

Hungary

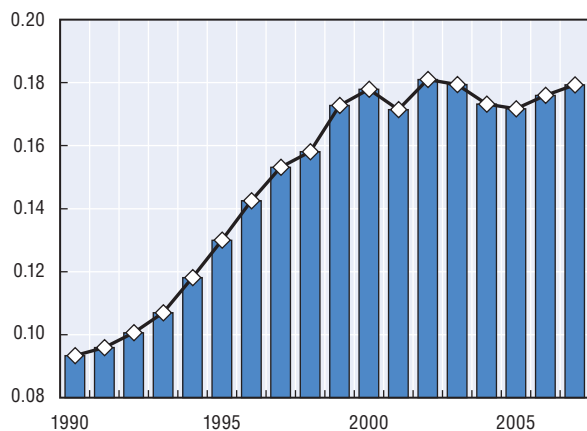
Population and territory	<ul style="list-style-type: none"> ● 10 million inhabitants (2007), 93 028 km².
Administrative structure	<ul style="list-style-type: none"> ● Unitary country. ● Two-tiered sub-national system: <ul style="list-style-type: none"> ❖ TL2: 7 <i>Tervezesi-statisztikai region</i>. ❖ TL3: 19 counties (<i>Megyek</i>) and special statute for <i>Budapest</i> (subdivided into 23 city districts), among which one predominantly urban region (17% of total population, -2.6 pp over the past 15 years), 8 intermediate regions (42%, +2.5 pp) and 11 predominantly rural regions (41%, +0.2 pp). ❖ 3 175 municipalities (<i>települési önkormányzatok</i>), among which 2 863 villages, 265 towns, 23 towns with county statute.
Share of sub-national government in total spending/revenues	<ul style="list-style-type: none"> ● Spending: 23.2% (2009). ● Revenues: 9.6% (2009).
Concentration and inequalities	<ul style="list-style-type: none"> ● Economic concentration in Hungary resembles the OECD average according to the index of geographic concentration among TL3 regions. Nonetheless, its top 10% of regions produce a larger share of the national output (45%) than in other OECD countries (38%). ● Inequality in GDP per capita among Hungary's TL2 regions increased over 1990-2007. During the 1990s inequality rose steadily and from the year 2000 onward it stabilised and has been fluctuating between the Gini range of 0.17 and 0.18. ● Hungary's increase in inequality is driven by its leading region (<i>e.g.</i> Kosep Magyarország) gaining relative to other TL2 regions and by its lagging regions falling further behind (<i>e.g.</i> Del-Dunantul, Del-Alfold, Eszak-Alfold and Eszak Magyarország). ● Kosep Magyarország has outperformed the national average, recording the fastest annual average growth in GDP per capita (5.6%) over the period 1995-2005 and increasing its GDP per capita level further above national standards from 35% above the average in 1990 to 59% in 2007. ● Due to its large GDP size, Kosep Magyarország has been Hungary's engine of growth, contributing to 56.4% of Hungary's overall GDP growth during the past decade. ● Lagging regions contributing to inequality by falling further behind national standards include Del-Alfold, Del-Dunantul, Eszak-Alfold and Eszak Magyarország, recording the lowest (2.2%), second lowest (2.6%), third lowest (3.1%) and fourth lowest (3.3%) GDP per capita growth rates during 1995-2005 among Hungarian TL2 regions. The lower than average growth rates increased their GDP per capita gap levels over the period 1990-2007 from 4% below the national average to 34% for Del-Alfold, from 12% to 38% for Del-Dunantul, from 19% to 36% for Eszak-Alfold and from 21% to 33% for Eszak Magyarország. The combined contribution of these four lagging regions to Hungarian GDP growth over the last decade was 23%. ● Over the past 27 years, the only Hungarian region with a visible pattern of convergence is Kosep-Dunantul, which increased its GDP per capita from 20% below the national average in 1990 up to the national average in 2007.
Key challenges	<ul style="list-style-type: none"> ● Regional disparities between east and west. ● Development gap with the EU average. ● Urban rural disparities, severe peripheries. ● Mono-centric town structure.
Objectives of regional policy	<ul style="list-style-type: none"> ● Improvement of territorial competitiveness. ● Territorial convergence (catching up). ● Sustainable territorial development and protection of heritage. ● Territorial integration into Europe. ● Decentralisation and regionalism.
Legal/institutional framework for regional policy ¹	<ul style="list-style-type: none"> ● Act on Regional Development and Physical Planning and lower level regulations. ● National Spatial Development Concept.
Urban policy framework	<ul style="list-style-type: none"> ● No single urban policy document, though it is partly integrated in the National Spatial Development Policy. ● Regulations and national guidelines for local level urban planning.
Rural policy framework ²	<ul style="list-style-type: none"> ● New Hungary Rural Development Programme.
Major regional policy tools	<ul style="list-style-type: none"> ● Domestic central and decentralised funds (financial allocations with regional development objectives) mainly in the field of job creation, assistance to local governments for infrastructural developments, and improvement of the business environment (industrial parks, incubator houses). ● EU Structural Funds for measures such as the Growth Poles Programme and the Programme for Most Underdeveloped Micro-regions.
Policy co-ordination at central level	<ul style="list-style-type: none"> ● Co-ordination of the Ministry for National Development and Economy. ● National Regional Development Council (inter-ministerial forum).
Multi-level governance between national and sub-national levels	–
Policy co-ordination at regional level (cross-sectoral)	<ul style="list-style-type: none"> ● Regional development councils.
Policy co-ordination at regional level (geographic)	<ul style="list-style-type: none"> ● Regional (NUTS 2), county (NUTS 3, decreasing role), and micro-region (LAU1).
Evaluation and monitoring	<ul style="list-style-type: none"> ● National level: <i>the Annual Report</i> and the four-year <i>Parliamentary Report on Spatial Processes and Implementation of the NSDC</i>. ● Regional level: evaluations at NUTS 2 regional level solely for EU-related planning.
Future orientations of regional policy	<ul style="list-style-type: none"> ● Strengthen regional level government.

