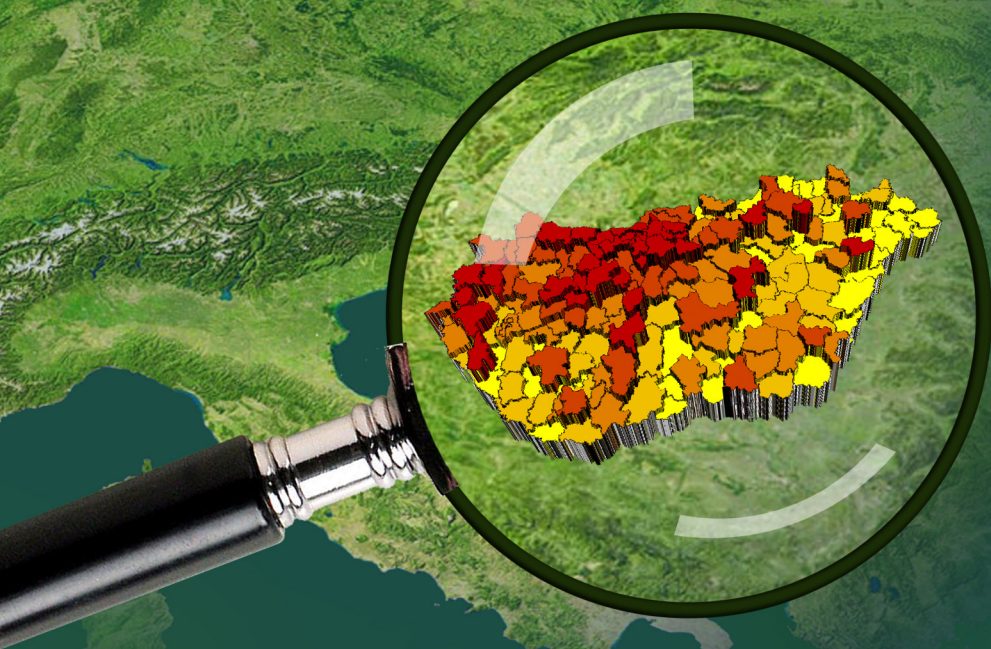


HANDBOOK

# FOR THE NATIONAL IMPLEMENTATION OF THE TERRITORIAL AGENDA OF THE EUROPEAN UNION

THE CASE OF HUNGARY



MINISTRY FOR NATIONAL  
DEVELOPMENT AND ECONOMY  
REPUBLIC OF HUNGARY

HANDBOOK FOR  
THE NATIONAL IMPLEMENTATION  
OF THE TERRITORIAL AGENDA  
OF THE EUROPEAN UNION



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## Introduction

The *Territorial Agenda of the European Union* was adopted in 2007 by the Ministers of the Member States responsible for spatial planning and development. This policy framework document can be regarded as an important step towards European-level spatial development and integrated spatial planning. The inclusion of territorial cohesion among the main community objectives by the Lisbon Treaty made it possible for European-level spatial policy to further evolve through the common formulation and implementation of territorial aspects. This can promote as well as provide an appropriate framework for our work in the European context, which is increasingly important for the development of Hungary, its regions and cities, for dealing with cross-border relations of the spatial structure and even with the potential synergies and risks from the perspective of a common European dimension, along the lines of shared priorities as well as by means of cooperation. This handbook, serving the national implementation of the objectives of the *Territorial Agenda*, aims to promote the above mentioned approach. At the same time, the national implementation of the TA represents also an important obligation, since the TA is a politically legitimate document that defines **territorial challenges across Europe**, as well as **territorial priorities and tasks** for the development of the European Union.

The *Territorial Agenda* is not dealing solely with spatial development and neither is written exclusively for spatial development experts because the realisation of territorial cohesion, which is the fundamental concept of the document, requires the involvement of a wider range of actors. Therefore, this volume addresses **experts and decision-makers** of different **sectoral policies** and at different **territorial levels**, and all actors who can directly or indirectly contribute to the shaping of national spatial processes, and to the inducement of territorially more balanced and efficient development.

The aim of this volume is, on the one hand, to raise awareness of the *Territorial Agenda* in Hungary and to contribute to the Hungarian understanding and implementation of its priorities with concrete practical recommendations. On the other hand, in line with the Agenda, it aims to support the **comprehensive and wide-ranging realisation of the territorial approach** primarily in the shaping of national policies, and at the level of programme-oriented development and planning. This volume goes beyond the demonstration of the TA by identifying and adapting the challenges and priorities defined at the European level to the specific context of Hungary, and by tailoring its recommendations specifically to the Hungarian practice.

Thus, beyond interpretation, the Handbook introduces a specific Hungarian understanding based principally on national policy intentions and existing achievements in the same direction. Comprehensive application of the territorial approach as described in the Agenda is far from lacking any precedents in this country.

In Hungary, the *National Spatial Development Concept* (NSDC) adopted by the Parliamentary

decree no. 97/2005. (XII.25) is the highest-level, legitimate spatial policy document containing the vision and system of objectives for the spatial development of Hungary, and defining territorial priorities for the sectoral policies and the regions. The approach of the NSDC and its main elements (integrating sectors; spatial harmony; the promotion of competitiveness; helping backward regions catch up; a wider understanding of territoriality as a horizontal objective; and sustainability) are not only in line with the TA but in many respects, had anticipated several important messages of the European document which was adopted only two years later, in 2007. The present volume serving the national implementation of the TA could substantially build on the highly legitimated approach of the NSDC and especially, on its territorial and sectoral priorities.

The publication of the Handbook on Territorial Cohesion financed by the Ministry for National Development and Economy <sup>1</sup> was an important precursor of the current volume. The two volumes are closely interrelated and complementing each other; they can together contribute to the strengthening of the territorial approach throughout all phases and levels of the planning processes, ranging from policy making, through strategy formulation and programme implementation to monitoring. While the *Handbook on Territorial Cohesion* lays emphasis on **how** to enhance territorial cohesion, the present volume, the *Handbook for the National Implementation of the Territorial Agenda of the EU* provides answers concerning **what** needs to be and can be done to realise the territorial messages of the TA in the current Hungarian context. Our former publication provides guidance in the practical implementation of the concept of territorial cohesion at the level of programmes and projects in particular, introducing a Hungarian interpretation, and presenting also a number of good practices and examples. In contrast, this Handbook is focussed on the **policy-relevant content and objectives** of, as well as the **methodological basics** for realising the main messages of the conceptualisation of territorial cohesion included in the *Territorial Agenda*. Accordingly, this Handbook aims to support and shape the **development of strategies** and promote a **territorial approach**.

Our work significantly drew upon the background analyses and findings of the *Report on Territorial Processes in Hungary* prepared for the Hungarian Parliament in 2005, as well as on the preliminary results of a similar analysis currently in progress.

The authors of this Handbook, which was prepared by the State Secretariat of Regional Development and Construction of the Ministry for National Development and Economy in close cooperation with its national background institution, Váti Nonprofit Ltd., are senior experts of the Hungarian and European spatial policies, leading professionals who took part in the preparation of the current revised version of the *National Spatial Development Concept*, as well as they are active members of the Drafting Team set up to prepare the 2011 review of the *Territorial Agenda*.

<sup>1</sup> Péti M. – Botka M. eds. (2009): Handbook on Territorial Cohesion – Application of territorial approaches in developments supported by the public sector. NFGM – VÁTI, Budapest. Available at: [www.nfgm.gov.hu](http://www.nfgm.gov.hu), [www.vati.hu](http://www.vati.hu).

### ***THE MAIN TARGET GROUPS OF THE HANDBOOK***

We can heartily recommend the Handbook to all actors involved in development policy regardless of whether they are engaged in sectoral policies or specifically territorial (spatial development or spatial planning) interventions. Moreover, we are convinced that beyond the public sphere, it has important messages also for private actors carrying out development activities. This is for the reason that almost any development activity, albeit, to different extents, can somehow support the enhancement of territorial cohesion or promote a better utilization of territorial capital – however, this requires the implementation of an appropriate territorial approach. Therefore, the primary target groups of this volume are **sectoral experts**, decision-makers and **actors working at different territorial levels** determining development paths of specific regions:

- Despite our recent professional initiatives, **the territorial approach in the implementation and harmonisation** of sectoral policies and developments is yet insufficiently used in Hungary (even in a European comparison). Therefore, sectoral experts represent the primary target audience of the Handbook, and also corresponding to the *Territorial Agenda*, concrete territorial messages and recommendations have been formulated for the specific sectors.
- For **spatial development experts and decision-makers at different territorial levels**, the Handbook contains essential information by transmitting the European territorial approach and embedding national activities into the European framework, into the context of **European territorial challenges and priorities**.

### ***STRUCTURE AND USE OF THIS HANDBOOK***

The **volume is structured** into three main parts:

- The **first chapter** gives an overview of the document of the *Territorial Agenda*, addressing its European linkages, components of its content, as well as its points of special relevance to Hungary.
- The **second chapter** provides the Reader with a special Hungarian interpretation of the territorial challenges and priorities which are defined in the Agenda and demonstrates specific problems within the Hungarian context with the help of maps and data.
- The **third chapter** summarizes the main tasks in form of recommendations to the national, regional and local levels as well as to sectoral policies, and provides more comprehensive guidelines for the realisation of the territorial approach in developments and programming. The recommendations are tailored to the specific Hungarian conditions and are explicitly addressed to Hungarian institutions.



# 1. Territorial Agenda – Towards a More Competitive and Sustainable Europe of Diverse Regions

## 1.1 COMMON THINKING ABOUT OUR CHALLENGES

The action-oriented political framework document called *The Territorial Agenda – Towards a More Competitive and Sustainable Europe of Diverse Regions* was approved by the ministers of the Member States responsible for spatial planning and development and the European Commission on the occasion of the Informal Ministerial Meeting on Urban Development and Territorial Cohesion in Leipzig on 24-25 May, 2007. The TA describes the tasks regarding the territorial development of the European Union; its main objective is to **strengthen territorial cohesion** and **promote future territorial cooperation** between as well as within the EU Member States. Nevertheless, several events had preceded and led to this collaboration between the ministers of the EU Member States in drawing up an agenda for European territorial development.

Shaping territorial policy and implementing the territorial approach in the framework of national interventions fall within the competence of the Member States. The crucial need for the joint consideration of social, economic and environmental processes crossing national and regional borders as well as for the territorial harmonization of tackling problems that had emerged in several Member States was recognised already in the mid-1990s.

The EU ministers responsible for spatial development hold so-called informal meetings by which they support joint thinking concerning **European spatial challenges** and responses. Based on these results, they harmonise their actions and ensure the accomplishment of the common objectives within the limits of their respective competences. Social, economic and environmental processes do not stop at borders; they have cross-border impacts. The European Union guarantees the free movement of goods, capital, services and people, so they flow – although, to various extents – unaltered by national borders; while environmental processes are entirely unaffected by these borders. Policy intervention has to take these processes into consideration; it is necessary to provide joint, harmonized responses to common problems.

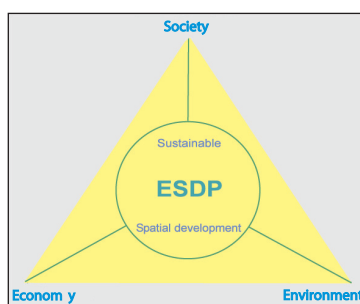


Figure 1:  
European Spatial Development Perspectives: cornerstones of sustainable territorial development

The way for the *Territorial Agenda* had been paved by some important policy developments. **The European Spatial Development Perspectives (ESDP)** adopted in Potsdam in 1999 by the ministers responsible for spatial development defined the territorial development objectives of the European Union. The ESDP provided an important impetus for European territorial research. **The European Spatial Planning Observation Network (ESPON)**, as a result of the ESDP, has contributed to more standardised and evidence-based interpretation and evaluation of European territorial processes.

Based on the ESPON results, the assessment of the territorial conditions and perspectives of the enlarged European Union was completed with the contribution of the Member States. In May 2007, at an informal meeting held in Leipzig, the ministers responsible for spatial development discussed the ***Territorial State and Perspectives of the EU (TSP)***. The Member States agreed on the main European trends and challenges, furthermore, they stressed the need for coordinating their actions and defined common objectives in order to achieve this higher level of collaboration. Besides the results of the territorial assessment, they agreed on the ***Territorial Agenda*** of the European Union, as well as on the ***Leipzig Charter***, which is the main document of European urban policy. The TA document identifies the most important common territorial objectives and the actors responsible for realizing them, while the Leipzig Charter defines the framework for integrated and inclusive urban development.

The need for a uniform European interpretation of territorial cohesion is justified mainly by the diminishing divisive role of national borders in relation to social, economic and environmental processes, for which reason, the impact of national policies on mitigating territorial challenges has declined. Common problems call for common solutions, and harmonizing the utilization of common resources may also help the European Union to keep up with the global economy.

The coordination between Member States in the field of spatial policy has gradually improved and is being continually strengthened; the common interpretation of territorial cohesion remains a major concern in the central EU institutions (both in the European Parliament and in the European Commission). In order to create a common interpretation, the European Commission published a **Green Paper on Territorial Cohesion** – Turning Territorial Diversity into Strength in October 2008, launching also a broader public debate about this issue. This document lays great emphasis on the territorial diversity of the EU and adds that *„territorial cohesion is about ensuring the harmonious development of all EU territories, and about making sure that their citizens are able to make the most of the inherent features of these territories. The Green Paper suggests that diversity should actually be transformed into an asset and competitive advantage that contributes to the sustainable development of the entire EU.”*

In the Green Paper on Territorial Cohesion published by the European Commission it was set forth that the interpretation of territorial cohesion goes beyond the traditional approach of convergence of disadvantaged regions, the quantitative equalisation of economic performance

and the elimination of regional development disparities. The new approach puts the special characteristics of individual regions and territories in the foreground, and emphasises the idea that every region has to base its development on its own characteristics and exploit the opportunities offered by its diversity. This approach is indicated also by the subheading of the *Territorial Agenda – Towards a More Competitive and Sustainable Europe of Diverse Regions*.

It is important to draw attention to some **Hungarian initiatives** and processes supporting policy-making which are highly relevant to achieving territorial cohesion and the national implementation of the European priorities. Besides the already mentioned **National Spatial Development Concept** currently in force, which had anticipated several messages of territorial cohesion in 2005, other important documents also have to be noted here. The fourth yearly **report** on territorial processes and the realization of territorial development in Hungary prepared **for the Hungarian Parliament** in 2005, together with the yearly reports on territorial assessment (like the Regional Status Report of Hungary) represent the most important knowledge base for enhancing the territorial approach. The Hungarian strategy prepared for the EU programming period of 2007-2013, titled **National Strategic Reference Framework**, was the first in Europe to address territorial cohesion as a third horizontal objective besides the objectives of environmental protection and equal opportunities. In order to ensure the systematic monitoring of this horizontal target, in the case of certain operative programmes, the contribution to territorial cohesion has already been introduced as an aspect to consider during the selection procedures of applications. The above mentioned *Handbook on Territorial Cohesion* published in 2009 means an important methodological step and guidance for strengthening territorial aspects, especially at the level of projects and programmes. In applying the approach of the TA, the currently ongoing revision of the NSDC and the preparation of **the conceptual document on settlement network development**, which later aims at the realization of polycentric development similarly to the focus of the TA, provide a significant opportunity. It is crucial to note that instead of a direct adoption of the messages in the European documents, the national efforts aim rather to promote conscious thinking and a Hungarian interpretation of territorial cohesion, which can be best characterized by sustainable territorial development, the importance of spatial values and a heightened role of the local and regional levels, as well as by a focus on defining methods. This Handbook also aims at providing a partial overview of this adaptation approach.

## 1.2 Quo vadis, Europe?

The *Territorial Agenda* includes four main chapters revealing the challenges facing the territorial development of the European Union as well as the tasks and priorities involved. The introductory chapter identifies those tasks and objectives that are inevitable in order to strengthen territorial cohesion, emphasizing the key issues of sustainability, polycentricity and cooperation. In the second chapter, newer challenges are assessed which arise in relation to territorial diversity and regional identity. The third chapter reviews the territorial priorities in the development of the European Union. The closing chapter summarizes the actions required from the European Institutions and the Member States.

### I Future task: strengthening territorial cohesion

The most significant communication of the *Territorial Agenda* is the need to **strengthen territorial cohesion** across the European Union. To achieve this aim, territorial aspects need to be considered in development policy to a greater extent. Due to the currently ongoing reform process of the Cohesion Policy, it will play an even more significant role in strengthening territorial cohesion; however, to make it effective, the distinctive territorial characteristics and unique challenges of each region and locality require more attention than before. In order to attain territorial cohesion, it is necessary to integrate the sub-systems of development policy (besides cohesion policy, agricultural and rural policies, and competition policy), and meanwhile, to take global processes and challenges into continuous consideration.

- Contribution to a culturally, socially, environmentally and economically **sustainable** Europe through the implementation of territorial cohesion.
- Better integration of the new Member States into the policies aiming at **polycentric settlement development**.
- In promoting **territorial solidarity**, securing better living conditions and quality of life with **equal opportunities** for all EU-citizens.
- Implementing territorial cohesion is a **permanent cooperative process** involving the various actors and stakeholders of territorial development. Territorial dimension has to play a stronger role in the future Cohesion Policy.
- Territorial Cohesion can only be achieved through an **intensive and continuous dialogue** between all stakeholders. This is called **territorial governance**, where the private sector (especially the locally and regionally based entrepreneurship), the scientific community, the public sector (especially local and regional authorities), non-governmental organisations and different sectors need to cooperate with each other.

