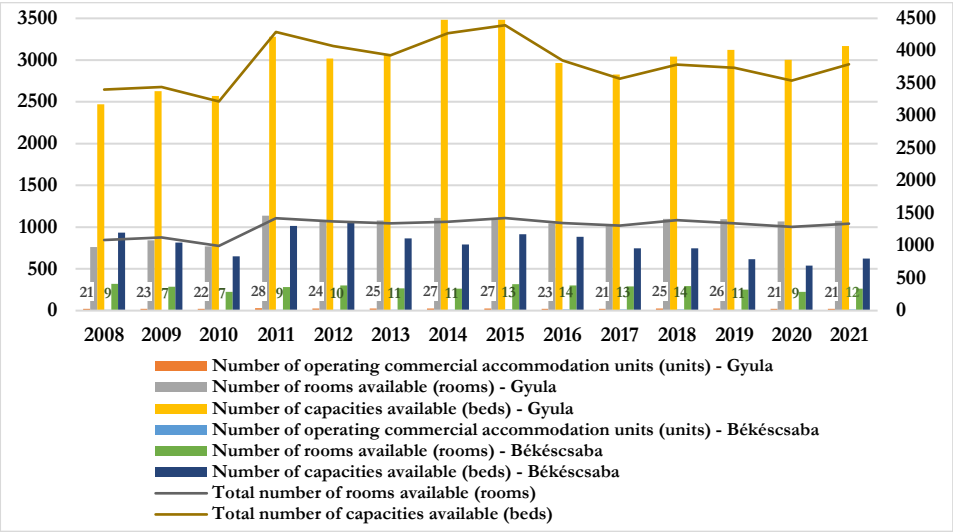
Table 1: Available and sold capacity data for commercial accommodation in the period 2020–2022

Year	Number of accommodation units in operation (unit)	Number of bed nights available (night)	Number of bed nights sold (night)	Room occupancy (%)
2020	509	787,411	170,016	22
2021	568	835,422	202,523	24
2022	542	875,466	292,933	33

The capacity data for commercial accommodation are given for 31 July of the year under review.
Source: Hungarian Central Statistical Office (2023), https://statinfo.ksh.hu/Statinfo/haViewer.jsp

The difference in the tourism characteristics between the two municipalities in the region is also reflected in the capacity of accommodation facilities (*Figure 1*).

Figure 1: Available capacity data of commercial accommodation establishments in Gyula and Békéscsaba for the period March 2008-2021 (units)

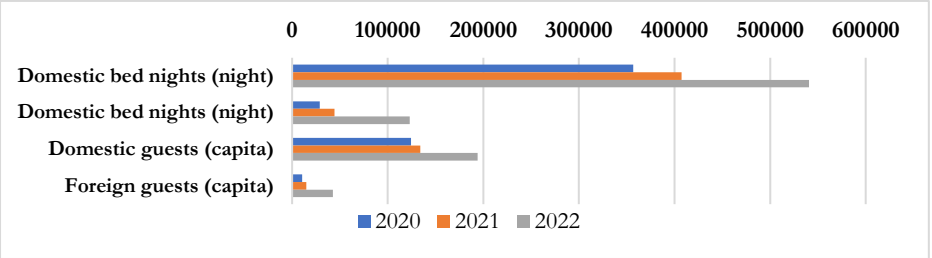


Source: Based on data series of HCSO (2023), https://statinfo.ksh.hu/Statinfo/haViewer.jsp

Gyula, which is a thermal resort, has almost twice as many accommodation units as the county capital. At the same time, the difference in the number of rooms available for rent is three times greater for each unit with a larger capacity. In 2021, the number of rooms per unit in Békéscsaba was 22, while in Gyula it was 51, and the ratio of beds was 52 and 151 respectively. The number of beds per room also shows the difference in the target groups of travellers: while in Békéscsaba the ratio was 2.37, in Gyula it was 2.94.

Although restrictions due to the pandemic have significantly curtailed foreign travel, there has been no proportional change in the number of foreign visitors or overnight stays in the year 2022 (*Figure 2*) due to the high number of domestic travellers.

Figure 2: Number of guests and bed nights in the tourism area of Gyula and its region in the period 2020-2022



Source: Based on data provided by the Hungarian Tourism Agency (2023) on personal request.

