Review of integrated territorial development and challenges in V4+2 countries and Hungary

ESPON 2020 Conference
’Integrated Territorial Development in V4+2 countries: new challenges, new ideas, new responses’

Budapest, 7th March 2018
Outline

1. Visegrad countries, Bulgaria and Romania
   - Key territorial challenges
   - Integrated territorial development

2. Zooming in Hungary
   - Key territorial challenges
   - Integrated territorial development
Visegrad countries, Bulgaria and Romania
V4+2 Countries and Territorial Cooperation in Europe
Intensity of territorial cooperation

Partners in territorial cooperation

Territorial cooperation preferences by regions

Source: ESPON
## Main socio-economic indicators

<table>
<thead>
<tr>
<th>Indicator (2016)</th>
<th>EU28</th>
<th>V4+2 countries</th>
<th>% of the EU28</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total area (km²)</strong></td>
<td>4 324 782</td>
<td>882 729</td>
<td>20,4</td>
</tr>
<tr>
<td><strong>Population on 1 January</strong></td>
<td>510 278 701</td>
<td>90 691 887</td>
<td>17,8</td>
</tr>
<tr>
<td><strong>Total population change over a year</strong></td>
<td>1 242 605</td>
<td>-160 990</td>
<td>-13,0</td>
</tr>
<tr>
<td><strong>Crude rate of total population change (%)</strong></td>
<td>2,4</td>
<td>-1,8</td>
<td></td>
</tr>
<tr>
<td><strong>Life expectancy (year)</strong></td>
<td>80,6</td>
<td>76,4</td>
<td>94,8</td>
</tr>
<tr>
<td><strong>Tertiary educational attainment, age group 30-34 (%)</strong></td>
<td>39,1</td>
<td>36,9</td>
<td>94,8</td>
</tr>
<tr>
<td><strong>Total population having neither a bath, nor a shower, nor indoor flushing toilet in their household (%)</strong></td>
<td>1,9</td>
<td>8,8</td>
<td>463,2</td>
</tr>
<tr>
<td><strong>Population who have never used the Internet (%)</strong></td>
<td>14,0</td>
<td>22,8</td>
<td>162,9</td>
</tr>
<tr>
<td><strong>GDP at market prices (million PPS)</strong></td>
<td>14 907 852</td>
<td>1 785 227</td>
<td>12,0</td>
</tr>
<tr>
<td><strong>GDP per capita (PPS)</strong></td>
<td>29 215,1</td>
<td>19 684,5</td>
<td>67,4</td>
</tr>
<tr>
<td><strong>Number of enterprises per 1000 inhabitant</strong></td>
<td>46,0</td>
<td>48,0</td>
<td>104,3</td>
</tr>
<tr>
<td><strong>Share of renewable energy in gross final energy consumption (%)</strong></td>
<td>17,0</td>
<td>16,0</td>
<td>94,1</td>
</tr>
<tr>
<td><strong>Target 2020 (%)</strong></td>
<td>20,0</td>
<td>15,8</td>
<td></td>
</tr>
<tr>
<td>**Financial framework of Cohesion Policy 2014-2020 (million €) * **</td>
<td>369 497</td>
<td>175 752</td>
<td>47,6</td>
</tr>
<tr>
<td>**Financial framework of Cohesion Policy 2014-2020, per capita (€) * **</td>
<td>724,1</td>
<td>1 937,9</td>
<td>267,6</td>
</tr>
<tr>
<td><strong>Average ranking based on the economic development of NUTS2 regions</strong></td>
<td>sum 276 NUTS2 unit; aver.rank.: 218.</td>
<td>sum 49 NUTS2 unit; aver.rank.: 218.</td>
<td></td>
</tr>
</tbody>
</table>

Source of data: Eurostat

* Source of data: European Commission
Addressed topics and main challenges in the V4+2 strategy

1. Development poles and axes and their no-continuations
2. Transport networks and solutions to their no-continuations
3. Technical infrastructure
4. Socio-economic conditions of the V4+2 countries
5. Environmental conditions
6. Spatial development barriers and possibilities of their elimination
Common spatial development strategy of the V4+2 countries

Cooperation proposed by CZ (2008)

Ministerial Conclusion (2010)

- Accepted the Common Spatial Development Document of the V4+2
- Invited the Steering Group to formulate the Common Spatial Development Strategy

Ministerial Conclusion (2014)