### II New Challenges: Strengthening Regional Identities, Making Better Use of Territorial Diversity

Besides presenting the **territorial challenges**, the *Territorial Agenda* contains possible answers as well. The European challenges listed first are those which definitely call for a territorial approach and responses that are appropriate to local conditions:

- regionally diverse impacts of **climate change** on the EU territory and its neighbours, particularly with regard to sustainable development;
- rising **energy** prices, energy inefficiency and different territorial opportunities for new forms of energy supply;
- accelerating **integration** of the **regions**, including cross-border areas, into global economic competition, and at the same time increasing dependencies of states and regions in the world;
- impacts of **EU enlargement** on economic, social and territorial cohesion, particularly with regard to the transport and energy infrastructure related integration of Eastern Europe and the new EU Member States as well as their regions;
- overexploitation of **ecological and cultural resources** and loss of biodiversity particularly through increasing development sprawl, while remote areas are facing depopulation;
- territorial effects of demographic change (especially ageing) as well as in and out migration and internal migration on labour markets, on the supply of public services of general interest as well as the housing market, the development of the settlement structure and how people live together in our cities and regions.

The *Territorial Agenda* emphasizes that territorial cohesion is the precondition of sustainable economic growth and the realization of socioeconomic cohesion. One of the most crucial factors is to create equal opportunities for the citizens and entrepreneurs in all regions, and it is also important to strengthen territorial identity. Identifying and mobilising the **territorial potentials** of regions are further important preconditions of sustainable economic growth and the creation of new jobs.

Regions and cities need to become **more resilient** in the context of **climate change** (low or zero carbon settlements).

The **territorial influence of community policies** needs to be increased: EU policy making should focus more on the local, regional and national potentials and promote the approach of integrated territorial development. In addition, individual cities and regions should pay more attention to the national and European context when preparing their development strategies.

The content of the *Territorial Agenda* is complemented by the Leipzig Charter by making **integrated urban development** a European level objective. Integrated urban development and territorial cohesion contribute jointly to the achievement of the objective of sustainable development.

### III Territorial Priorities for the Development of the European Union

The *Territorial Agenda* builds on the three main objectives of the *European Spatial Development Perspectives* (ESDP) approved in 1999:

- development of a balanced and polycentric urban system, new urban-rural relationship;
- securing parity of access to infrastructure and knowledge;
- sustainable development, prudent management and protection of natural and cultural heritage.



The *Territorial Agenda* defines **six main territorial priorities**, which altogether contribute to a shift towards a „more Competitive and Sustainable Europe of Diverse Regions”, hence to the realisation of territorial cohesion.

1 Strengthening **Polycentric Development** and **Innovation through Networking of City Regions and Cities**:

- a) international **networking cooperation** of cities and city regions;
- b) connecting regional centres with **infrastructure** networks and extending **trans-European networks**.

2 New Forms of **Partnership** and **Territorial Governance** between **Rural** and **Urban** Areas:

- a) **urban-rural partnerships, joint strategies**;
- b) new forms of **territorial governance arrangements**.

3 **Promotion of Regional Clusters of Competition and Innovation** in Europe:

- a) creation of suitable and innovative clusters where the **business community, the scientific community and administrations** work together;
- b) international **cooperation of settlements**.

4 Supporting the Strengthening and Extension of **Trans-European Networks**:

- a) sustainable development of **multi-modal** transport systems;
- b) unhampered **access to information and communication technologies**;
- c) opportunities for decentralized, efficient, safe and environmentally friendly production of **renewable energy**.

5 Promote **Trans-European Risk Management** including the Impacts of **Climate Change**:

- a) **territorially differentiated adaptation strategies**;
- b) **integrated trans-European and cross-border risk management**.

6 Strengthening **Ecological Structures and Cultural Resources** as the Added Value for Development:

- a) coordinated transnational interventions and associated management promoting European **natural and cultural heritage**;
- b) **developing networks of valuable nature areas and cultural landscapes**;
- c) strengthening integrated territorial development policies in **ecologically or culturally fragile areas** in order to harmonize economic development and environmental, social and cultural sustainability.

## IV Implementing the Territorial Agenda

In order to better incorporate the six territorial priorities in political debates and decision-making processes, the last chapter of the TA lays special emphasis on a number of actions which various actors have accepted their obligation to implement.

#### 1 Actions by the European Institutions

- The institutions specified are the following: **European Commission, Regional Development Committee of the European Parliament, the Territorial Cohesion Committee of the Committee of the Regions, and the European Economic and Social Committee.**

#### 2 Actions for Close Cooperation Between the European Commission and EU Member States

- Besides the need for a continuous and in-depth dialogue, the ESPON 2013 Programme and the Programmes for European Territorial Cooperation are mentioned.

#### 3 Actions for Strengthening Territorial Cohesion in EU Member States

- Integration of the political priorities of the Territorial Agenda as well as the territorial aspects of the Community Strategic Guidelines ratified in the framework of the Cohesion Policy into the national, regional and local development policies.
- Incorporation of the territorial dimension into the strategic processes underpinning cohesion policy at the EU and national levels.

#### 4 Joint Activities by Ministers

- There are several themes which need joint action, like the Lisbon process after 2010, the Cohesion Policy, the revision of the Rural Development Policy in 2010 or the revision of the Sustainable Development Strategy (SDS) of the EU in 2011.
- Implementation of the actions set out in the Territorial Agenda by the Member States and EU Institutions as well as all stakeholders under the coordination of the coming EU Presidencies.
- The Hungarian EU Presidency in the first half of 2011 was requested to do the evaluation and review of the Territorial Agenda.

The **significance of the national level**, the responsibilities of the Member States in the implementation of the *Territorial Agenda* have to be stressed since this is the level where real and efficient guidelines, as well as the territorial coordination of local, regional or sectoral initiatives are indispensable. This Handbook intends to help sectoral policy-makers as well as the decision-makers, programme developers at different territorial levels (governmental, regional and local level) in achieving this aim.

This topic has special relevance for Hungary as the review of the *Territorial Agenda* and the *Territorial State and Perspectives* documents will be undertaken under the Hungarian Presidency in the first half of 2011. Preparatory work for the review will have begun in broad international cooperation by the time of publishing this Handbook. Steps taken so far indicate that the challenges and priorities identified in the documents are not likely to change to any significant extent; instead, new elements can be expected regarding the ways of implementation and the concrete European tasks. Therefore, the review of these documents in the first half of 2011 will not affect the usefulness of this Handbook – which has a stronger focus on the national circumstances.

## 2. European territorial challenges and priorities from the Hungarian point of view

For a better realisation of European-level objectives in the Hungarian practice, it is important to make an assessment of the Hungarian relevance of the European territorial challenges and priorities. This chapter aims to reveal the Hungarian understanding and manifestations of the challenges and priorities identified at the EU level. As a consequence, each sub-chapter disclosing a certain theme contains a description of the Hungarian state of affairs and peculiarities following a short introduction of the relevant European context. Meanwhile, the purpose is not to give a detailed analysis but to show a snapshot, give an illustration: to take a look at the Hungarian conditions through the glasses of the TA.

In order to depict the conditions in Hungary, we draw substantially on analyses and evaluations conducted by Váti Nonprofit Ltd. financed by the Ministry responsible for spatial development. First of all, we build on the results of the *Second Report on Territorial Processes and the Implementation of Spatial Development Policies* prepared for the Hungarian Parliament in 2004, and the *Third Report* of the same kind currently under preparation. However, other pieces of background work have to be mentioned: the analyses supporting the review of the *National Spatial Development Concept*, the evaluation of development subsidies published in 2009 titled *Regional Status Report of Hungary*, as well as wide-ranging background analyses prepared for the conceptual document for Hungarian settlement network development.

We are convinced that taking into consideration the territorial priorities described in the *Territorial Agenda* is increasingly imperative in carrying out developments in Hungary since the promotion of the integration of Hungary into the European space and into its closer neighbourhood, as well as a move towards a more competitive and sustainable territorial structure are long-term preconditions of the social and economic well-being and development in this country. Measures and actions towards this aim however, cannot be defined unless exploring and knowing realistically (based on factual evidence) the Hungarian conditions in view of the European territorial challenges.

This chapter on challenges and priorities is of high relevance even for those who are interested only in the messages related to their own sectors or fields of activities. The following table provides the Reader with some help in using the Handbook. Although we are convinced that each chapter of the book contains useful information regardless of which territorial level or sector the Reader belongs to, some chapters, subchapters can be highlighted for some specific target groups. In order to make this more comprehensible, subchapters focussing on various territorial challenges and priorities are arranged according to different sectoral policies and levels of relevance in the table below.

	2 EUROPEAN TERRITORIAL CHALLENGES FROM THE HUNGARIAN POINT OF VIEW	3.1 TASKS OF TERRITORIAL LEVELS	
	2.1 Sustainable territorial development	3.1.1 National government	
	2.2 Polycentric settlement network	3.1.2 Regional level	
	2.3 Equal opportunities and access, convergence	3.1.3 Common objectives and local responses	
	2.4 Dialogue, territorial governance, partnership and cooperation		3.2 Enforcement possibilities of territorial aspects
	2.5 Risk management and climate change		
	2.6 Energy issues		
	2.7 EU enlargement		
	2.8 Demographic changes		
	2.9 Strengthening territorial identities		
	2.10 Identification and mobilization of territorial potentials		
	2.11 Urban-rural relations and partnership		
	2.12 Regionals Clusters		
	2.13 Trans-European Networks		
	2.14 Protection of ecological, landscape structures and cultural resources		
Investment policy	*	**	*
SME policy	**	*	**
Innovation policy	**	**	**
Tourism policy	**	**	**
Housing and construction policy	**	**	**
Employment policy	**	**	**
Social policy	**	**	**
Education policy	**	**	**
Cultural policy	**	**	*
Health policy	**	**	**
ICT policy	**	**	**
Transport policy	**	**	**
Energy policy	**	**	**
Agricultural policy	**	**	**
Environmental, nature and water management policy	**	**	*
Investment policy	*	*	*

Table 1: The relevance of territorial challenges and priorities along sectoral policies

## **2.1 GROWTH RISKING OUR CHILDREN'S FUTURE OR SUSTAINABLE TERRITORIAL DEVELOPMENT**

To ensure sustainability, it is essential to **harmonize** the **social-cultural** and the **economic, natural-ecological aspects**. However, the combined realisation of these can be best achieved in **actual geographical units/spaces** because economic interests as well as social values can be defined, confronted and harmonized in given spatial units. As a consequence of geographical diversity, the same activity can cause different benefits or disadvantages to areas of dissimilar characters. As a consequence, **spatial thinking** is one of the most important factors in achieving sustainability, which means the realisation of territorial cohesion and the territorial approach along the whole cycle of **planning, development, assessment and monitoring** activities.

Hungary established its national interpretation and system of criteria for sustainable spatial development in the *National Spatial Development Concept* (NSDC) adopted in 2005, which provides an even stronger, more concrete definition of the aims and aspects of sustainability than the *Territorial Agenda*. It is a national goal defined in the NSDC to move towards a **harmonious and sustainable spatial structure**, which in practice, involves the integration of criteria requiring the realisation of several objectives.

### **Helping backward areas catch up, a polycentric country**

Several **external and internal peripheries** can be found in the north-eastern and south-western parts of Hungary, where the inhabitants' living conditions and opportunities are extremely poor because of high levels of unemployment, insufficient accessibility and extensive poverty. The lag of these regions is constantly increasing, often leading to rural segregation. It is important to eliminate serious territorial disparities in the accessibility of public services, resources and favourable living conditions that are fundamental in determining equal opportunities in society.

It is typical for the whole country that the most qualified segments of the labour force and the investments searching for locations find suitable conditions predominantly in Budapest and its closer vicinity. Therefore, a greater share of the educated citizens and a disproportionately large part of economic activities concentrate in Budapest and its surroundings, which results in less sustainable and rather unbalanced (monocentric) spatial development triggering also substantial commuting.

### **Harmonious and sustainable regions and areas**

Our regions and territories have to function as sustainable systems of their own. These areas manage not only to preserve their values, heritage, resources and their internal coherence but also strengthen these, as long as these regions are able to maintain harmonious relationships between their societies, economies and natural-environmental, cultural elements within their local-spatial systems. **The sustainability of the spatial structure and the spatial connections**



are fundamental preconditions for economic stakeholders and social actors to operate also in a more sustainable manner. Uncoordinated urban sprawl around big cities can be mentioned as an example, which goes hand in hand with suburbanization. Its adverse effects manifest not only in the decrease of natural and open areas, but in the daily commuting needs of the locals, the disruption of ecological networks and even in tensions in transport, financial and monetary costs and social segregation. All of these processes work against sustainability.

### **Sustainable land use**

It is important that regulations, different development projects, as well as settlement planning encourage **wise management and safe forms of land use** ensuring **equal opportunities**, which guarantees free access to important public places, helps the mitigation of commuting and transport pressure, and at the same time, ensures enough natural areas and public space for citizens.

### **Regional public utility systems, eco-technology, renewable energies**

Generating **autonomous local systems** that are adapted to **local conditions** means sustainable ways in the fields of energy, material flows and public utilities. It includes local eco-technological solutions adopted by, for instance, architecture and energy systems.

While in rural areas, the improvement of environmental and cultural values, the enhancement of living conditions of their inhabitants are the chief concerns, the priority in major cities is to control and consciously harmonize the accelerating spread of urban land use (suburbanization).

### **Local, regional identity – a diverse country**

Instead of a monocentric country, where the rest of Hungary is pushed into the background by the dominance of its single centre, Budapest, **territorial diversity**, a country rich in **areas with unique characteristics** represents a more sustainable structure, where people can feel strongly related to their own settlement, territory and region. To make this connection stronger, it is necessary to reinforce the unique images of different areas, to help local intellectual culture unfold, and promote the maintenance and renewal of natural and cultural resources everywhere in the country.

Natural and cultural landscapes have to be preserved by transforming them into valuable assets to be protected and real resources for the local residents. Balaton area serves as a good example for this type of development, where protection and development of natural and cultural assets and the strengthening of regional consciousness are outstanding priorities.

### **Development of the local economy, local markets**

The effects of globalization increasingly reach individual settlements and regions. They often find

themselves in a rather vulnerable situation, and some rural areas of Hungary gradually lose their economic role. Especially in view of the current global financial and economic crisis, it is highly important to assign and implement **development directions adapted to local conditions and resources**. This includes also cooperation between enterprises, as well as economic processes generated with the involvement of local stakeholders evolving from bottom up along specific value-chains. Forming autonomous local and territorial systems can reduce the vulnerability of regions and their dependence on external resources. At the same time, intensive and partnership-based territorial cooperation can help successfully reach external markets.

By way of enabling a gradual shift from self-sufficiency and primary production to higher levels of the production value-chain in rural and disadvantaged areas, and by forming diversified agrarian economies in each landscape unit, the production of high-quality and marketable local products and the development of local brands can be attained. As a consequence, the significance of local markets will rise. In order to minimize transport costs and environmental pollution, it is necessary to promote a greater focus on production for local markets as this contributes to sustainable development.

#### **Principles of sustainable land use**

##### **Land use supporting the safeguarding of natural resources**

- For a cleaner, more natural environment and for a healthier and sustainable society, land use has to support the protection of the non- or hardly-renewable local resources (like fertile land, landscape assets, close-to-natural areas, cultural heritage). These forms of land use prefer and promote brownfield instead of greenfield investments, and support the spatial structuring of urban and rural functions.

##### **System for land use ensuring the conservation of valuable resources and accessibility**

- For a society being aware of environmental assets and having local identity, as well as for ensuring equal opportunities, sustainable accessibility and availability of natural and cultural resources of national relevance, public services and events of public interest have to be secured.
- In order to prevent negative impacts related to organisational forms of socio-economic processes and harming (often indirectly) natural and cultural assets, the location choices of development activities and the organisation of administration and public services have to serve sustainability and the preservation of these resources.

##### **Land use forms enabling efficient, sustainable local systems and territorial thinking**

- To ensure local economic systems which are planned and controlled efficiently, in a sustainable way, as well as to be less vulnerable towards external impacts, those initiatives have to be promoted which are embedded into their environment, and maintain material, energy, information and knowledge flows in a longer term within their own region, and which utilize local resources in the most diversified ways and promote a balanced rural-urban division of labour.
- For a cleaner environment and a more environmentally conscious society, developments have to contribute to better knowledge of inhabitants about their own living, recreational and working environment by raising awareness of and responsibility towards landscape and cultural assets.

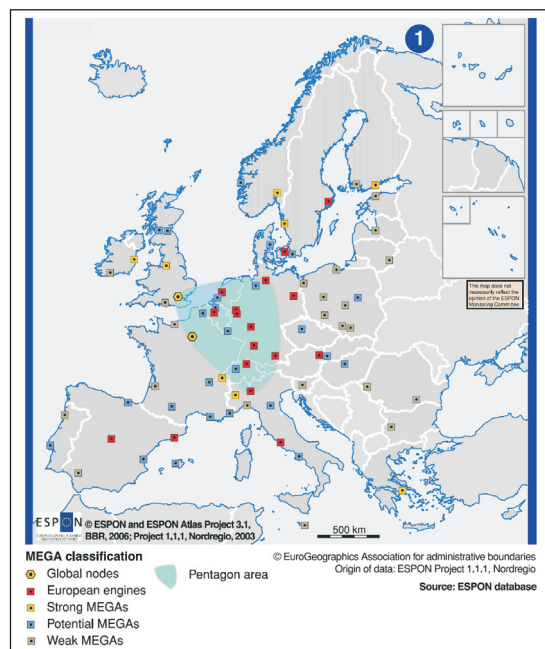
##### **Forms of land use decreasing the need for the movement of people, materials and energy and organising these in sustainable ways**

- For a cleaner environment and a healthier society, travel and travelling time requirements of satisfying cultural and social needs have to be decreased or at least made more rational, and more sustainable, and safe modes of transport have to be also promoted.
- For a more efficient economy, the deterioration and the risk of deterioration of environmental, technological and public safety due to passenger and freight transport have to be reduced by way of safer and cleaner environmental developments.

