HUNGARY

Overview

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| Population and territory | 9 689 010 (01.01.2022), 93 030 km2 |
| Administrative structure *(unitary/federal)* | unitary |
| Regional or state-level governments *(number)* |  |
| Intermediate-level governments *(number)* | Budapest (capital city) + 19 counties |
| Municipal-level governments *(number)* | 3 178 municipalities (települési önkormányzatok)  (of which: 3 155 settlements and 23 individual districts in the capital city) |
| Share of subnational government in total expenditure/revenues (2021) | 12.4% of total expenditure  14.9% of total revenues  [Source: [Subnational governments in OECD countries: key data, 2023 edition](https://stats.oecd.org/Index.aspx?DataSetCode=SNGF)] |
| Key regional development challenges | Territorial differences in level of development still exist and are relatively constant over time, they are similar to European regional trends and types of regional disparities:  • Strong Northwest/Central and Southwest/Southeast/Northeast divide  • The economic and social role of Budapest is dominant, the area of the agglomeration is increasing  • Low competitiveness of rural areas, labour market tensions and depopulation because of low population retention potential of agriculture  • 109 out of 197 districts are classified as having a disadvantaged status  • Strong urban-rural divide  The integration of the most vulnerable groups into the labour market and participation of disadvantaged groups in quality education.  Loss of economic functions of some areas and lack of cities functioning as real economic, functional centers. |
| Objectives of regional policy | • Sustainable spatial structure based on territorial potential  • Strengthening the country’s macro-regional role  • A city network that creates a polycentric spatial structure  • Increasing the capacity of rural areas to support the population living there  • Development of territories with outstanding landscape values  • Decreasing territorial differences; territorial integration and economic stimulus  • Connected spaces: ensuring accessibility and mobility |
| Legal/institutional framework for regional policy | Act XXI of 1996 on Regional Development and Spatial Planning  Parliament Resolution No. 1/2014. (I. 3.) OGY  (National Development 2030 - National Development and Territorial Development Concept) |
| Budget allocated to regional development (i.e., amount) and fiscal equalisation mechanisms between jurisdictions (if any) | • Cohesion Policy Partnership Agreement 2021-2027: €21.8 billion of EU Structural Funds (ERDF, ESF+, CF, JTF) and €4.4 billion of national co-financing. Of which Territorial and Settlement Development Operational Programme Plus (TSDOP or TOP Plus): €4.3 billion of EU Structural Funds and €0.9 billion of national co-financing.  • Hungarian Villages Programme (since 2019, for settlements with less than 5000 inhabitants), 300 billion HUF  • Modern Cities Programme (2015-2023), 3500 billion HUF  • Pest County Compensation Programme 2016-2021, 90 billion HUF  • Tokaj-Zemplén Area Development Program 2020-2024, 150 billion HUF  • Tisza-lake Development Programme (since 2019), 1,7 billion HUF  • Velence-Vértes area development programme (since 2019) 2 billion HUF  • Catch-up Settlements Development Programme (since 2019) |
| National regional development policy framework | • The Partnership Agreement for Hungary, 2021-2027 (7+1 OPs and 13 INTERREG programmes)  • Territorial and Settlement Development Operational Programme Plus 2021-2027 (TSDOP/TOP Plus)  • National Development 2030 - National Development and Territorial Development Concept |
| Urban policy framework | There is no independent urban policy framework, but the National Development and Territorial Development Concept includes urban development objectives and directions. |
| Rural policy framework | • CAP Strategic Plan 2023-2027  • National Rural Strategy 2012-2020  • National Landscape Strategy 2017-2026 |
| Major regional policy tools (e.g., funds, plans, policy initiatives, institutional agreements, etc.) | *Territorial Plans:*  Territorial development programmes of the counties and special functional areas  Integrated territorial development programmes for implementing TOP Plus  Urban development strategies, integrated urban development programmes  Strategies for economic development zones  Territorial dimension of sectoral development strategies  *Funds:*  European Structural Funds and national co-funding  National budget appropriations (see above the programmes, eg. Compensatory Programme for Pest County, Hungarian Villages Programme, institutional tasks related to territorial development policy)  *Other tools:*  Beneficiary districts and settlements (lists based on indicators)  Free Economic Zones  Functional Area Development Councils  EGTC, European Groupings of Territorial Co-operations |
| Policy co-ordination tools at national level | Minister for Regional Development (Prime Minister’s Office)  National Territorial Reconciliation Forum |
| Multi-level governance mechanisms between national and subnational levels (e.g., institutional agreements, Committees, etc.) | Partnership Agreement Monitoring Committee  TSDOP Plus Monitoring Committee  National Territorial Reconciliation Forum  The representative of the minister for regional development is a member of all the functional area development councils |
| Policy co-ordination tools at regional level | Functional Area Development Councils  Regional Consultation Forums (reconciliation of interests)  County level local governments (they have coordinating role in development policy according to Act XXI of 1996) |
| Evaluation and monitoring tools | Based on the Act XXI of Regional Development and Spatial Planning:  • the Government reports to the Parliament every 4 years on the evolution of the country's territorial processes and the effects of the territorial development policy and the realisation of spatial plans, the use of funds for territorial development, as well as international and cross-border territorial development and spatial planning activities  • the Minister for Regional Development reports annually to the Government on the territorial development tasks of the county local governments and the operation of the functional area development councils.  • The county local governments and functional area development councils themselves report annually on the territorial development tasks and their operation  • Operation of the national territorial information system (TeIR) based on Government decree of the territorial monitoring system No. 37/2010. (II. 26.)  • Evaluations of the 2014-2020 territorial development programmes and of policy areas and related activities (e.g. evaluation of integrated territorial development programmes, review of the territorial resource allocation) |
| Future orientations of regional policy | The 2021-2027 Cohesion Policy investments are planned in close coordination with the National Recovery and Resilience Plan, with an emphasis on effective multi-level governance mechanisms in the implementation and monitoring of the policy.  Ensuring policy coherence with the necessary sectoral policies (education, healthcare, transport etc.), taking into account regional needs and opportunities.  Implementation of spatially and functionally coordinated development along the main directions below:  • integrated local development plans and programmes with economic, social, human, infrastructure elements  • higher added value local economy, including training  • ensuring equal access to public services  • social inclusion  • better regional and local accessibility between the city and the villages  • smart cities and villages  • improvement of city liveability, sustainability and climate adaptation  • sustainable urban development in large cities (with their functional area) |