The trend functions with the highest goodness of fit for each data item are domestic bed nights: $y_{DRN}=41554x^2-74335x+389717$, where $R^2=1$, foreign bed nights: $y_{FRN}=31602x^2-79325x+76477$, where $R^2=1$, number of domestic guests: $y_{NDG}=25031x^2-65398x+164808$, where $R^2=1$ and number of domestic guests: $y_{NFG}=11801x^2-31207x+29900$, where $R^2=1$.

The change in the average length of stay in the tourist area is in line with the national trend: in 2020, the average length of stay of domestic guests in commercial accommodation affected by COVID was longer than that of foreign guests. This advantage levelled off by 2021 and, in line with the characteristics of the pre-pandemic period, by 2022 the average length of stay of foreign guests exceeded that of domestic guests (*Table 2*).

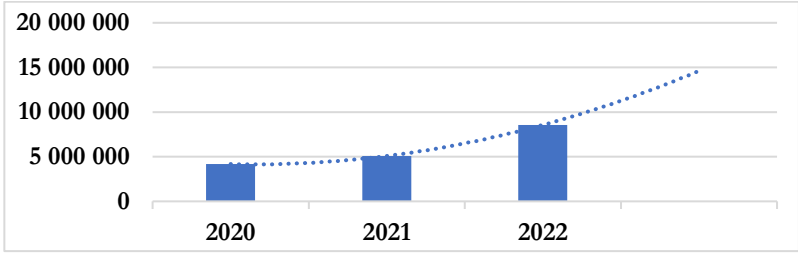
Table 2: Average length of stay in the tourist region in the period 2020–2022

Year	Domestic guests (nights)	Foreign guests (nights)
2020	2.9	2.7
2021	3.0	3.0
2022	2.8	2.9

Source: Based on data provided by the Hungarian Tourism Agency (2023) on personal request.

The tourism revenue from domestic and foreign guests reached HUF 8,561,961 thousand in 2022 (*Figure 3*), which means that the revenue per guest amounted to HUF 36 thousand. This willingness to spend was only 31 thousand HUF in 2020, the pandemic period. In 2022, thanks to the dominance of domestic guests, payments made with the Széchenyi Recreational Card amounted to around HUF 1 billion (*igyutazunk.hu*, 2023).

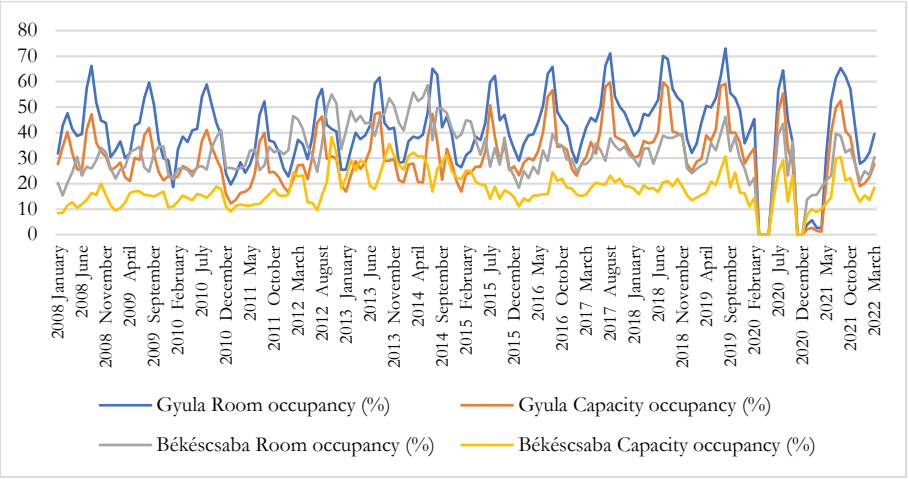
Figure 3: Tourism revenue (in thousands HUF) in the period 2020-2022 in the Gyula and its region tourist region



Source: based on data provided by the Hungarian Tourism Agency (2023) on personal request.