Source: NSDC, 2005

## 2.2 LOCAL CENTRES – POLYCENTRIC SETTLEMENT NETWORK

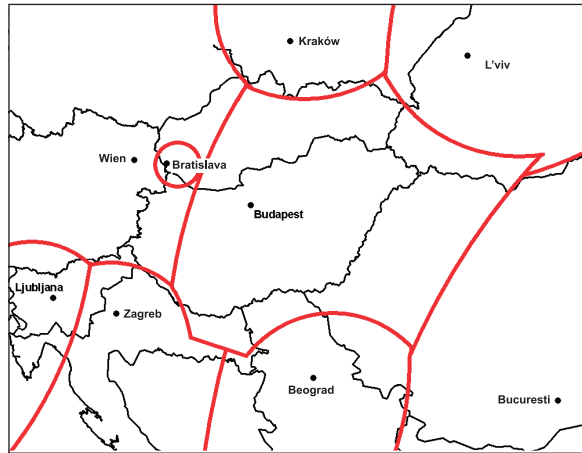
The objective of **polycentric settlement development** has been a persistently recurring idea already over some decades in the European as well as in the Hungarian territorial thinking. European spatial policy strengthened the objective of polycentric spatial development by explicitly naming it among the three objectives of the *European Spatial Development Perspective* adopted in 1999. Ever since, polycentricity has been one of the most important spatial objectives in Europe. In line with this, the *Territorial Agenda* of the EU also puts much emphasis on polycentric settlement network development.



**Map 1: Metropolitan areas in Europe**

Source: ESPON Atlas, 2006

A main element of the polycentric approach is that development should not exclusively concentrate on the territory of the so called European Pentagon, the area delimited by London, Hamburg, Munich, Milan and Paris, but there is a definite need for strong urban regions outside this core region which can support a territorially more balanced development of the European Union. Today the Pentagon area, which means 14% of the entire EU territory, concentrates approximately one third of the EU population and produces almost half of its GDP. If **metropolises outside the core area**, such as Budapest, could get stronger and cooperate with each other, they have significant potentials to counterweight the increasing domination of the Pentagon area as well as to give dynamism to their own wider hinterlands.



Map 2: Theoretical economic catchment area of Budapest and major cities of neighbouring countries

Source: Background document for Hungarian settlement network development, 2009

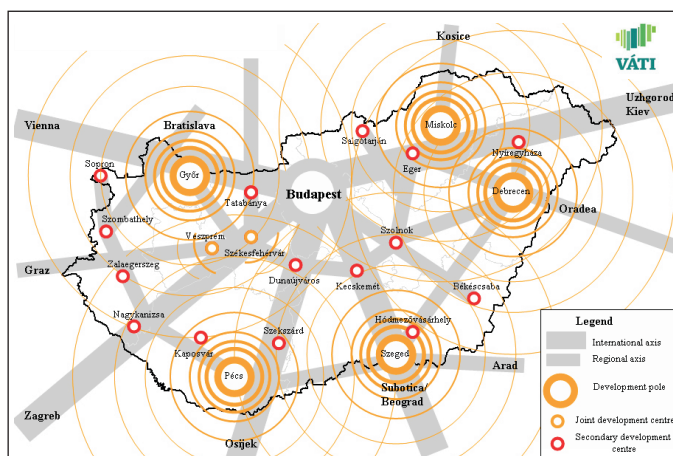
In Hungary, the objective of polycentric settlement network means a double task for development activities. On the one hand, the improvement of the international role of Budapest can support the polycentric structure of Europe to a great extent. On the other hand, the monocentric structure of the settlement network of Hungary is a result of the dominance of the capital. Beyond Budapest, **the network of small and medium-sized cities** could serve as a skeleton of development; however in Hungary these smaller towns are not yet able to counterweight the dominance of the capital.

The development opportunities of the urban system of Hungary were substantially influenced by significant changes in the 20th century. The urban network which had developed in an organic way over centuries experienced a significant shock when several main towns were separated from the country after the First World War. Towns like Bratislava (Pozsony), Košice (Kassa), Cluj Napoca (Kolozsvár), Oradea (Nagyvárad), Timisoara (Temesvár), which had served to counterbalance the dynamically growing city of Budapest were cut artificially from the urban network by the new borders. The capital of Hungary thus became overweighed in the shrunken urban system.

The larger cities (of around 150-200,000 inhabitants) following Budapest in the Hungarian city hierarchy do not have appropriate city functions, which would be, however, necessary for them to serve as real regional centres and to mobilize their surroundings. Nonetheless, it is important to keep in mind how European integration processes can transform and develop the role of cities: the diminishing role of borders can substantially change the impact of those larger cities on Hungarian territories which are located beyond the Hungarian border. These larger cities outside the Hungarian borders can fill in the gap in the city hierarchy which exists

one rank below Budapest, and may thus influence the regional roles of the Hungarian larger cities (like Debrecen, Szeged, etc.).

The *National Spatial Development Concept* aiming to promote territorially more balanced, polycentric development assigned six development poles, and the strengthening of their roles as regional centres was classified as a development priority of outstanding importance (see Map 3). The reinforcement of development poles is a double objective. On the one hand, this means the strengthening of the regional (innovation, economic, cultural, governing and commercial) functions of the poles, while on the other hand, the aim is also to create the necessary preconditions for spill-over effects: good accessibility, cooperation links, and the existence of sub-centres. It is important to mention that the strategic document for the development of the Hungarian settlement network, which aims to promote a more balanced, polycentric territorial structure in Hungary, is currently under preparation by VÁTI Nonprofit Ltd. and the Centre for Regional Studies of the Hungarian Academy of Sciences with the supervision and coordination of the Hungarian Ministry of National Development and Economy.



Map 3: Regional development poles and axes

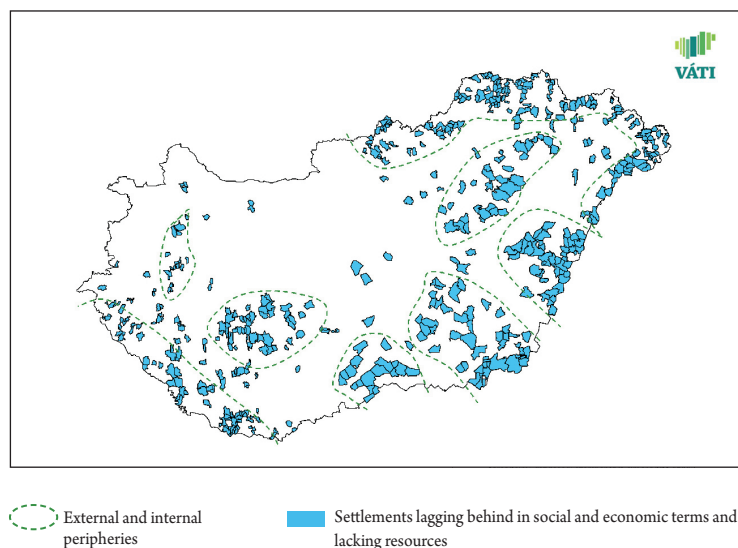
Source: NSDC, 2005

### 2.3 EQUAL OPPORTUNITIES ACROSS THE COUNTRY

The Territorial Agenda emphasizes – in relation to **territorial solidarity** – that better living conditions and quality of life need to be secured in order to provide people everywhere with equal opportunities that are also matching the specific regional and local potentials, irrespective of whether they live in the European core area or in the periphery. Equal opportunities should be defined not only for the European context but at lower levels as well. Consequently, national characteristics should be taken into consideration, for instance, in the case of Hungary, areas with **micro-villages** and **isolated farmsteads** deserve attention.



In Hungary, especially the permanently backward areas with micro-villages situated in the north-eastern and south-western parts of the country (Cserehát, Ormánság) as well as the areas of farmsteads in the south-eastern part of Hungary (the Danube-Tisza interfluvium: Homokhátság) face crisis. These regions can be characterized by the accumulation of several negative factors: especially poor accessibility, the lack of real regional centres that could take care of their surrounding areas, unfavourable age and qualification structure of the population, disadvantageous economic structure and restricted availability of resources (shortage of capital, out-migration of the qualified labour force). The socially, economically and physically erosive processes in these areas may ultimately lead to the emergence of rural ghettos which gather social strata excluded from the labour market and the cities; while spatial separation of these areas means further constraints to their reintegration into the labour market. The areas dominated by micro-villages or farms are in an especially difficult situation, and so are those regions which have a higher concentration of Roma people. Many of these settlements are threatened by ageing and depopulation, while in other settlements, with a high proportion of inactive population (with high dependency ratios), people face the risk of segregation, and high fertility rates coupled with a high proportion of low-educated young people lead to the reproduction of poverty. Due to their unfavourable economic and social circumstances, these people neglect, and what is worse, are forced to use up their built and natural environmental and cultural assets.



**Map 4: Socially and economically disadvantaged settlements**

Source: Background document for Hungarian settlement network development, 2009

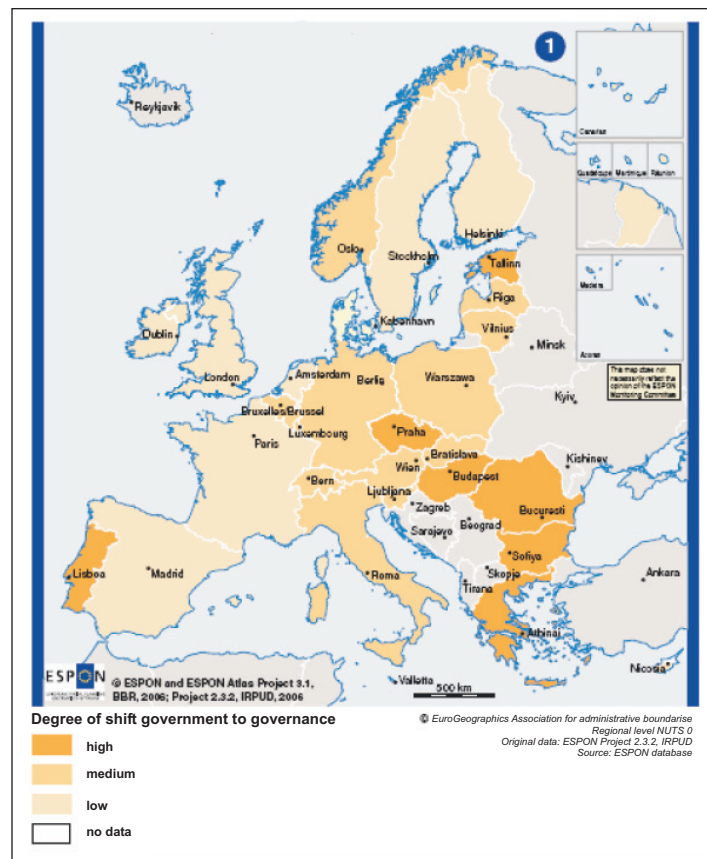
Hungary has a sufficient coverage of towns and cities; however, they are often unable to function as real centres. Regarding **accessibility to functions**, cities of more than 20,000 residents deserve special attention because their accessibility has a significant role in the development of other settlements. The settlements lagging behind are mostly located in the external peripheries (border areas) and internal peripheries of the country, from where the cities with more than 20,000 residents are difficult to reach. European integration may change the situation of border regions by turning some of these external peripheries into – from the European perspective – internal peripheries, and allowing cities beyond the border to have an effect on them. Nevertheless, in the case of the largest peripheries, these positive effects are not likely to occur or just with many difficulties for the reason that the Croatian border represents still an external EU border and a natural border, and the Ukrainian Kárpátalja (Subcarpathia) will be separated for a long-time by external Schengen border from the areas of the Hungarian Szatmár.

The list of **external, internal peripheries and backward micro-regions** was defined based on the Government Decree 311/2007 (XI. 17) about the classification of beneficiary regions. 94 micro-regions of Hungary (from a total of 174 micro-regions) belong to this category; their area covers 57.2% of the national territory. The group of backward micro-regions defined by the decree includes the special category of the most disadvantaged micro-regions, within which those micro-regions are further distinguished which need to be assisted by means of an integrated programme. These regions are assisted by national and European funds also at present.

## 2.4 DIALOGUE FOR PARTNERSHIP

In the European Union, multi-level governance, participatory decision making together with partnership and cooperation constitute real, traditional norms of behaviour. The *Territorial Agenda* determines “*Territorial Cohesion as a **permanent and cooperative process involving the various actors and stakeholders** of territorial development **at political, administrative and technical levels.**”*

In view of the European common understanding, it seems to be evident that territorial cohesion can be attained only through the cooperation of **public** and **private** sectors, the **scientific** community, the **civil** society (NGOs and non-profit organisations), and with the involvement of actors from various **economic sectors**, while continuous and intensive dialogue is indispensable among all stakeholders.



Map 5: Degree of shift towards multilevel participative governance in Europe

Source: ESPON Atlas, 2006

According to ESPON results, there exist diverse national traditions and capacities of governance across Europe and these differences still influence practices in these countries. Map 5 shows a categorisation of countries in terms of their “shift towards governance” in their urban and territorial policies. In a rough approximation a south-east to north-west progression can be observed. Leading the shift towards governance are countries of Western Europe, like France, Ireland, Spain, the UK, Sweden, Denmark and the Netherlands. By contrast, the greatest challenges on the way towards governance face countries of Eastern and South-Eastern Europe such as Estonia, the Czech Republic, Hungary, Romania, Bulgaria and Greece.

Hungary is characterized traditionally by a somewhat rigid administrative structure and an (over-) regulatory state, with generally low commitment to rules (weak rule of law) and a powerless civil society. Social embeddedness of most institutions is weak. Under such

circumstances, it would be risky to directly and immediately weaken top-down regulation and shift towards new governance types based on partnership, openness, and consensus-based decision making. The shift towards new governance forms can only be a result of a long learning process, and a step-by-step transformation. Dissolving, loosening the traditionally top-down regulatory state in an artificial way could lead to an “Eastern type of new governance system”, where corruption and the norms of rent-seeking behaviour dominate and fill the emerging room for manoeuvre.

Considering the Hungarian aspects, one has to mention first the **“over-fragmented” municipal system**, with a huge number of **underfinanced** municipalities lacking the appropriate resources to fulfil the huge number of tasks delegated to the municipal level. The challenges of this system are even increased by **one-way financial mechanisms** and the **lack of resource sharing** together with the generally weak willingness and culture to cooperate. In the Hungarian practice, due these mentioned aspects (the so called “socialist heritage”) there is hardly any real dialogue and cooperation among municipalities. Therefore, in this regard, the **local level** needs substantial reform and transformation in Hungary.

In this fragmented settlement system, **micro-regions** based on functional linkages could be the appropriate units of spatial development to enable cooperation and partnerships, and offer opportunities for dialogues between settlements. This is not (or hardly) working in Hungary partly because of the settlements themselves, who constantly compete with each other, and partly because of the unstable Hungarian micro-regional system due to the constantly changing legal delineation of micro-regions. Furthermore, multifunctional, **multi-purpose associations of micro-regions** have been also formed by local governments in order to perform some tasks of public services jointly, as well as their responsibilities related to micro-regional spatial development. These are however, most of the time “forced associations” and are not resulting in real and sustainable cooperating attitudes.

In Hungary, the designated and long-established subnational administrative units, the **counties** (NUTS 3) have been continuously losing their significance and role over the last decade due to the European integration process of the country. The function of the counties has been partly taken over by the **regions** created in 1998 (at the second level of the EU territorial and statistical NUTS system). Although more than 10 years have passed since the creation of these regions, there is still much resistance against these territorial-statistical units among the actors of the society, economy, policy and decision making. On the one hand, the Hungarian regional level lacks “administrative legitimacy”, on the other hand, regional identity is very weak, actors of the same region often do not share common values or interests; there are huge internal conflicts and dissension within most Hungarian regions. (This is the case, for example, with the Central Hungarian Region including Budapest and Pest County, two parties with regular debates and conflicts of interest, and with the counties included in other Hungarian NUTS 2 regions.)

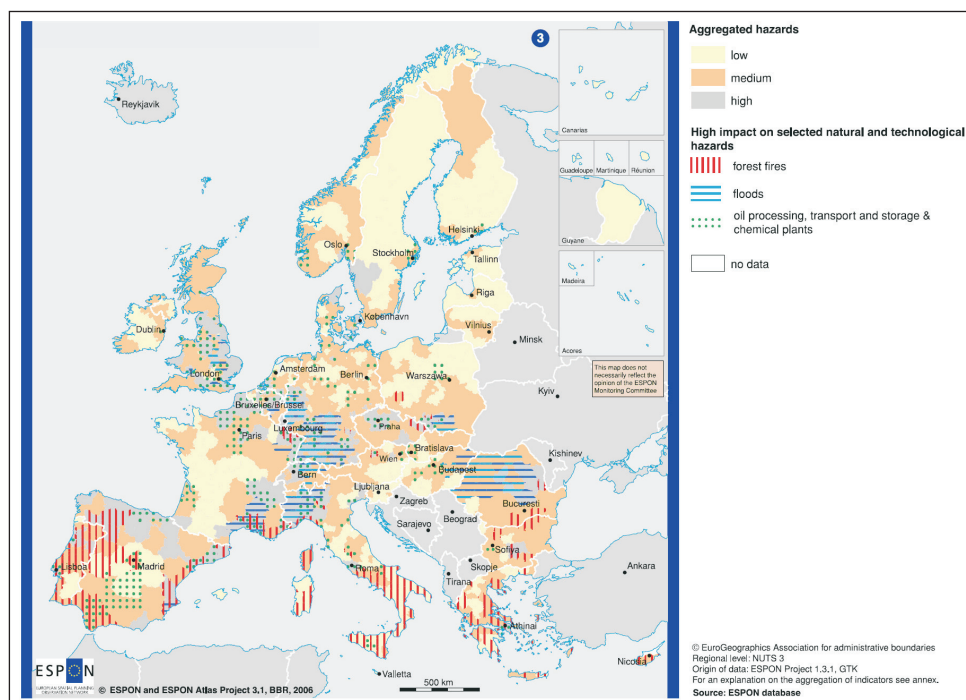


Map 6: Hungarian regions, counties and micro-regions, 2009

To conclude, it can be stated that the **new forms of territorial governance** supporting territorial cohesion are still incomplete and imperfect in Hungary, and real **decentralisation** and the realisation of the principle of **subsidiarity** are hampered by administrative and regulatory obstacles as well as by inappropriate norms of behaviour and approaches. The realisation of **participatory and consensus-based decision making** together with the application of new forms of territorial governance still poses a big challenge for the Hungarian practice, and this challenge is even greater concerning processes **crossing (administrative or national) borders**.