Recent policy developments

Since 2022, territorial development has gained prominence in the policy agenda, and accordingly, its tasks and powers evolved. As of May 2022, the Minister for Regional Development is a member of the government with unified development policy responsibilities.

In order to prepare for the EU Cohesion Policy programming period 2021-2027, the objectives of the National Development and Territorial Development Concept (NDTDC) and the national development priorities for the period post-2020 have been revised as well as the related sectoral and territorial development tasks. The ambition is to renew the regional development approach and planning environment in order to start the 2028-2034 EU budget period in a new planning and development ecosystem that can respond more quickly and efficiently to challenges and with a more explicit territorial approach. It is necessary to rethink the territorial objectives of the NDTDC, the development challenges of the country, and make the system of tools and institutions for territorial development suitable and resilient to manage new challenges.

As part of the preparation for the next programming period and in compliance with the plan renewal obligations laid down in the relevant legislation, the review of the territorial development concepts of the counties, the special functional areas and of the capital, and the elaboration of the related territorial development programmes were completed during 2020-2021. The planning documents were adopted by the county and capital assemblies.

Following negotiations with the European Commission and a social consultation, Hungary officially submitted the Partnership Agreement to the European Commission on 30 December 2021, which was adopted by the Commission in December 2022, together with the operational programmes. The Partnership Agreement lays down the developments on which the country will spend the cohesion funds coming to Hungary from the EU's multiannual financial framework (21.7 billion euros). The focus will continue to be on economic development, competitiveness, infrastructure development and job creation. Another essential element of this strategic document is that it states that, in order to facilitate catch-up, at least 65 percent of the resources must be used in the four most disadvantaged Hungarian regions.

A territorial operational program was prepared for the period 2021-2027, “Territorial and Settlement Development Operational Programme Plus” (TOP Plus). TOP Plus manages both place-based developments of the less-developed regions and Budapest being a developed region, using ERDF and ESF+ funds. The TOP Plus continues the 2014-2020 TOP themes and its model realised through integrated territorial programmes with a budget of €4.3 billion. It maintains the themes and tools of supporting local government developments, integrated county planning, the territorial selection procedure, and the active involvement of regional actors (county level local governments and the capital city local government) in planning and implementation. TOP Plus was adopted in December 2022.

The planning of the county and capital integrated territorial programmes (ITPs) took place in parallel to TOP Plus programming, based on the principles and budget framework of TOP Plus, and with the guidelines of the relevant sectoral ministries. This parallel planning method created the territorial legitimacy of TOP Plus. The preliminary ITPs were adopted by the Government in 2022, and their content will be finalised in the first semester of 2023.

A sustainable urban development strategy (SUD) is being prepared in 42 cities (among them 3 functional urban areas) selected in the county integrated territorial programmes and they are allocated 8% of the national ERDF framework and related ESF+ funds. The SUD has a complex approach and is in line with the city's integrated settlement development strategy. The indicative budget for the cities designated in the framework of the sustainable urban development tool is set in the 1658/2021. (IX. 24.) Government decision. The action plan developed by SUD for TOP+ resources is the TOP+ Urban Development Program Plan.