The Hungarian Central Statistical Office data available on capacity occupancy of commercial accommodation facilities clearly show the strong seasonal exposure of Gyula, even though thermal and spa tourism is one of the least perceived seasonal tourism types. The strong presence of business tourism in Békéscsaba offsets the large fluctuations in demand in the city's data, with this effect being particularly true for the periods 2002-2011 and 2015-2020 (*Figure 4*).

Figure 4: Room and capacity occupation of commercial accommodations in Gyula and Békéscsaba in the period of January 2008 - March 2022 (%)



Source: Based on data series of HCSO (2023), https://statinfo.ksh.hu/Statinfo/haViewer.jsp

The nationality distribution of visitors spending at least 24 hours in the destination in relation to the tourism area confirms the border location: Romanian tourists accounted for 16% of domestic visitors in 2022, while in the case of Germany, traditionally a strong sending country of Hungary, the share was only 1% in that year. This proximity also meant that the average length of stay of Romanian visitors in 2022 was one day shorter than that of German visitors. In the case of countries bordering our country, Austria and Slovenia, which are close to the western part of the country, also made only a small contribution to the number of visitors, and travellers from Poland, which is a major source of visitors for Northern Hungary, only visited the region in 2022 at the same rate as German visitors.

Interestingly, there were also some passengers from exotic destinations in the region: one from Saint Kitts and one from Nevis and Pitcairn in 2022, and from Mayotte and the Southern and Antarctic territories of France in 2021. A year earlier, during the COVID pandemic, guests from the Bahamas, Madagascar or Namibia were also recorded in the region's accommodation facilities.

Most domestic visitors came from the capital (19%) and Pest County (18%) to Gyula and its region, with the neighbouring counties of Hajdú-Bihar (8%), Csongrád-Csanád (7%) and Bács-Kiskun (6%) standing out among the sending regions. In 2022, the age distribution of guests was highest in the 45-54 age group (21%), followed by the 35-44 age group (18%) and the 55-64 age group (15%) (*igyutazunk.hu*, 2023). The data disproves the common belief that a thermal resort is only for the elderly to rest and relax.

Examining the tourist regional data, based on the data received by the National Tourism Data Supply Centre on *igyutazunk.hu* (2023) site, 59% of the nights spent by tourists were spent in hotels, 28% in private and other accommodation, 9% in holiday homes and 4% in guesthouses.

Day visitors were tracked using mobile cell phone information. These data show that the most visited places in the region were the Almásy Castle Visitor Centre and Castle Spa in Gyula, and the Gyula Castle and its surroundings in 2022 (*igyutazunk.hu*, 2023).

CONCLUSIONS

Although the two municipalities under study have followed different paths of development in terms of tourism in the past, and their situation has changed a lot in the course of history, they have developed into a region with an independent tourism performance in the new tourism development structure. The proximity of the two towns (about 17 km) makes the two settlements easily accessible by road and by rail on the 128-railway line.

The Covid-19 pandemic had caught travel providers off guard and the industry was in a need to find solutions to cope with the unprecedented traffic losses caused by governments imposing restrictions without warning. However, not only had the travel industry lost a significant portion of its revenue due to the pandemic, it had also had to deal with changes in travel habits. Therefore, ensuring passenger safety will remain important in the post-pandemic era. One positive finding is that domestic destinations have clearly emerged as preferred travel destinations during times affected by pandemic-related lockdowns. In addition to popular and well-known tourist areas, emphasis is also placed on small, dispersed rural destinations that benefit areas with diverse attractions and rural character (e.g., spa tourism, equestrian tourism, cultural tourism, gastronomy).

Due to the different tourism characteristics of the two cities that make up the tourism region, they cannot be considered as primary competitors, and in fact, the business tourism dominance of Békéscsaba can be well complemented by the spa products offered by Gyula. The only competition can be identified in the field of cultural tourism, but in the case of Békéscsaba it is linked to the arts (Munkácsy Mihály Museum) and in the case of Gyula to the historicity (Gyula Castle, Almásy Castle).

Likewise, focusing on individual needs and avoiding mass tourism is an opportunity for the region. To achieve all this, the region must pay close attention to changing and digitally challenged consumer needs, changing lifestyles, and environmental, health and safety issues. The region's special geographical location also allows it to leverage its border location for marketing communications to Romanian and even Serbian tourists, as travellers consider shorter distances safer.

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