## 2.5 CRACKING SKIES AND SHAKING EARTH – RISK MANAGEMENT AND CLIMATE CHANGE

When it comes to risks and challenges present in Europe, a distinction can be made between **natural and technological hazards**, and considering their territorial significance, we discuss the former in more detail in this document. Natural hazards can be roughly typified according to their geographical occurrence: forest fires and drought hazards happen mainly in Southern Europe, as well as earthquakes and volcanic eruptions; Western and Northern Europe is mostly affected by winter storms, storm surges and floods; while Eastern Europe experiences mostly floods, earthquakes and extreme temperatures. The European territory is not uniformly threatened by natural hazards; however, the risks do not stop at national borders. To increase the efficiency of risk management, trans-regional and integrated initiatives are needed. In this regard, **flood** and **drought** risks need common actions in prevention and protection in the case of Hungary.



Map 7: Natural and technological hazards in Europe

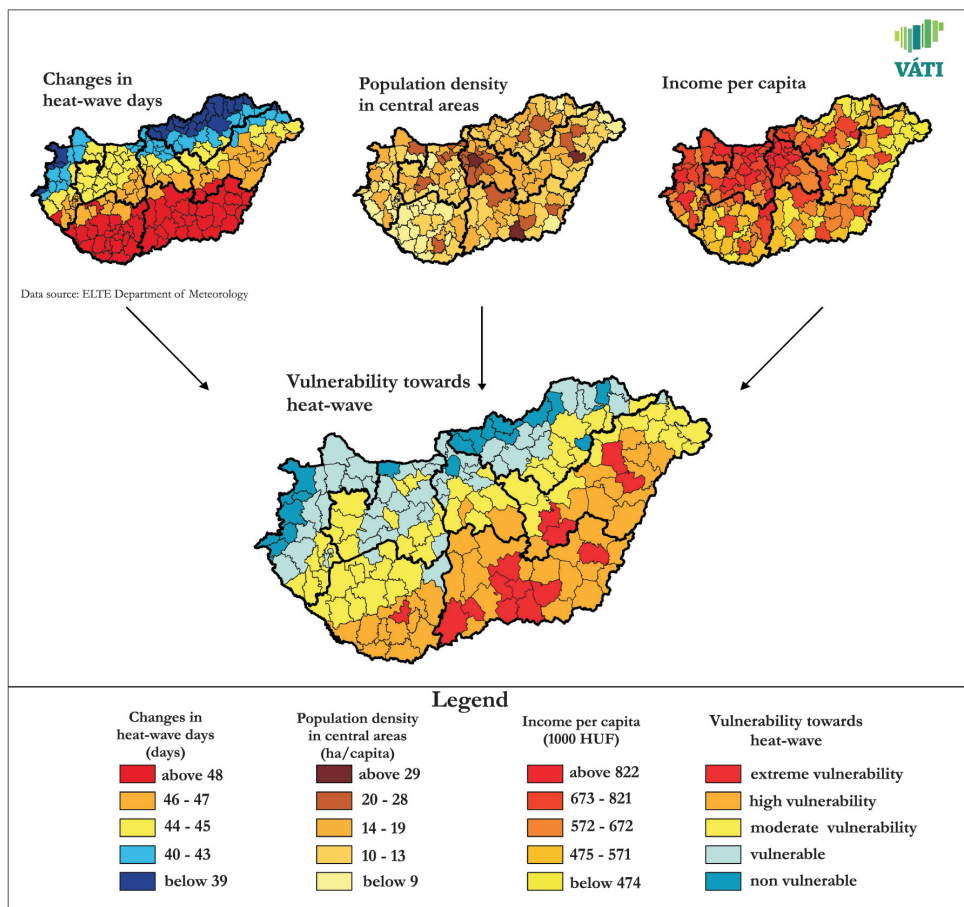
Source: ESPON Atlas, 2006

**Climate change** should be emphasized in relation to natural hazards, so the *Territorial Agenda* draws attention to its challenges and impacts. These impacts, often coming up in European policies, will affect Hungary as well; moreover, the recent extreme weather phenomena – especially the hot summers, droughts, drastic cold weather and extreme precipitation – or the flood of rivers can be associated with the remarkable changes of climate trends.

The impacts of sea level rise do not threaten the country directly, but the migration trends of millions of people living in coastal Europe may have an influence on Hungary, too. Nevertheless, **droughts** and the **changes of weather** can affect daily life of the population. Droughts affecting the Great Plain, and especially the Danube-Tisza interfluvium, already have led to a radical decline of groundwater which results in several problems in agriculture, water management and the ecology. The increasingly frequent heat waves are accompanied by the **urban heat island** phenomenon resulting in plus 8 degrees, and posing a serious problem to people living in cities. One of the possible consequences will be a gradually increasing or even, explosion-like out-migration from the cities.



In Hungary, **territorial disparities** are of different kinds and there are diverse origins (e.g. the West-East economic gradient, the disparities between urban and rural areas, serious social inequalities). The impacts of **climate change** may **deepen these differences** because vulnerability to the impacts of climate change varies by regions, micro-regions, settlement types and social strata. The defence abilities of regions with unfavourable characteristics or multiple disadvantages as well as special social strata (e.g. the poor and the aged) differ. In sum, the impacts of climate change may cause an increase in regional economic divergence, a rise in social and living discrepancies, and even social inequalities.



Map 8: Determining territorial vulnerability towards climate change in Hungary

Source: VÁTI, 2009



The exact effects of climate change are not known, however, in order to assess the dangers, meticulous calculation of risks and the identification of **adaptation potentials and abilities** of certain regions are indispensable. The territorial distribution of the expected consequences and impacts may vary considerably, and they will influence life styles, the situation of public health, the produce of crops, tourism attractions, and will substantially threaten the competitiveness of farmers as well as the welfare of communities. In addition to the prospective negative impacts – especially at the local level – **the preparation for climate change offers a possibility** to implement more sustainable practices in energy consumption, transport, settlement structure and land use, in which the role of municipalities and the condition of their built environment will play an important role. On the one hand, CO<sub>2</sub> emission from residential and public energy consumption and transport could be influenced – besides state intervention – by micro-regional and local governments. On the other hand, unfavourable environmental and ecological effects of climate change (flood, drought, heat stress, fire and storm damage) and the indirect socio-economic impacts (the condition of buildings, migration) emerge “on the spot”, so at the level of settlements and micro-regions.

The risk of an emerging scarcity of drinking water and food supplies calls for a more deliberate and future-oriented management of water resources and agricultural potentials also in Hungary (e.g., concerning our agricultural lands).

## 2.6 LOST OR TRANSFORMED – SUSTAINABLE ENERGY SUPPLY

**Rising energy demand** in the face of limited reserves of non-renewable energy sources, such as crude oil, is a global problem. In addition, the challenges of climate change and the dependence on imported energy require further exploration and development of opportunities for a decentralized, efficient, safe and environmentally friendly production of **renewable energy**. While the strategy of the European Union calls for a mandatory target of a 20% share of renewable energies in the EU’s energy mix by 2020, Hungary has taken on the objective of 13%.

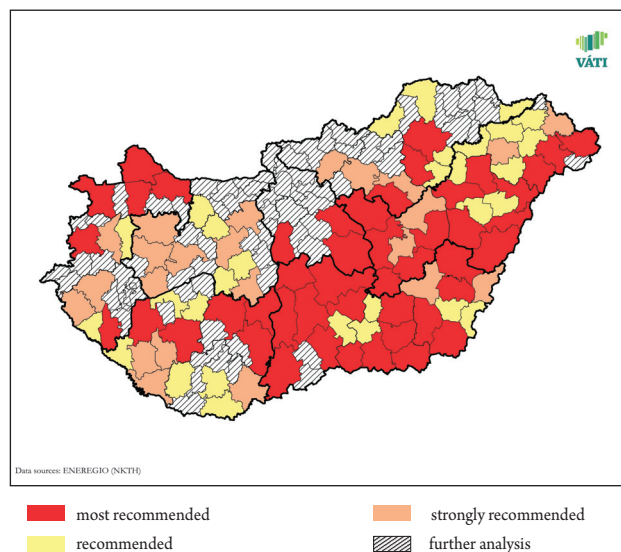
The **dependence on imported energy** has further increased; Hungary has the highest energy dependency ratio in Europe. The decrease in raw material production and uncertainties in supplies coming from abroad have revalued the issue of increasing strategic reserves. The network linkages of energy infrastructures provide opportunities for strengthening cross-border cooperation, which in turn, contributes to a higher security of energy supply. The horizontal sections of the national infrastructure networks of electricity, natural gas and hydrocarbons, are integral parts of networks of the EEA Member States as well as of other Eastern and Southern European non-EU states, and of the operational and accounting organisations established by the operators of these networks (e.g. UCTE, ETSO, ITC). The cooperation includes rights and commitments regarding the security, maintenance and development of national horizontal networks.

The **structure of energy resources** has changed a lot over the last decades. The use of solid fuel and oil has declined, nuclear power production has been stagnating, but the consumption of natural gas has increased. Nowadays the expansion of the use of renewable energy resources can be attributed to environmental considerations, but their utilization in Hungary in the current energy system depends much on state subsidies. The Hungarian state has important responsibilities in the promotion of renewable energy utilisation both in relation to the energy sector and environmental protection.

According to the Kyoto protocol, Hungary has to **reduce greenhouse gas emission** by 6% between 1990 and 2012, which objective can be achieved via the significant cut in CO<sub>2</sub> emissions already attained. This decrease was achieved by investments which use renewable resources and are energy efficient at the same time, as well as by energy saving programmes. Within the framework of the Oslo protocol, Hungary has also undertaken the task of reducing sulphur emissions by 60% by 2010.

Among the renewable energy resources, Hungary has great potentials in using **solar energy**, since the number of sunny hours is between 1,950 and 2,150 per year at an intensity of 1,200 kWh/m<sup>2</sup> annually. This amount of solar energy could cover Hungary's electricity consumption 2900 times. The central areas of the Great Plain have the most favourable conditions in this regard. **Biomass** production is important, too, and can be beneficial to the county in many ways: for the energy economy, the protection of the environment and for industrial job creation. Based on recent analyses, some parts of the country are suitable for **wind power** generation with small and medium sized wind turbines. Any location within an area where the wind speeds range generally between 4.5-8.5 m/s is practically suitable for the installation of a wind turbine; such is the greater part of the Small Plain in North-western Hungary, and the higher altitudes of the Hungarian mountains. The natural conditions of Hungary make it favourable for the installation of a significant number of high-capacity **geothermal energy** plants. There are approximately 80 sites with high geothermal potential. It should be mentioned that an overwhelming part of the energy produced from renewable sources comes from water power plants. 98-99% of the rather modest amount of electricity generated from renewables is provided by water power plants, which is less than 200 GWh annually.

Map 9 indicates those areas in Hungary where the **use of solar, wind or geothermal energy** is particularly recommended based on a complex assessment of their potentials. It is observable that the southern part of the country has the most diverse possibilities to exploit these potentials. Besides, the cross-border micro-regions of the Small Plain and Western Transdanubia have considerable wind energy potentials, which are already utilised to some extent: the density of turbines is the highest here in the country.



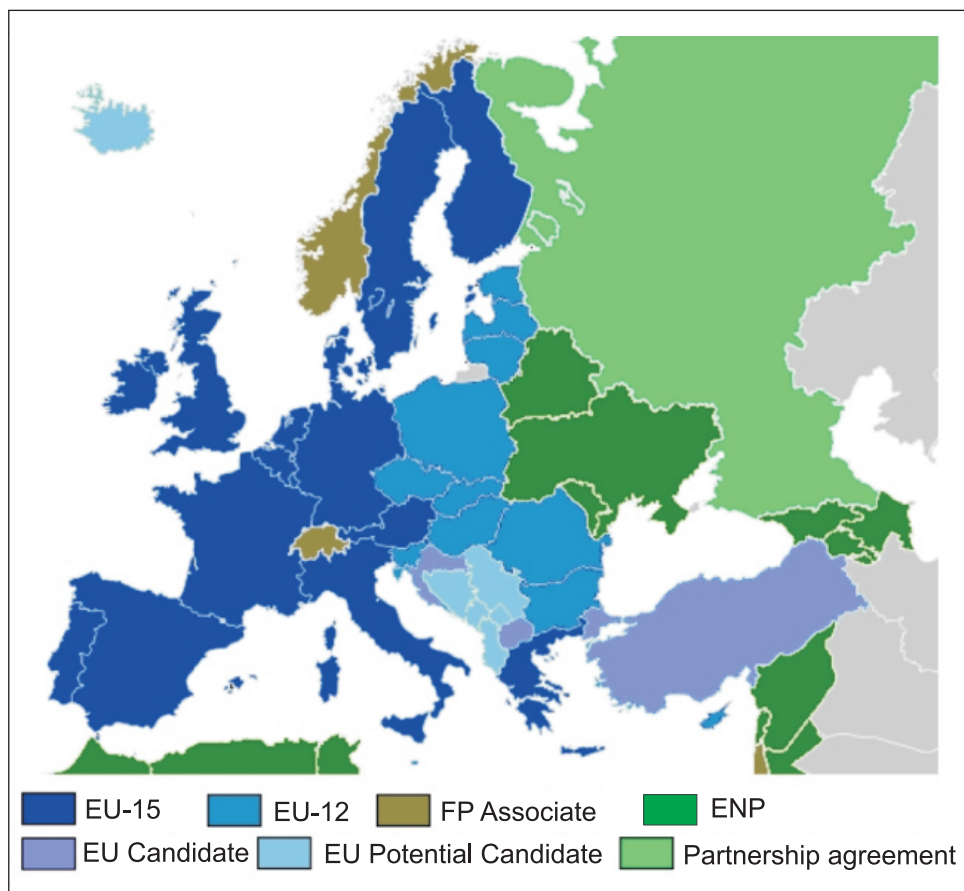
**Map 9: Areas recommended for the utilization of renewable energy resources in Hungary, 2009**

Source: Background document for the Report on territorial processes, 2009

## 2.7 WIDER EUROPE

In the course of the last 50 years, **European integration** has gradually strengthened in two dimensions. On the one hand, integration has deepened, as the development of the Member States has been defined in more and more fields by the common European thinking. On the other hand, the number of countries joining the common European policies has been increasing continually. The year of 2004 marked the biggest enlargement wave of the European Union, which continued in 2007. The number of the EU Member States has substantially increased, so common policies face new territorial challenges. The changes which the founding states of the EU have gone through gradually in the last 50 years have happened to Hungary and the other new members over much shorter time. Also, European integration brought more significant transformation in the post-socialist countries, where the former closed central planning systems were replaced by free market economies meaning a fundamental change in circumstance in a short period of time.

The enlargement of the European Union opens more space for markets, goods, capital, services, people and the labour force; the borders become permeable and the Member States operate within a common legal framework. These factors have a major influence on the prospects of regions within their respective countries and within Europe. The integration processes bring opportunities and challenges at the same time, as **competition** has **increased** in the open European markets and **local values are growing in importance**.



Map 10: Wider Europe and its Neighbourhood

Source: European Commission, 2009

The integration processes have a special impact on Hungary. Besides the fact that it entered the EU, and several factors became different for the country, its regions and municipalities, its relationship with the neighbouring countries has changed and is still changing. The **border regions** of Hungary are particularly **diverse** in relation to EU enlargement because the different statuses of the neighbouring countries in terms of the European integration.: Slovenia, Austria and Slovakia have already joined the economic and monetary union so they use euro as the

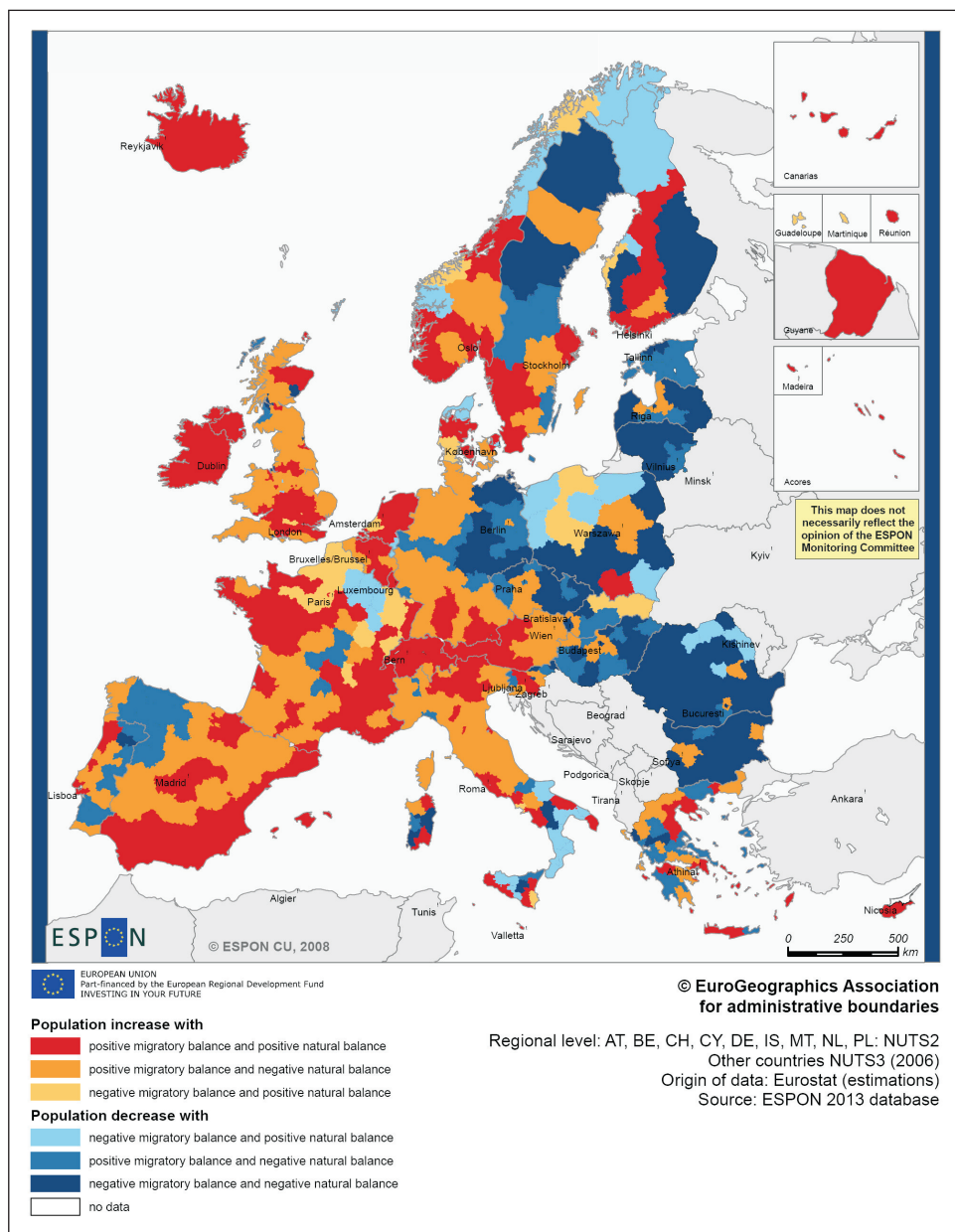
legal currency; Romania is still preparing to join the Schengen area; Serbia and Croatia are in different phases of acceding the Union; and in the case of Ukraine, the borders are rather closed. As the status of the countries has an influence on the free movement of goods, persons and services, the role of Hungarian cities are continually changing in Europe and in the Carpathian Basin. The deepening of the integration of the southern and eastern neighbours is of special importance to Hungary because besides the possibilities for cross-border spatial development cooperation, the presence of Hungarian minorities means a significant resource in realising territorial cohesion in our wider region.