- Accepted the Common Spatial Development Strategy of the V4+2
- Recommended the SG to consider updating the strategy by 31 December 2018, taking into account, among others, the results of the cooperation among the countries
National territorial development and spatial planning strategies

- **Bulgaria**: “National Regional Development Strategy of the Republic of Bulgaria” for the period 2012-2022 (EN) and “National Concept for Spatial Development” for the period 2013 – 2025 (EN): [http://sharelink.mrrb.govtment.bg:8080/share.cgi?ssid=0Qa9v3y](http://sharelink.mrrb.govtment.bg:8080/share.cgi?ssid=0Qa9v3y)


- **Hungary**: National Development and Territorial Development Concept of Hungary (EN): [https://regionalispolitika.kormany.hu/download/b/c9/e0000/OFTK_vegleges_EN.pdf](https://regionalispolitika.kormany.hu/download/b/c9/e0000/OFTK_vegleges_EN.pdf)


ERDF support to Sustainable Urban Development (Article 7)

Share of ERDF budget (%) by MS and delivery mechanism

- **Half of MS spend more than 7.5%**
  - CY and **BG** 20%+
  - BE 15%+
  - **RO** 11%
  - IE, FR, LV, **CZ**, NL, **HU**, DE 8-10%

- **Main arrangements under Article 7**
  - A specific priority axis of an OP dedicated to SUD: **BG, RO, HU**
  - Integrated Territorial Investments (ITI): **CZ, PL, SK**

Source: Matkó M. (2016), Eurocities 3/12/2018
Cohesion policy support delivered via ITI

ERDF, ESF and CF allocation by MS

Programming results

20 MS use ITI (PL, SK, CZ, RO from V4+2)
15 MS to deliver SUD
13 MS for other territories

Total of EUR 13.8 billion
ERDF 11.8 bn
ESF 1.7 bn
CF 0.3 bn

12 MS use both funds

Concentration
80% by 9 MS
28% by PL alone

60% for SUD Article 7

Source: Matkó M. (2016), Eurocities
Cohesion policy support to CLLD

ERDF and ESF allocation by MS

Programming results

18 MS apply CLLD in CP
All V4+2 Countries

EUR 1.8 billion
ERDF 1.1 bn (0.6%)
ESF 0.7 bn (0.8%)
For comparison:
EAFRD 6.9 bn (7%)
EMFF 0.5 bn (9%)

14 MS use both funds
- GR, HU, PL, PT, SE via multi-fund OP

Concentration
92% by 9 MS
25% by CZ alone

Source: Matkó M. (2016), Eurocities
## European territorial cooperation

<table>
<thead>
<tr>
<th>CBC Programmes</th>
<th>Transnational Programmes</th>
<th>Macro-regional Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF</td>
<td>IPA+ENI</td>
<td>Danube, Balkan-Mediterranean</td>
</tr>
<tr>
<td><strong>BG</strong></td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>CZ</strong></td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td><strong>HU</strong></td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td><strong>PL</strong></td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td><strong>RO</strong></td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>SK</strong></td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>
Zooming in Hungary

Review of key territorial challenges

Integrated territorial development – state of play
Main territorial trends in Hungary

- Economic and social disparities did not decrease between regions
- The economic and social role of Budapest is dominant, the agglomeration is sprawling
- Greater economic performance in North-West Transdanubia with better accessibility to Western Europe
- Bigger cities are attracting labour force
- Low competitiveness of rural areas, labour market tensions and depopulation
- Territorial concentration of deprived population

Demographic trends (2009-2014)

GDP per capita (2014) and change (2009-2014)
Monthly net income (2014, income tenth)

Unemployment rate (2014, pop. of 15-64 years)

Employment rate (2014) and change (2009-2014)

Accessibility of Budapest (shortest travel)
Planning system of territorial development

Act on Territorial Development and Spatial Planning
(1996. évi. XXI. tv.)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>COUNTIES</th>
<th>CITIES WITH COUNTY RIGHTS</th>
<th>SPECIAL REGIONAL DEVELOPMENT COUNCILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Regional Development Forum</td>
<td>County and Regional Level Development Forums</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Strategy level**

- National Development and Territorial Development Concept
- Sectoral strategies

- Territorial Development Concept
- Settlement Development Concept
- Territorial Development Concept

**Programme level**

- Széchenyi 2020
- Integrated development programme
- Integrated development programme
- Development „Packs”