1. In all EU member countries, the National Strategic Reference Framework (NSRF) required by Cohesion Policy is also part of the legal/institutional framework.

2. In all EU member countries, the National Strategic Plan (NSP) (and the regional Rural Development Plans [RDPs] in federalised and strongly regionalised countries) is a basic rural policy document required by EU Rural Development Programmes. Each member country has the choice of either submitting a single NSP for its entire territory or of breaking down its territory into regions and submitting a set of regional RDPs.

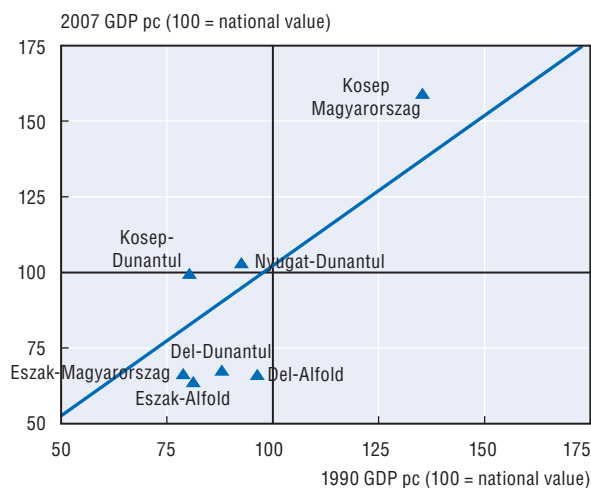
Gini index of inequality of GDP per capita across TL2 regions, 1990-2007

Hungary (TL2)

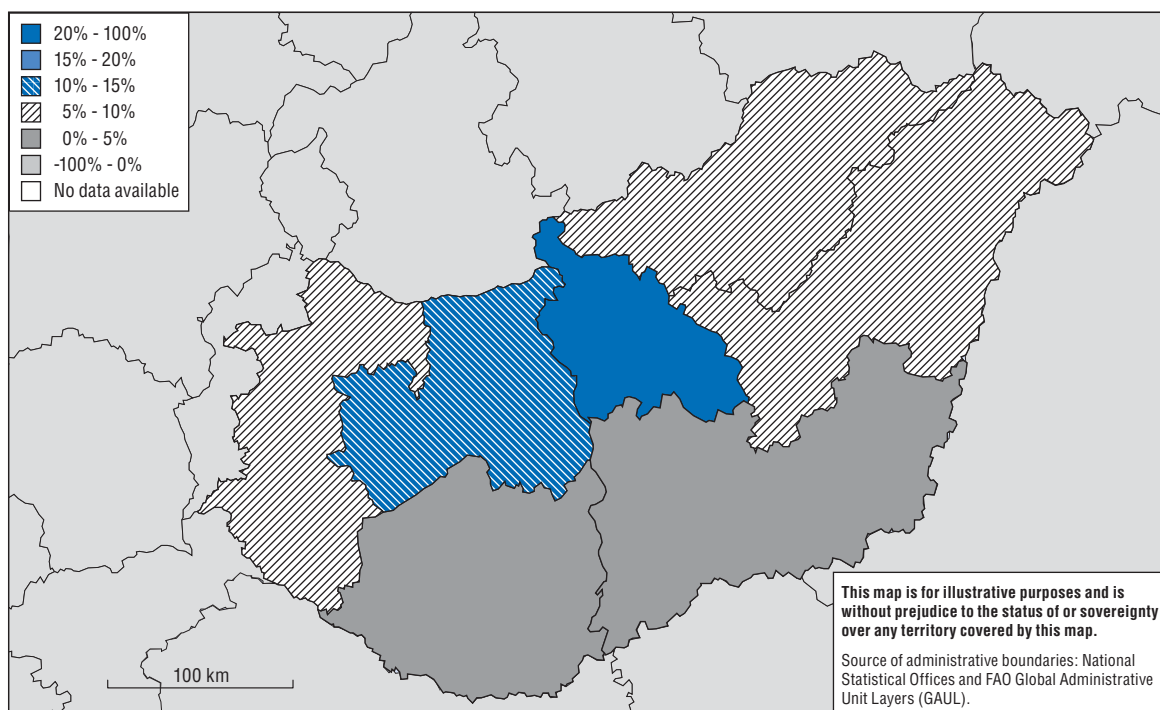


Regional performance in GDP per capita over time, 1990 and 2007

Hungary (TL2)



Regional contribution (%) to national GDP growth, 1995-2007



Source: Calculations based on Cambridge Econometrics and OECD Regional Database (2009).

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