## **2.8 HOW LONG CAN WE BEAR GROWING BURDENS? – DEMOGRAPHIC CHANGES**

The European Union faces several challenges posed by its demographic situation, which influences spatial processes to a great extent as well. The population of the EU is growing; recently it has approached 500 Mio. However, there are **major differences in the demographic structure** among Member States. The populations of regions within the more developed, older Members States can be mostly characterized by a slight growth due to especially, immigration. By contrast, regions in the newer Member States generally experience a population decline. An exception to this are the metropolitan regions formed around the capitals of new Member States, where, in the suburban zones in particular, population has increased as a consequence of outstanding economic performance of the capital cities as well as due to the suburban sprawl.

Europe faces double challenges: on the one hand, the significant immigration and population growth put pressure on **urbanized, developed regions**, which should be taken into account in the planning procedures and which causes critical land use difficulties. On the other hand, a number of regions fight against population decrease, and the situation of **shrinking villages and towns** needs to be tackled. Both of these two processes result in changes in development possibilities, and besides causing increasing demographic dependency load and decreasing renewing capacities, they entail reorganization of public services, which may also result in considerable social tensions.

In addition, age structure has a significant influence on the demographic conditions of cities and regions. In general, Europe can be characterized by an **ageing population**. On the one hand, this phenomenon represents a further aspect to consider in the reorganisation of public services, and on the other hand, it has a profound effect on the activity of the given region, and the availability of human resources and healthy, efficient labour force. As a consequence, this problem means great pressures on the redistribution system of the state: a declining number of employed people have to support the whole population; hence tax burdens are increasing (not decreasing). A far-reaching outcome of this is the declining competitiveness of European regions and cities in the global economy.

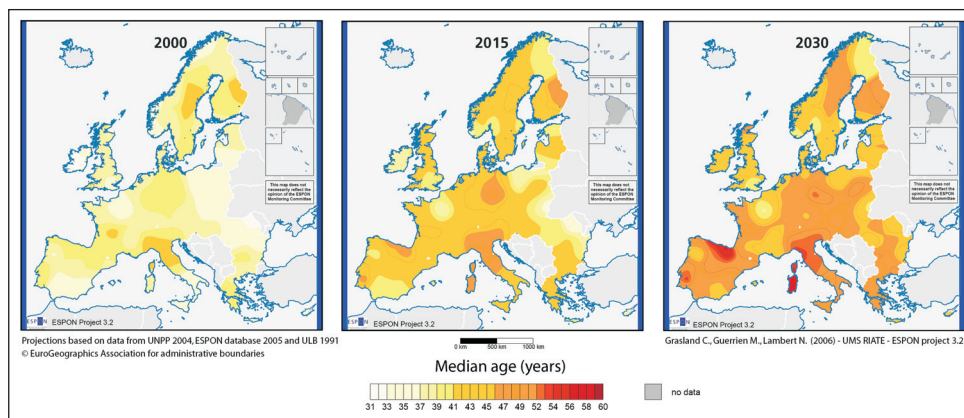


Map 11: Population changes from 2001 to 2005 in the EU (at NUTS2 level)

Source: ESPON, 2008



One of the alternative ways to deal with the problem of ageing and to increase economic activity is by **promoting legal immigration**. Significant immigration pressure is felt already along the borders of the European Union, especially from the direction of the countries of North Africa, where people are driven by critical population increase and economic backwardness. For the immigrants, the more developed European cities are particularly attractive targets, where they further increase the pressure on land use planning.



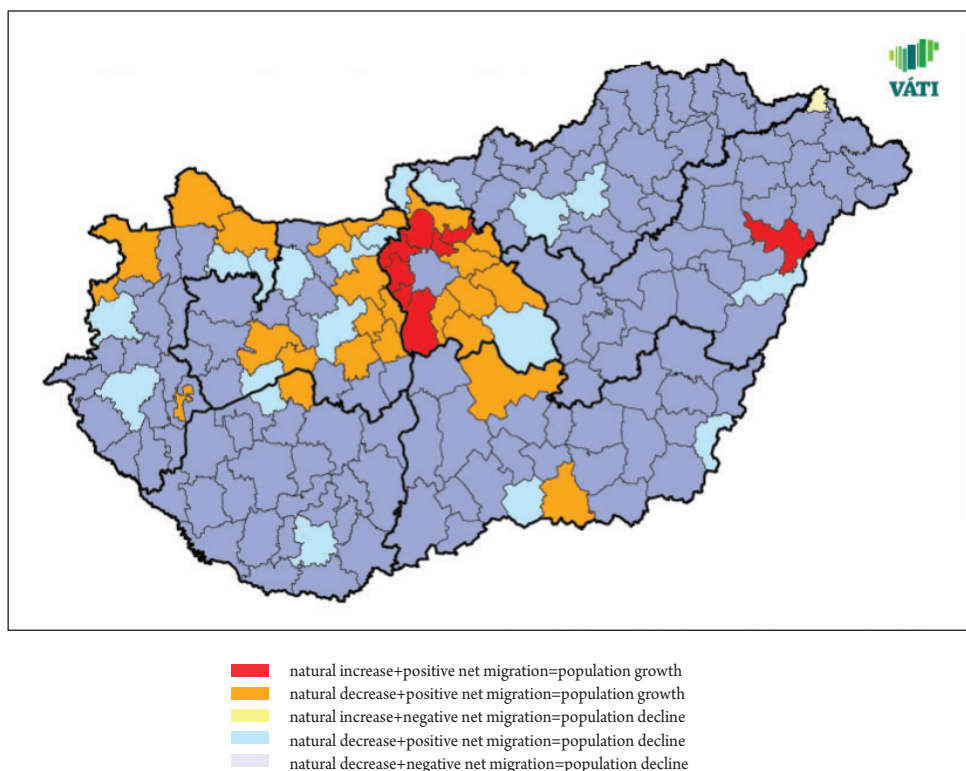
Map 12: Demographic prognosis (2000-2030)

Source: ESPON, 2008

**In Hungary**, the demographic challenges emerge in accumulated forms. The uninterrupted population decrease experienced since 1981 has a defining role in national demographic processes. The low fertility rate is not counterbalanced by any considerable immigration; yet, it is accompanied by a low but rising rate of life expectancy. In the last years, population increase has occurred rather in the bigger cities and their surroundings. There has been a slight population growth in certain isolated rural areas however, accompanied by a high concentration of people excluded from cities, high proportions of Romas, high poverty rates, as well as high fertility rates and a favourable age structure. At the same time, high inactivity rates and the spatial exclusion of certain social strata causes serious challenges in these areas, which are emphasized also by the *National Spatial Development Concept* by way of defining a separate category and treatment for these problem areas. The other disadvantageous phenomenon of demographic processes is ageing characterizing the entire country. The highest proportions of elderly people can be found in Budapest and the bigger cities.

The location of nationalities, ethnicities often not corresponding to national borders is an important feature of the territorial structure of the society. The marked mosaic pattern of ethnicities in Europe is a significant factor of territorial diversity. In the presence of appropriate incentives and positive social attitude, this ethnic diversity serving as territorial capital can mean important resources for the development of these areas.





Map 13: Area types by demographic processes in Hungary (2003-2007)

Source: Background document for the *Report on territorial processes*, 2009

The **low rate of employment** and the disadvantageous age structure lay heavy burden on the redistribution system of the state. The maintenance of public services in shrinking settlements becomes a serious problem. Therefore, reorganization is necessary despite the consequent social tensions.

## 2.9 „MY HOUSE IS MY CASTLE” – STRENGTHENING LOCAL AND REGIONAL IDENTITY

In the *Territorial Agenda*, the Ministers responsible for spatial planning and development of all EU Member States agreed that “**regional identities and potentials, needs and diverse characteristics of the regions, cities and villages of Europe gain meaning through a policy of territorial cohesion and through other regional development policies.**” In the *Territorial State and Perspectives of the EU*, which is a background document for the TA, the role of cultural identity is further highlighted as a factor influencing and enriching the quality of life. Therefore, strengthening and protecting cultural identity is a highly relevant objective at the European level.

In European and Hungarian spatial policy documents and subsidy systems, references to regional identity mostly appear in two different contexts: on the one hand, protection and renewal of local, regional identity is mentioned under the headlines of sustainable territorial development and heritage protection, or under rural and cultural heritage; on the other hand, the objective of strengthening regional identity is mostly connected to the objectives of decentralisation and regionalism.

The need for strengthening regional identity appears also several times in the *Hungarian National Spatial Development Concept* (NSDC), implicitly even in the spatial vision of Hungary:

*“The aim is the creation of a spatial system – sustainable from a socio-economic and environmental point of view – that builds upon local attributes, organizes areas with their own separate identities, and organically incorporates them into Europe; and within which, with regard to the public services and living environment that define the basic life opportunities available to a society, there is no significant regional disparity.”*

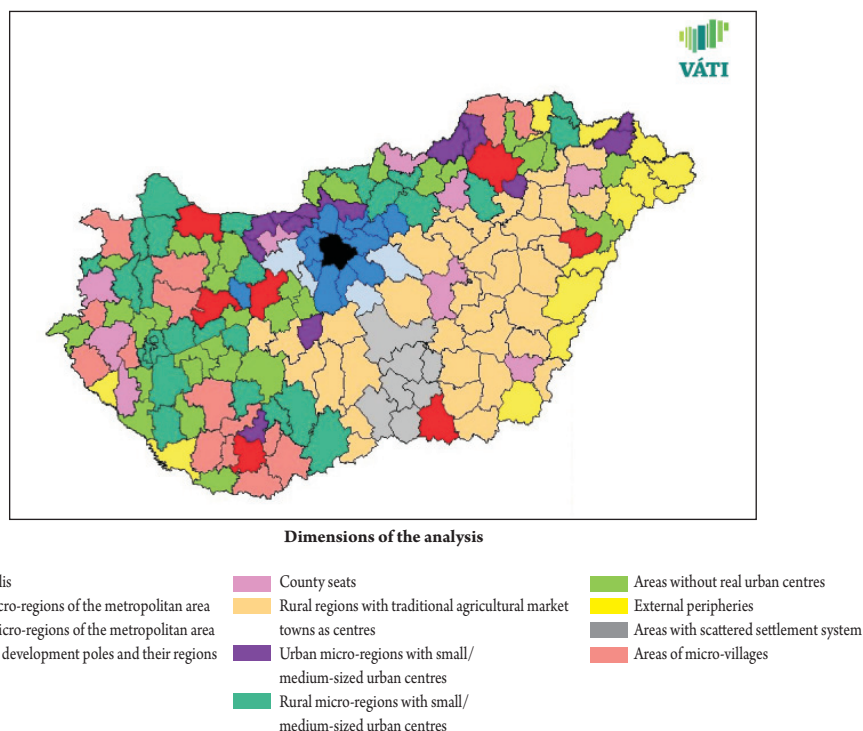
Among the long term objectives defined in the NSDC, regional identity is explicitly mentioned under the aims of decentralisation and regionalism, while in the principles of Hungarian spatial development policy regional identity is connected to the territorial and landscape approaches.

In Hungary, and in the Hungarian language, however, it is more reasonable to speak about **local and territorial identity**, as in the Hungarian language, the adjective “regional” is almost (and unfortunately) exclusively used to denote the statistical-planning unit of the EU, namely the NUTS 2 level. In Hungary, these regions were formed (due to the EU harmonization process) in 1998, but the Hungarian regions still lack autonomous identities, and even unified socio-economic systems, and mostly consist of very heterogeneous territories. Thus, although there is a need of image and identity building and strengthening of internal socio-economic coherence in Hungarian regions, we must not restrict the meaning of „regional identity” to this territorial level. Local and “sub-regional” identities and images need to be protected, improved and strengthened in Hungary; local community building and forming local approaches are at least as relevant and urgent.

Based on a wider understanding of sustainability, instead of maintaining the current monocentric territorial structure dominated by Budapest, the aim is to protect and strengthen **territorial diversity**. This requires the consideration of the properties of a particular landscape in the intervention target area during the course of development, so that the development is consistent with the characteristics of the locality, and even contributes to safeguarding them. In a country where people are closely connected to their places and regions, strong local or regional identity serves as territorial potential, resource which can be utilized in further developments. In this sense, territorial identity is a prerequisite for the mobilization of territorial potential, for the appropriate utilization of territorial capital. **Linkages of inhabitants towards their own living**

**environment, living area** have to be reinforced, and this requires building and improving the image of localities as well as protecting and renewing local intellectual culture, local traditions and values. Strengthening local identities is nevertheless, a long-term process; the first step has to be definitely the **development of curricula and different training materials adjusted in content to local specificities**, distinctive characteristics. At the same time, strengthening local identity, citizens' recognition and treatment of their own living environment as a valuable asset can lead to bottom-up local initiatives on the longer term, which may replace "expensive" central (public) resources and functions.

The following map illustrates well the diversity of territorial features, and territorial types in Hungary, on which the creation and strengthening of regional identities can rely. Among local characteristics, natural and landscape assets of certain territories can be mentioned, as in this respect, Hungary is very well endowed. These intrinsic landscape qualities, territorial assets with appropriate and conscious management and use can contribute to the creation of local identities, the renewal and maintenance of local communities and can be drivers of local economies.



**Map 14: Complex territorial categories of settlement networks**

Source: Background document for Hungarian settlement network development, 2009

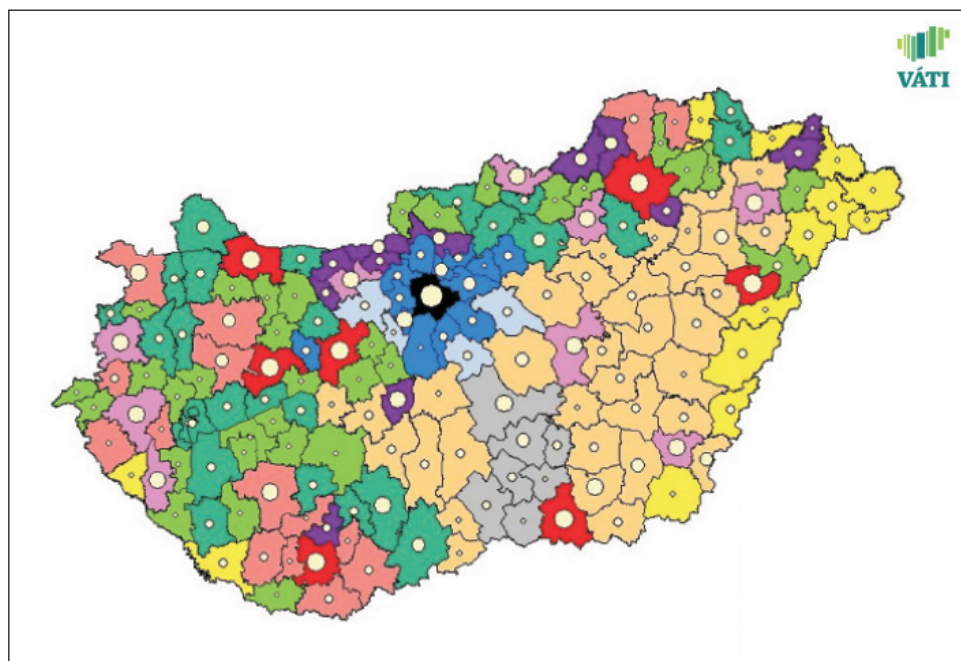
The best example of preserving and developing natural, landscape and cultural resources as well as of building local, regional identity in Hungary is the case of the Balaton Region. Here the treasures of natural and cultural landscape – due to tourism – are economic resources of the area, and thus preservation of these resources should be the basis for development. In the sensitive area of Lake Balaton, interventions which are harmless in other regions might cause serious damages. The mentioned assets of Balaton are often threatened by activities of development actors outside this area, and also development initiatives that could be totally acceptable in other regions. The protection of these resources and the intrinsic development of this territory can be achieved only if the results mean valuable assets to the local-regional communities. Local communities have to raise awareness of these valuable resources and feel responsible for the use and maintenance of them. Thus a common system and understanding of local-regional values of sustainability will evolve. This example indicates well that conscious and complex development based on specific properties of localities cannot lack the involvement of local communities, inhabitants, who are aware of and committed to the valuable resources, properties and specific knowledge of their own region.

Shaping local, territorially bound or regional identities and using these potential resources for the integrated development of the given area are still in their infancy in Hungary. For this reason, the national implementation of this priority of the TA is of especially high relevance.