**Monitoring**

- Parliamentary Report on Territorial Processes, Annual reports
- Annual and several years Reports
Objectives of the National Development and Territorial Development Concept

Subject to be revised for post-2020
National Development and Territorial Development Concept

Specific territorial goals

1. Strengthening the country’s macro-regional role
2. A city network that creates a multi-centred spatial structure
3. Increasing the capacity of rural areas to support the population living there
4. Development of territories with outstanding landscape values
5. Decreasing territorial differences; territorial integration and economic stimulus
6. Connected spaces: ensuring accessibility and mobility
## Territorial operational programmes
### 2014-2020

<table>
<thead>
<tr>
<th>Operational programme</th>
<th>ESI Fund</th>
<th>Allocation (mn EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development and Innovation OP</td>
<td>ERDF, ESF, YEI</td>
<td>7 684</td>
</tr>
<tr>
<td>Territorial and Settlement OP</td>
<td>ERDF, ESF</td>
<td>3 390</td>
</tr>
<tr>
<td>Competitive Central Hungary OP</td>
<td>ERDF, ESF</td>
<td>464</td>
</tr>
<tr>
<td>Human Resources Development OP</td>
<td>ERDF, ESF</td>
<td>2 613</td>
</tr>
<tr>
<td>Integrated Transport OP</td>
<td>ERDF, CF</td>
<td>3 332</td>
</tr>
<tr>
<td>Environmental and Energy Efficiency OP</td>
<td>ERDF, CF</td>
<td>3 217</td>
</tr>
<tr>
<td>Public Administration and Services OP</td>
<td>ESF, CF</td>
<td>795</td>
</tr>
</tbody>
</table>

### Pie Chart

- Economic Development and Innovation OP: 36%
- Territorial and Settlement OP: 15%
- Competitive Central Hungary OP: 15%
- Human Resources Development OP: 15%
- Integrated Transport OP: 12%
- Environmental and Energy Efficiency OP: 4%
- Public Administration and Services OP: 2%
Territorial and Settlement Development Operational Programme

- Aims to support regional, decentralised economic development and increase employment based on local resources

- Target area: “less developed regions” (18 counties of Hungary, except Budapest & Pest county)
Integrated Territorial Programmes

- Situation Analysis
- Territorial Development Concept
- Territorial Development Programme

Cities with County Rights
- Settlement Development Concept
- Integrated Settlement Development Strategy

Integrated Territorial Programme
- Identified development needs for TOP
- In consultation with County plans

Territorial and Settlement Development OP (TOP)
Territorial Selection System

- Tender Call
- Receiving grant applications
- Evaluation
- Decision Preparatory Committee
- Approval
- Project Development
- Implementation

MANAGING AUTHORITY

County
OR
City with County Rights
Pest County Compensation Programme

- Between 2014-2020 Central Hungary (Budapest+Pest county) is the only more developed NUTS2 region due to the high economic performance of the capital.
- In 2016 the Government decided to split Central Hungary into two NUTS2 units: Budapest and Pest county.
- Since Pest county receives much less EU funds than other less developed parts of the country, between 2016-2020 260 million EUR national fund is dedicated to Pest county for compensation.

Priorities of the Compensation Programme are connected directly to Pest County Regional Development Program 2014-2020 without applying an ITP:

- Improve conditions and working environment for business development, especially for raising the competitiveness of SMEs;
- Tourism as a strategic sector;
- Complex programmes supporting the lagging regions of Pest county,
- Increase the mobility of workforce by improving transport infrastructure (internal roads, cycle routes);
- Improve infrastructural conditions of municipal public service.
Up to now, county councils have set up 9 special regional development councils for supporting their territorial development capacities.

- Have functional, bottom-up characteristics and may extend beyond administrative borders.
- 4 endorsed territorial development concept, 2 have territorial development programmes.
- Financed by founding counties. State-level support only be given to the 2 highlighted ones:
  1. ‘Balaton’ (Lake Balaton) Development Council;
  2. ‘Tokaj Borvidék’ (Tokaj Wine Region’s) Regional Development Council.
Connecting development measures in 2014-2020:

- **Preferences are given to projects** submitted in beneficiary districts/settlements and in free enterprise zones in the relevant measures of operational programmes.
Thank you for your attention

Ferenc Tipold
Ministry for National Economy
Department of Territorial Development Planning
e-mail: ferenc.tipold@ngm.gov.hu
tel: +36-1-795-2752

This presentation will be made available at: www.espon.eu