## **2.10 ALL PLACES ARE VALUABLE – IDENTIFYING AND MOBILIZING TERRITORIAL POTENTIALS**

The *Territorial Agenda* calls attention to the unique development opportunities provided by **specific geographical characteristics**. Unique composition of valuable assets of specific territories can be regarded as a potential resource for development or sustainability and is also referred to as **territorial capital**. Making the best use of this territorial capital requires different (governmental) solutions in each territory or region and offers different development paths.

Despite Hungary's relatively small size, the country is characterised by considerable geographical diversity regarding precious resources of nature, landscapes as well as valuable economic and socio-cultural properties, and is especially rich considering the spatial pattern of these various features combined. However, at least as important are the different attributes due to specific geographic locations. For instance, the border region close to Austria offers totally different conditions from those existing in the border regions close to Ukraine, or those near the capital city.



#### Dimensions of the analysis

- |  |   |  |
|--|---|--|
| Metropolis                                   | County seats  | Areas without real urban centres       |
| Rural micro-regions of the metropolitan area | Rural regions with traditional agricultural market towns as centres | External peripheries                   |
| Urban micro-regions of the metropolitan area | Urban micro-regions with small/medium-sized urban centres           | Areas with scattered settlement system |
| Regional development poles and their regions | Rural micro-regions with small/medium-sized urban centres           | Areas of micro-villages                |

#### Hierarchy

- |                               |                                  |                          |                                      |
|-------------------------------|----------------------------------|--------------------------|--------------------------------------|
| Metropolis                    | Pole and its area                | County seat and its area | Medium-sized town and its hinterland |
| Small town and its hinterland | Areas without real urban centres |                          |                                      |

**Map 15: Complex territorial categories and hierarchy of settlement networks**

Source: Background document for Hungarian settlement network development, 2009

The capital city and its ever growing agglomeration are nowadays evolving into a real European core area, offering opportunities of a global city, and also showing all the environmental and social problems of cities of this scale; and last but not least, showing high costs of, for example, real estates, general living and certain services and products. The larger cities of Hungary, with varying socio-economic heritage, are becoming more and more the centres of their wider regions. These cities are of very different types: ones with a socialist-industrial heritage resulting

in crisis areas (Miskolc, Ózd), or others attractive to FDI which are becoming internationally recognized modern industrial cities (Győr, Székesfehérvár).

Neither is the Hungarian rural space homogenous: it represents types of spatial categories with definitely different features. In the Hungarian *National Spatial Development Concept*, the following rural categories are explicitly named: regions characterized by the predominance of micro-villages; regions characterized by the predominance of small farms; areas with the predominance of ethnic minorities; segregated regions of large Roma populations and areas rich in natural, cultural and landscape assets. To each of these, different development recommendations are formulated.

Within natural resources, the role of – diminishing amounts of – mineral resources, (non-renewable) energy sources is declining, while the quality of the environment and the value of ecological assets are rising in importance. In these latter aspects, Hungary possesses extraordinary reserves even on the European scale, potentials which have been hardly appreciated and used until now. Main categories of natural areas are the following: **lowland areas** rich in water habitats or intensively used by farming; **mountainous areas** rich in forests and other natural assets, but often degraded, destroyed by industrial activities; areas **with lower hills** scattered with micro-villages, and showing attractive mosaics of land use, which dominate most of Transdanubia. The particular features of different spaces are determined by historical heritage, natural endowments, by the ever changing preferences of market processes and even by frequently changing policies. The differences in geographical characteristics can be observed down to the local level, and can be identified in great detail at the level of settlements (and even, smaller neighbourhoods).

These qualities can contribute to territorial capital only if they are matched by some **external social processes, market demand** or some opportunity provided by existing social values. The process and ability to recognize and utilize as well as consciously build upon these different positive features by the settlements, micro-regions, regions involved or even by the relevant national policies is indispensable and a key element. Unfortunately, up to now this geographical spatial approach is fundamentally lacking in Hungary, even in the geographic knowledge of the man of the street, but also in the spatial-orientation of (sectoral) policies.

The most important tool for identifying current and even, prospective territorial potentials is territorial **strategic planning** (at the local level) realised in real partnerships, which however, may be complemented by spatially sensitive sectoral policy making and programmes as well as by territorial programming as accompanying processes. Building strategies to mobilize territorial capital can be supported by territorial databases and monitoring systems.

Beyond the processes mentioned, certain skills are of special relevance: strategy building which is able to think spatially, programming which serves territorial preferences and priorities, and



modern forms of territorial planning are required, which are essential not only for the work at territorial authorities, but also at city governments, sectoral ministries and at institutions of programme implementation. For this, the strengthening of problem-oriented (analytical and synthetic) geographical knowledge in the training of professionals is especially important.

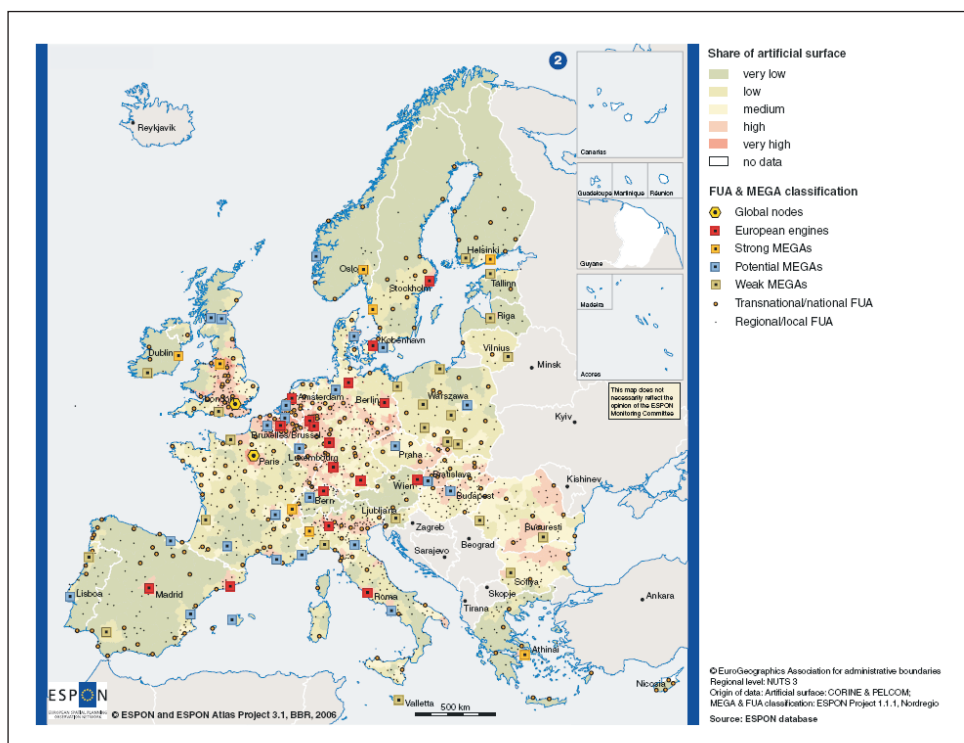
At the same time, it is evident that although there are many forms of territorial potential which cannot be utilized in the global or international dimensions of competition (for instance, cannot be exported), these may also serve the development of the area itself. Taking into account the experience from the economic crisis and the new perspectives in judging the quality of development, it is important to note that besides the potentials, development paths and the desirable directions of development can differ entirely across individual micro-regions and their communities. As the criteria of quality of life can differ among communities (countries or regions), the quality of development cannot be measured and compared in a straightforward way, based merely on regional GDP values. Strengthening local communities within the regions, building and operating local, autonomous systems and markets within specific segments of the economy can serve as an important contribution to endogenous development, which requires special attention in the future.

### **2.11 ONE FOR ALL, ALL FOR ONE – HARMONIOUS URBAN-RURAL RELATIONS**

The need for renewing and institutionalizing urban-rural relations is emphasized increasingly in the European Union. Although there are several attempts by cities to harmonize urban-rural relationships, there are no existing proven solutions and models thus far.

Cities have functioned as centres of their surrounding areas for a long time, in the fields of trade (market places) and decision making. The relationship between cities and their surroundings has been reinforced in the recent decades by the motorisation, the spatial separation of the places of work and residence, the deepening territorial division of labour as well as by the intensification of urbanisation processes. With cities becoming increasingly overcrowded, there is a growing need for rural and natural areas which provide clear environment, space for food production, recreation and ecological function. Therefore, urban centres and their surrounding areas complement each other in function.





Map 16: Urban areas in Europe (functional urban areas and MEGA classification)

Source: ESPON Atlas, 2006

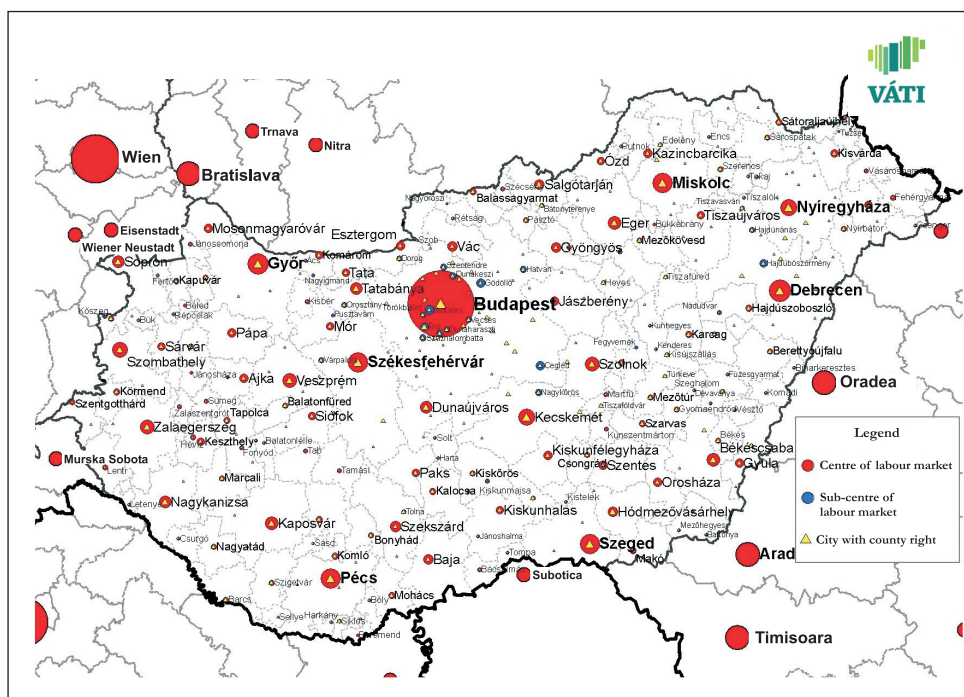
In an ideal case, there is a relationship of mutual services between a city and its surrounding region. Harmonious and balanced interrelationship should be emphasized in development projects and programmes. The cities with their central functions are the main places of **services of public administration, business and public services**. These services, however, are used also by the people living in the surrounding rural areas. Adequate planning of developments takes into consideration that these people should have as fast, secure and comfortable access to them as possible. This can be achieved by several practical means by the central city: favourable opening hours, improved parking possibilities, public and alternative forms of transportation (by foot and bicycle), and electronic services. Accessibility can be enhanced by mobile services for people living further from the centres. Besides these more obvious types of services, cities serve people living in their rural surroundings by providing them with better opportunities to get work (for instance, by improving accessibility by transport or telework).

The **market place function** of cities has great importance. Successful cities are able to organize the market for the products of its “rural hinterland” and can enable the inhabitants of

this hinterland to access the widest possible range of goods and services in the nearest urban centre. The surrounding area serves its urban centre especially through its resources, such as traditional agricultural and silvicultural products or labour force. Proper development activities can, in spite of the globalisation of economy and industrial production, support rural products in finding consumers in near urban markets. This way, sustainable local systems can be built which are less vulnerable to global changes and which rely on less transportation and therefore, are more environmentally friendly. This is how it can be ensured that urban-rural systems as economic units will be able to establish advantageous external links to the global economic systems in the most efficient and resource-friendly way.

Urban-rural relationships can be also presented in the context of **residence, recreation, cultural and touristic functions**. Successful development activities help rural areas enrich their functions by becoming capable of supplying cities with residential environment of a good quality, as well as recreational and cultural opportunities. Naturally, cities also provide recreational and cultural functions to their rural areas; they organize the management and presentation of the common urban-rural heritage, carry out research on their regions' social, economic and environmental conditions, and introduce up-to-date cultural products. Nonetheless, this works well only if financial and physical access to these functions is secured for everybody.

Regarding urban-rural relations in Hungary, the process of **suburbanisation** is also very important, which has accelerated in the last two or three decades: residents and increasingly, economic actors have been moving out from the overcrowded cities into the – at least, originally – cleaner and greener immediate suburbs as well as to the smaller settlements near the city. The environment of the cities is radically transformed through the increase of built-up areas, the commuting boom and the disappearance of green, open spaces. Without any partnership, coordination and planning, these processes can lead to transport, environment but also economic and financial conflicts. These phenomena can be observed predominantly in the metropolitan areas of Budapest, and also in the case of some cities of large- and medium-size (Győr, Szeged, Székesfehérvár, Szombathely, Kaposvár, Zalaegerszeg, Sopron, Eger, etc.) and several cities beyond the Hungarian border as well (for example, Bratislava, Košice, Oradea, Arad).



Map 17: Local catchment areas and sub-centres of the labour market in Hungary and along its borders

Source: Background document for Hungarian settlement network development, 2009

A particular feature of the local government system in Hungary is that every independent settlement has its own local government; and moreover, they have rather large independence and scope of duties. The urban-rural relationship can be harmonized in the framework of **territorial governance levels**; however, these hardly have any influence in Hungary. The borders of micro-regions often do not match the catchment areas of urban centres; the settlements cooperate only in a few fields. The counties cover the catchment areas of the bigger cities, still, urban-rural cooperation does not appear explicitly in the actual work, neither in the planning documents of the counties because the cities with county rights stand out as separate and the role of the county level is rather weak.

A fundamental way to manage the city and its surroundings as a whole is by the cooperation between settlements in the field of strategic and operative issues (land use planning, common development projects) based on the mutual recognition of common interests and the utilization of interdependencies and complementarity: the construction of some sort of joint governance structure.

In their research recently concluded, VÁTI Nonprofit Ltd. made recommendations concerning the main fields of urban-rural cooperation and joint planning:

- harmonizing the expansion of residential areas;
- creating common transport systems;
- common agricultural branding in order to supply the cities increasingly with reliable local agricultural products;
- organization of public services at the city-region level;
- planning green and recreational areas and services at the city-region level;
- investment incentives – common delineation of joint economic areas;
- organising other functions at the city-region level.

## 2.12 MANY A LITTLE MAKES A MICKLE – REGIONAL CLUSTERS

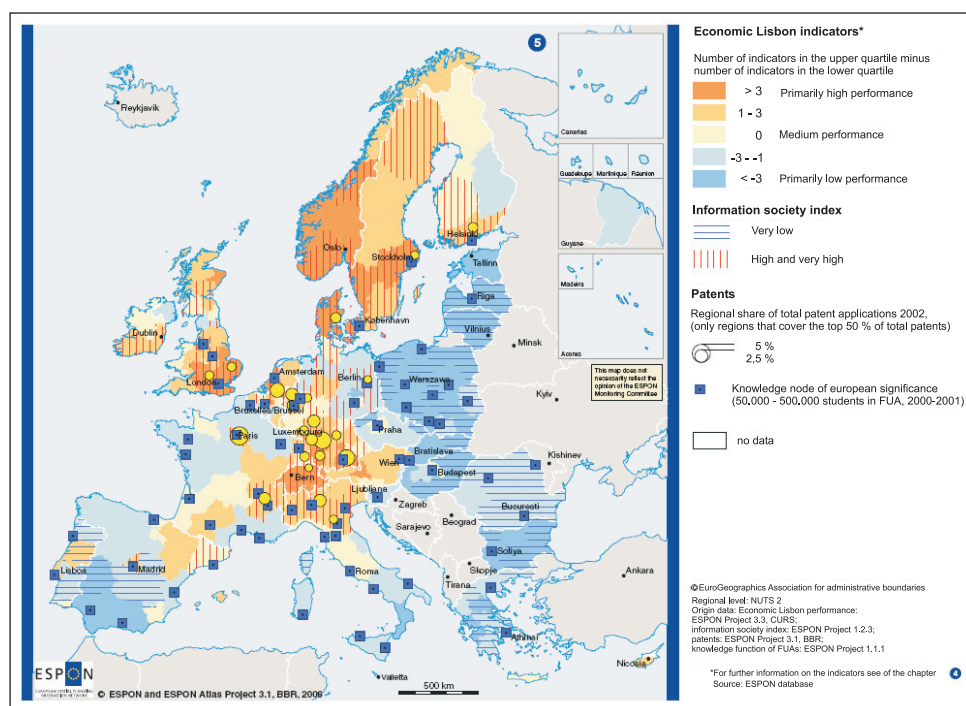
The creation and promotion of **competitive and innovative regional clusters** in Europe is a high priority in the *Territorial Agenda*. Within this priority, an articulated aim is to extend growth zones beyond the economic core area of the EU through a policy of cooperation and networking of enterprises. One way to achieve this can be “*through the creation of suitable and innovative clusters where the business community, the scientific community and administrations work together within regions*” with neighbours, as well as across internal and external borders.

Clusters are mostly defined as relatively new forms (at least in Hungary) of **spatially concentrated economic cooperation** to promote competitiveness and innovation. Clusters are spatial forms of networks, associations, integrations created by enterprises, organizations and institutions. In Hungary, due to the allocation of resources from EU Structural Funds, a one-sided approach in understanding clusters is evolving, almost exclusively in connection to the so-called Pole Programme. Because of the EU relevance of this Handbook, it is useful to recall the definition of clusters by the European Commission (Enterprise DG): “*Clusters are groups of independent (even though interconnected) companies and associated institutions that are collaborating and competing, geographically concentrated in one or several regions, even though clusters may have global extensions; specialised in a particular field, linked by common technologies and skills, either science based or traditional; clusters can be either institutionalized (they have a proper cluster manager) or non-institutionalized.*”

In Hungary, it is especially important to emphasize why it is worth for companies of the same region to **cooperate** and besides/instead of **competitive behaviour**, work together in some activities along jointly set priorities. Acting like this can be profitable for individual enterprises in a number of ways: they can get more competitive by putting their own resources together and using economies of scale, like this, they can also more easily enter external markets; combining their capacities these enterprises might realise (research and development) activities jointly which they could not do alone. Following a similar logic, enterprises of a region might organize themselves and cooperate along some production chain, thus create a more stable environment of production and institutionalize one of the most important resource, mutual trust (fair

market behaviour). All these activities can result in win-win situations, where all cooperating companies can get benefits which they could not use without the others.

The territorial aspects of the emergence of clusters need special emphasis, as possibilities resulting from the geographical concentration of economic actors are key factors at the European and also at the Hungarian national level. Cooperation of several small and medium-sized enterprises (SMEs) in small and medium-sized cities and in their surroundings can build a **critical mass**, which might decrease the dominance of large cities, metropolises, and thus it can serve polycentric, more balanced territorial development. It is important to highlight that while in the 1990s national cooperations were in the focus, nowadays cross-border and international (transnational) cooperations have increased in significance.



Map 18: European clusters of competitiveness and innovation

Source: ESPON Atlas, 2006

The European Cluster Observatory launched in 2007 provides data on approx. 2,000 regional clusters based on 38 cluster categories located in 259 NUTS 2 regions. Based on this data European clusters and processes are analysed to support European cluster policy making.

Clusters, which have had been applied as a successful organizational model in countries of the European Union and other countries, especially in the United States, appeared in Hungary only after the turn of the millennia. As a result of the calls for tender of the **Széchényi** (Development) **Plan** more and more clusters were formed in Hungary. At the end of 2002, about 20 clusters were functioning in automobile, wooden and furniture industries, in electronics, in the food and textile industries as well as in construction and tourism. The regional distribution of emerging clusters was, however, uneven: most of the clusters were created in Western and Central Transdanubia, a few of them in Southern Transdanubia and in the southern part of the Great Plain, while no such initiatives could be found in the north-eastern part of Hungary.

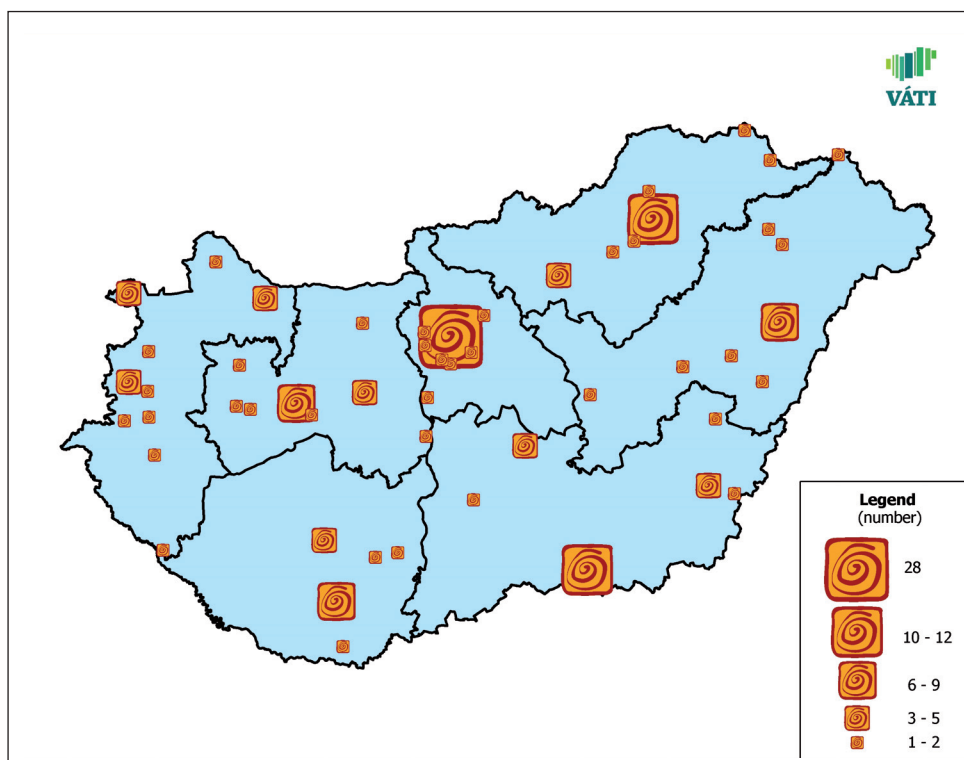
The development (subsidy) system did not support the process of “clusterization” (neither the maintenance of already formed clusters, nor new cluster building). The next momentum was offered by the call announced by the Hungarian Ministry for Economy and Transport in September 2005; and later the **Development Pole Programme** mentions the creation, extension and promotion of innovative clusters as a distinct priority. This initiative supported first of all those networks and clusters that are made up of competitive SMEs having serious export potential. Within the Regional Operational Programmes (ROP) of the Structural Funds, those clusters could apply for funding which were in the so-called starting and development phase, while the Economic Development Operational Programme (EDOP) was open only for the accredited and/or innovative clusters with longer and more serious history behind them.

Today there are approx. 100 clusters working in Hungary in very diverse economic fields, however, their activities, forms of operating, territorial extension and legal entity is different. It has to be admitted that this number might contain some cooperations of enterprises which were created with the intention of rent-seeking (to get finance from development subsidies). On the other hand, some existing and functioning cooperations might be missing from this number which do not call themselves clusters (though in practice, operate exactly like those) and which have not applied for any additional finance from the state (or the EU Structural Funds).

Within the framework of the ROP, around 100 projects aiming to promote clusters and entrepreneurial cooperations were co-financed, with the subsidies reaching approx. HUF 3.35 billion (equal to EUR 12.18 Mio.<sup>2</sup>). The completion of the projects is however still ongoing, so their impact cannot yet be evaluated.

<sup>2</sup> 275 HUF/EUR





Map 19: Cluster centres in Hungary, 2008

Source: Background document for the Report on territorial processes, 2009

Having fulfilled the **EDOP calls** for tender until April 2010, a total of 21 clusters were accredited by the National Development Agency in Hungary, most of which work in Central Hungary and the south-eastern part of the country in the field of medical sciences and the IT sector.

In Hungary, **foreign direct investment** used to be the main driving force in cluster development, the investment activities of **multinational** (transnational) **corporations**. These large companies induced by their own interests were supporting the formation of supplement chains and clusters, which led to the emergence of a **top-down** model. Contrary to this, in Western Europe cluster initiatives are mainly by SMEs, which build up a bottom-up structure. In Hungary, the promotion of bottom-up initiatives is also needed by activating SMEs, encouraging their cooperation with special emphasis on supporting relations crossing business, scientific and administrative spheres as well as national and regional borders.



International comparisons clearly show that in Hungary the culture and willingness of cooperation among enterprises and other economic actors has to be strengthened. Yet, overall, it can be stated that a basis for cluster development does exist in Hungary, and its further improvement is a joint priority of economic and regional development, and is in line with the national implementation of the TA.

### **2.13 A CONNECTING BRIDGE – TRANS-EUROPEAN INFRASTRUCTURE NETWORKS**

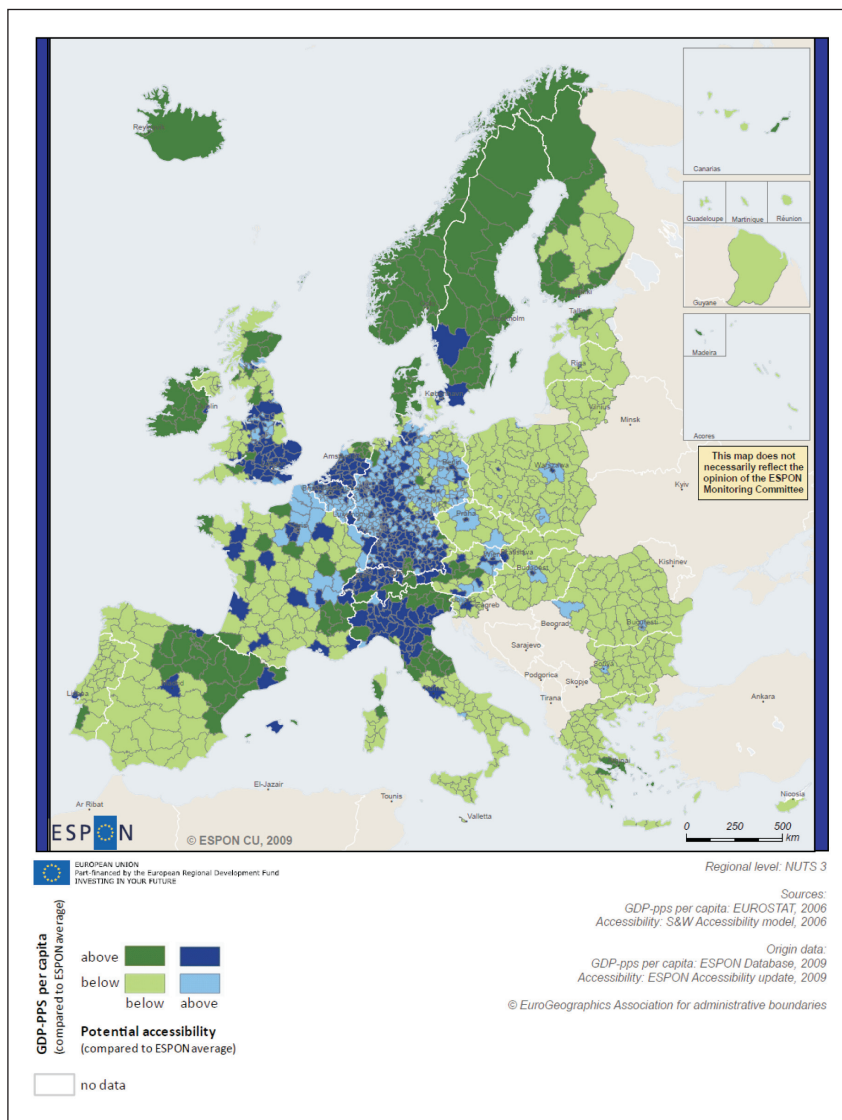
**Mobility** and **accessibility** are key prerequisites for economic development in all regions of the EU. Strengthening and extension of Trans-European networks support **cooperation** in the European territory and contribute to the **polycentric settlement network**. The Trans-European infrastructure networks play an important connecting role within the individual countries as well as across Europe through strengthening the links between regions and the function of regional centres.

The map based on ESPON results clearly indicates a **core-periphery** situation in Europe in terms of **accessibility** and **GDP per capita**. It is remarkable that in some European regions, low accessibility (location on the European periphery) is accompanied by a GDP per capita higher than ESPON average. The regions in the Nordic countries, for example, have overcome their peripheral allocation by exploiting ICTs and not so much by improving their physical accessibility.

**Telecommunication technologies** and the construction of the related infrastructures are the platform for the creation of a modern information society and the support of a competitive economy, as they enhance innovation and research potentials.

Accessibility of information and communication technologies is represented by **broadband internet access**. Almost half of the households of the European Union in 2005 had Internet access, half of them had broadband access to the Internet. The highest levels are in regions of the Nordic countries, but at the lower territorial levels generally higher rates can be observed in metropolitan and urban areas.

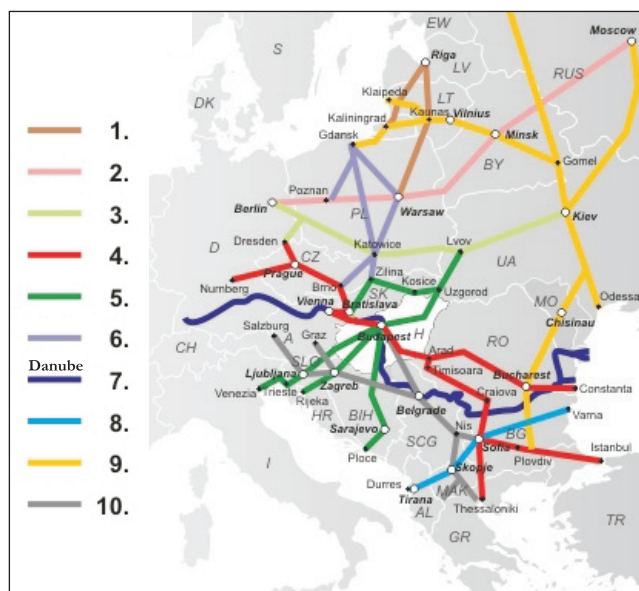
Hungary is **disadvantaged** regarding mobility and accessibility. The indicators of competitiveness and multimodal accessibility show **lower** figures here than the European average; broadband Internet access rates are relatively **low** as well.



Map 20: GDP-PPS per capita in 2006 versus potential accessibility (multimodal) in 2006

Source: ESPON, 2009

The development of the **Trans-European Road Network**, emphasized also in the Hungarian national transport development priorities, contributed to improving the accessibility of European economic centres. The length of the main road network in Hungary – mostly part of the TEN-T network – grew between 2003 and 2007 by 383 km, exceeding 1,000 km in total. Concerning the national sections of the **Trans-European Rail Network**, no new lines were built between 2003 and 2007, only some reconstruction work was performed mostly assisted by EU funds. The improvement of the tracks, however, made higher speeds possible, favourably influencing the accessibility in terms of time along the corridors. The national rail network density exceeds the EU-27 average (85 km/1000 km<sup>2</sup>; 51 km/1000 km<sup>2</sup> respectively). At this moment there is not any high-speed train running on Hungarian tracks because there is no appropriate line in the country for public transport at speeds above 250 km/h. In spite of the development work carried out in the last years, the national networks are still Budapest-centred, and concerning both the rail and the road networks, there is a lack of transversal linkages completing the radial structure, or the existing ones are in poor condition. It is mainly the regional centres which are connected by Trans-European networks into the European circulation, so there is still a need for an emphasis in development activities on complementary networks. The impacts of these actions are ambiguous because on the one hand, several opportunities are opened up for the hinterland areas, on the other hand, the increase in traffic means extra burden for them.



Map 21: Pan-European transport corridors

Source: KTI ([www.kti.hu](http://www.kti.hu))

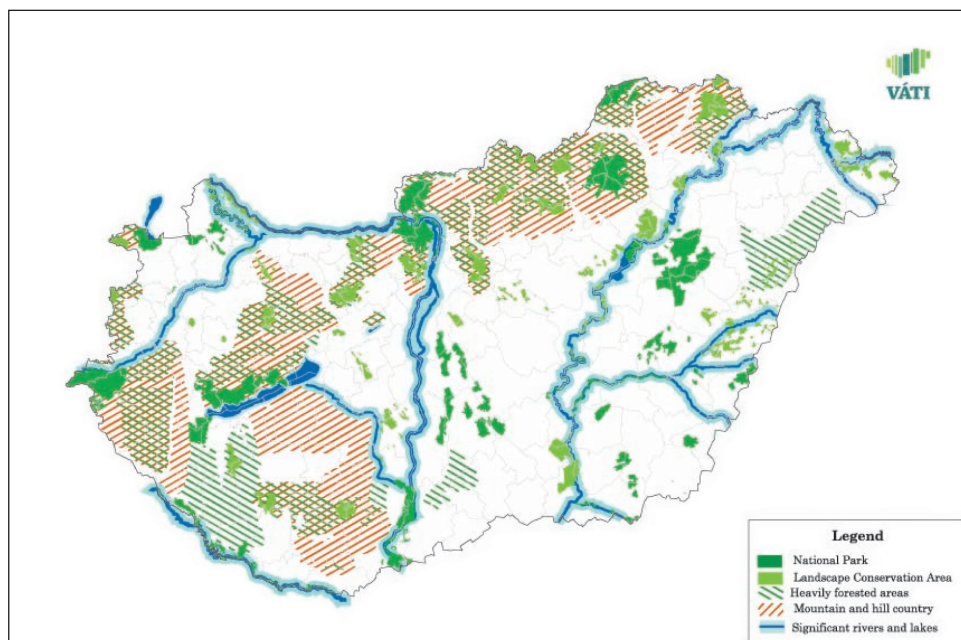
Concerning **water transport**, no significant results can be observed. The priority is to provide navigability of the Danube for ships with a total carrying capacity of 1,300-1,600 tons, because the Hungarian section of the river is not yet suitable for these vessels. The volume of goods transport on waterways is 5-6 million tons which involves ports on the Danube almost exclusively. The volume of passenger transport on waterways has been on the decline for several years.

In the last years, fundamental changes have been underway in Hungary in the development of **air transport**. After joining the European Union and as a consequence of the emergence of low cost airlines, a number of international airports have been functioning with permanently or temporarily open borders, such as Budapest Ferihegy or Debrecen, Győr-Pér, Pécs-Pogány, Nyíregyháza and Sármellék Airports. Budapest Ferihegy Airport stands out far above the rest due to the high levels of both its technical infrastructure and traffic volume.

The creation and development of the national information society is highly influenced by the regional disparities in **access to Internet** (and digital literacy). At the scale of micro-regions, urban areas (especially Budapest and the regional centres) have higher rates in Internet access than rural areas. The number of Internet connections per 100 inhabitants in the micro-regions of regional centres is approximately ten times higher than in other micro-regions. While in Budapest, every sixth inhabitant has an Internet subscription, this number was 100-140 in the most disadvantaged micro-regions.

## **2.14 CULTURE, LANDSCAPE**

European territorial thinking emphasizes the maintenance of valuable **natural and cultural resources**. It is important to underline that these special characteristics are regarded not only as valuable assets that need protection but also as heritage and resources to be used. The approach of **heritage management**, as opposed to mere heritage protection, focuses on natural and cultural resources as functioning systems, and thus it is concerned also with their sustainability and ways of utilization. To achieve this, it is important that environmental and cultural protection shall not be the task of a single national authority, but local-regional communities have to be aware of and committed to these resources, and use their potentials for identity and community building, for the promotion of tourism and ecological functions. Only communities feeling responsible for their own extended living environments are able to protect, save and make use of natural and cultural resources found in their regions.



Map 22: Areas with high natural or landscape value in Hungary

Source: NDSC, 2005

Natural and cultural heritage of Hungary also shows a spatial organisation according to landscape types. **Water habitats and interfluves**, sand lands (Kiskunság, Nyírség) are typical of the Great Plain, a significant share of **close-to-natural forest areas** and **unique elements of natural landscape** characterise the northern and Transdanubian mountain areas. In Transdanubia, **mosaic land use pattern and traditional cultural landscapes** of hilly areas with steeper hill-sides (Göcsej, Zselic, and Somogyi Hills) are of significant value. A part of cultural assets is concentrated in cities; while in rural areas, these are most often connected to natural resources. A good example for the latter is the so-called “szer” found in Őrség or the “szeg” in Göcsej, which are unique forms of scattered settlement structure (and can refer to special districts of settlements, like Pityerszer district within the settlement of Szalafő, or whole settlements as Zalaegerszeg or Kustánszeg). These have formed building on both the natural features and the cultural traditions of their territories. Cultural resources are organised into the spatial structure by ethnographic landscapes; historic vineyards and wine regions combine the architectural, land use related and natural assets of a certain region into territorial heritage in the same way. In European comparison, the close-to-natural water habitats in Hungary and the Balaton area representing a unique territorial system of natural and cultural treasures constitute outstanding values.

### 3. What can we do? Recommendations to sectoral and territorial actors

This chapter formulates messages to national actors of **development policy** in Hungary to help them in the implementation of the TA. It shows possible ways of development, guidelines taking territorial and geographical aspects into account at the national, regional and local levels as well as in different sectors.

#### 3.1 TASKS ON DIFFERENT TERRITORIAL GOVERNANCE LEVELS

In order to implement the objectives of the *Territorial Agenda*, the realization of **territorial coordination** is of key significance, in which the **national, regional and local levels** have important roles, and so do their institutions and stakeholders. On each territorial level specific centres of gravity and priorities can be articulated so that they all contribute to building the objectives and the applied approach of the *Territorial Agenda* into national political discussions, decision-making processes and implementation in a more efficient way.

##### 3.1.1 Tasks of the national government

The role of national-level governance is substantial in the enhancement of territorial cohesion as formulated in the *Territorial Agenda*. In order to be able to benefit from the resource of geographical diversity, polycentric development and the appearance of territorial governance have to be promoted. In line with the *National Spatial Development Concept*, it is necessary for the government to be capable of **systematic integration of territorial aspects** so that a harmonious and balanced territorial development can be attained. Obviously, although the role of the government bodies responsible for spatial development is crucial, territorial approach and territorial coordination are necessary in the work of almost all government bodies in order to achieve governance that can effectively support territorial cohesion. Concerning the ways to realise these described aspects at the level of individual Member States, there are no available scenarios that could be easily adopted, however, some recommendations can be formulated based on the actual European efforts and on some innovative national steps and policy initiatives.

It is highly important to emphasise that in many respects and topics, Hungarian policy initiatives can be considered innovative and pioneering in European comparison as well. For instance, concerning the understanding and practical implementation of territorial cohesion in the context of a single Member State, the *National Spatial Development Concept* can be mentioned, which communicated the main messages of territorial cohesion and formulated them in advance of the EU documents, as well as several trials to horizontally implement it. The *New Hungary Development Plan* (NHDP) is also based on this concept and thus refers to the objective of territorial cohesion as a horizontal aim. Other good Hungarian examples are measures where territorial cohesion is applied as a real evaluation criterion in programme



implementation, and the regular publication of status reports about the progress in territorial cohesion. The regular reporting on territorial processes ordered by the legislation of 1996/XXI, the territorial evaluation of different subsidy systems regularly prepared since 2004 are also very important. Furthermore, it is necessary to mention the reliance on Regional and Sectoral Conciliatory Groups, a practice showing much potential. However, these initiatives have not yet come together to form a coherent system which penetrates governmental work and could thus effectively support territorial development.

#### • Disseminating the idea that “territoriality matters” and its practical implementation

First and foremost, it is of key importance to make territorial approach, as promoted by the TA, widely accepted within the development of the whole country. In the strategy formulated in the NHDP for the current programming period, the **approach of territoriality** is described as the objective of “territorial cohesion”. By ensuring the genuine application of the territorial approach in development activities, we can contribute to a more efficient utilisation of local-territorial characteristics, support the realization of NSDC objectives, increase the positive territorial impacts in the place of implementation, and promote territorial sustainability. However, to succeed, the implementation of the geographical approach has to appear consistently in the selection of tenders. (Besides the already mentioned *Handbook on Territorial Cohesion*, the *Guidelines on Territorial Cohesion* can help the implementation of this idea. It has been recently published and composed into a unified structure by the Ministry of National Development and Economy. The *Guidelines on Territorial Cohesion*<sup>3</sup> contains specific directions and an evaluation system in order to horizontally integrate territorial aims, the comprehensive introduction of which however, still remains to be done).

#### • Territorial coordination, territorially conscious sectors at the national level

The most important function to be fulfilled at the national level is the territorial coordination of the policies, work and development activities of different actors in the government, and indirectly, of the local, territorial and economic partners. It is highly important that **different sectoral policies** strengthen each other through **territorial coordination** and are implemented in ways appropriate to the specific territorial characteristics of the given area. The National Development Council fulfils this role currently in Hungary, the function and weight of which still need to be increased; and it is also important to have a government body with an appropriate weight to ensure territorial coordination. The responsibility of the national level in this regard is justified further by the fact that despite some efforts, Hungary is a unitary state, with a centralized structure, where counties are losing their roles and the

<sup>3</sup> Péti M. – Szilágyi Gy. – Botka M. (eds.) (2009): Guidelines for Territorial Cohesion in unified structure for implementing the Hungarian National Strategic Reference Framework 2007-13. (Egységes szerkezetbe foglalt területi kohéziós útmutató.) MNDE – VÁTI. Available at: <http://www.nfu.hu/doc/6>

influence of regions is weak. At the same time, it is very important that each sectoral policy becomes familiar with the territorial structure of its field, takes its territorial effects into consideration, as well as defines its own territorial priorities and linkages to other sectors and the regions.

Establishing a **nationwide set of spatial development objectives** that formulates the nationwide priorities in connection with the different regions and types of areas to which sectors can adjust is a fundamental aspect of territorial coordination. This is the role of the NSDC, although its consistent implementation still has to be reinforced. It is an essential requirement that the goals and priorities related to the regions and to the shaping of spatial structures have to be legitimate and truly supported; and that all sectors have to endeavour to realise them, for which they can be made accountable.

#### • Territorial impact analysis and assessment are needed

The territorial harmonisation and the identification of the specific territorial characteristics are conditional upon the establishment and activation of a **territorial monitoring** system. Programme monitoring has to be extended to the territorial dimension; the regular territorial evaluation of the programmes similar to the territorial impact assessment practice of ESPON, and the monitoring of the state of the country and its spatial processes are indispensable. **Territorial impact assessment (TIA)** is needed both at sectoral policy and project levels, when measuring the combined impact of various programmes, and in the case of larger-scale developments, also at the level of projects. Beyond ex-post evaluations, **ex-ante territorial impact assessment** is also required, since according to the recommendations by ESPON, ex-ante territorial impact assessment contributes to the synchronisation of the different sectoral policies and programmes, as well as it contributes towards a better selection mechanism of efficient projects. Besides national and regional TIAs, analyses about areas with specific characters (for example, Balaton) and about different spatial categories (for example, areas with micro-villages, underdeveloped areas, rural areas and cities) would offer important added value.

From among the latest domestic territorial monitoring results, we have to, above all, mention the National Regional Development and Spatial Planning Information System and the report systematically evaluating territorial processes of the country prepared every fourth years for the Hungarian Parliament. The preparation of the annual reports on the territorial dimension of state subsidies is also very important; these are ordered by the Ministry responsible for spatial development and carried out by VÁTI Nonprofit Company. The National Regional Development and Spatial Planning Information System and the annual reports are available at [www.vati.hu](http://www.vati.hu). Similar monitoring of territorial process would be needed in each region as well as for mapping the different characteristics in each urban area (micro-region) from time to time.

### • Planning – a new type of governance

National spatial policy using the approach of territorial cohesion is not any more a mere combination of certain development tools – though it can have its own set of implements – but it is rather a **territorial approach and thinking** that infiltrate more and more segments of social activities. Furthermore, it is an ability **to enforce territorial interests in a transparent way**, and concerning its actual activities, it is a process of territorial coordination and harmonisation. Governance thus means flexible and strategy-oriented management involving multiple stakeholders and partnership. Yet, it is important to emphasise relating to Hungary that responsibilities, transparency, controllability and accountability must not be impaired in the name of governance – partnership – dialogue; the relevant processes have to be made systematic, transparent, and responsibilities clarified. Decision making has to be based on a transparent planning system that ensures the feedback cycles.

**Spatial strategic planning**, the central part of which is the spatial planning system established by the law on spatial development, is highly important for ensuring territorial coordination and the new type of governance. Territorial plans have to give precise – and by the decision-makers, consistently undertaken – guidelines not just about the (usually scarce) development tools belonging to their respective competences but also for the sectoral programmes. Territorial planning has to be organically integrated into the programming of EU funding. At the same time, territorial thinking and planning are required from all government branches and sectoral policies at the national level.

In line with the *Territorial Agenda*, the **strategic and integrated** character, **real territoriality** (territorial specifications, place-relevant strategy making, etc.) and the **real involvement of local-territorial stakeholders**, i.e., the participatory character of planning have to be strengthened in both the approach and practical application of planning.

Territorial planning should not be limited to a mere compliance with the rules; the content of the plans has to be oriented by adequately explored territorial processes and phenomena rather than by the related rules or institutional framework. Above all, the evidence base of planning has to be strengthened by making planning be founded on spatial research and analyses of specific regions (i.e. by ordering research, utilizing and expanding already existing research findings). The analysis of real territorial processes has to be systematically channelled into the cycle of planning and decision-making processes. For this, wider and more comprehensive, systemic interpretation of the planning process is required as well as more problem-oriented knowledge creation and professional cooperation.

### • Thinking in terms of territorial systems

Spatial development policy has to pay increased attention to various global, European, macro-regional and national socio-economic trends in areas at different spatial levels and in different situations. Future- oriented and proactive action plans are needed which do not only formulate answers to currently emerging social changes but which aim at preventing foreseeable disadvantages and utilising expected advantages. “Territory” (or region), the action field of spatial and regional development, has to be understood as a complex system where, in order to establish harmony between certain social-economic-environmental subsystems and the surrounding (horizontal and vertical) territorial systems, interventions performed in a concentrated way influence also the whole system. Territorial programming ensures territorial coordination during the course of development interventions (programming, project selection and project implementation) to contribute towards the desired effect.

During the course of territorial planning, in order to achieve socio-economic objectives that affect certain target groups, spatial development activity is needed which is built on diverse partnership-based cooperation between several branches of production and on the interconnection of services and the social, health-care related, educational, cultural administrative activities. These elements get integrated with each other on a territorial basis, within the space of intervention, and create coordinated, organically and synergistically interlocking actions. Regarding the actors and activities, the promotion of territorial networking is of high relevance.

### • Territorial, regional research

In order to enhance territorial cohesion, for example, to identify specific territorial potentials, territorial knowledge is needed. To attain it, **interdisciplinary and comprehensive territorial research** is indispensable, because, as the everyday experience of territorial planning indicates, the general knowledge about national and regional territorial processes is insufficient, and planners often have to rely on mere assumptions. The often-mentioned (yet currently unsatisfactory level of) cooperation between the different sectors as well as the synthesis of knowledge in territorial and geographical research is very important.

### • Let’s make it public – dialogues on territorial “affairs”

Professional discussions related to spatial development and planning are still too much centred around rules, institutions and resources and do not address the real situation of the country or the regions, the processes of spatial development or their adjustment to European and global trends – which however, still pose challenges. Besides research, planning and related mechanisms, it is needed to create forums dealing with **territorial questions** and to actively

participate in **international forums** (for this aim, ESPON is a good practice at the European level). Decision makers should be involved into discussions on territorial processes and the special social, environmental, economic and geographical features of Hungary, and it would be important to strengthen the exposure, the public awareness of territorial problems.

Publicity and participation in spatial development policy have to be especially emphasised. A special feature of spatial development policy in terms of publicity is that it can address public opinion at various levels and sites across the territorial hierarchy. In the course of planning and implementation of spatial development, in different territorial dimensions (at the national, regional, micro-regional and other levels) partnerships between several spheres and sectors have to be relied on. In the case of initiatives requiring subsidiarity, vertical cooperation between different territorial bodies is inevitable.

- **Geographical approach and knowledge is needed**

In order to apply the territorial approach, not only territorial planners and researchers, the actors of public affairs and administration but also conscious individual citizens and representatives of the civil society would need to have stronger **geographical approach and knowledge**. Besides an increase in professional knowledge, it is especially important to enhance the territorial awareness of citizens which covers not only the geographical knowledge of their own wider region but also their sense of civil responsibility for their wider region and local-regional communities.

- **Territorial thinking and planning at the European and Central-European scales**

National spatial policy has to be put into its **European context**. In order to reach this aim, it is necessary to open up some barriers in the thinking related to development, planning and research. We have to assume an active innovative role in territorial cooperation with the surrounding states as well as with the countries and regions of wider Central- and Central-Eastern Europe as initiators, in a truly innovative way, by creating a common territorial strategy built on real territorial potentials, special characteristics and interests of the wider region.

For Hungary it would be essential to set up joint territorial strategies and deepen existing initiatives with Central-Eastern European countries of similar characteristics and “historical heritage”, first of all with the Visegrad Countries. At the same time, even more important is to initiate common territorial thinking and building a common strategic cooperation area in the Carpathian Basin together with our neighbours which carries positive messages towards these countries, too. In this respect, the presence of Hungarian minorities represents an important foundation and a useful resource.

### • **The capitalisation of European territorial knowledge – the national utilization of the ESPON programme**

During decision making and strategy development as well as in other fields of planning, the positioning of our regions, cities or even certain sectors in their wider European contexts has an increasing significance. The most relevant source of European territorial research findings is the ESPON programme: it provides wide-ranging European territorial information along diverse themes, research results that are relevant for regional, national and sectoral planning, for the preparation of decisions, and which support the identification of European linkages as well as international comparisons. ESPON results can be utilized in the analyses of the patterns and processes of different territorial phenomena, and in the assessment of territorial effects of various European policies. Besides, within the framework of its new programme cycle launched in 2007, ESPON contributes to targeted research on specific sub-topics, in which Hungarian research and planning institutions as well as relevant ministries and regional organisations can participate. All the results are available at [www.espon.eu](http://www.espon.eu), while information in Hungarian can be found at [www.espon.hu](http://www.espon.hu).

### • **Decentralisation**

In order to realise **the transformation of territorial diversity into advantages**, as expressed in the TA objectives, and to promote its Hungarian understanding as presented in this Handbook, a great leap forward is the enhancement of decentralisation and the **strengthening of the role of regions and cities**. In a decentralised system, decisions are made closer to the citizens, **civil control** can be stronger, specific territorial characteristics are taken into account, territorial potentials can be exploited, endogenous development (built on internal resources) and sustainability can be better secured. Besides an unambiguous allocation of local and territorial competences and suitable territorial information and knowledge, the development of appropriate skills is required to achieve this.

### **3.1.2 Counties, regions – subnational regional levels**

In the European Union, different regional units have outstanding roles concerning governmental-administrative as well as statistical-planning systems. The role of the NUTS 2 regional level has to be highlighted in connection with the Cohesion Policy of the EU, as it is the basic unit for measuring the level of development and for implementing interventions. In Hungary, the medium level of the territorial hierarchy is represented on the one hand, by “regions” (NUTS 2), which have been relatively recently created with the aim of planning, statistics and development, and on the other hand, by counties (NUTS 3), which have historical traditions and political legitimacy. From the European perspective, the Hungarian system of micro-regions is a framework-type,



functional local level based on cooperation, which to some extent, dissolves the fragmentation of the municipal system. In the spirit of the TA, the utilization of **regional diversity** as a resource and the consideration of specific local characteristics have to be reinforced because these are prerequisites for environmentally, culturally, socially and economically sustainable development. The Hungarian interpretation of territorial cohesion in the NSDC pays accentuated attention to the harmonisation and internal cohesion of areas across the country at different territorial levels. Consequently, our efforts have to support the harmonious self-organisation of different territorial systems (regions, micro-regions, functional areas) in order to ensure their better adjustment to local, socio-economic, cultural characteristics, and to make them place more emphasis on the creation of balanced development within their respective areas. This could help these regions at different territorial levels avoid certain extremities, bear the negative effects of external, national and international tendencies while maintaining greater stability, and turn challenges into development potentials.

It is important to mention concerning this topic that within the current development period of 2007-2013, although with limited sovereignty, separate Regional Operational Programmes have already been launched in Hungary containing the potential for developments to be in better harmony with local characteristics.

In the Hungarian context it has to be highlighted that legitimacies, competences and the roles in development processes have to be clarified on the regional, county- and micro-regional levels taking such important aspects into consideration as the fragmentation between certain levels, the permanence of accountability, and the creation of long-lasting and appropriate capacities matching the functions to be fulfilled.

- **Realistic positioning in relation to the European regions**

The 'Europe of Regions' approach has already had long traditions in the European Union. Also for the Hungarian regions, it means a pressure to **position themselves within the European space**, while reckoning with real opportunities and threats, so to say, staying on the ground of reality. Evidence-based assessments of the situation can be well supported by ESPON analyses that contain NUTS 2 level data across the whole European territory (enabling comparisons and positioning).

- **Spatial (regional and county-level) plans and developments applying the territorial approach**

Currently, Hungarian spatial (regional, micro-regional and county-level) documents and developments often do not build on the **internal spatial structure** of the given areas and on

their external territorial linkages. Strategies are mostly sector-oriented; territorial objectives, and priorities formulated for the development of various types of territories and concrete places are seldom presented. This would, however, be a fundamental precondition for territorial developments or physical planning to be able to really motivate the exploitation of **territorially specific resources**, i.e., the **territorial potentials**, in ESPON-language. The territorial coordination of certain (sectoral, territorial, local) development activities is necessary at the regional level, too. Territorial cohesion within the individual regions is a prerequisite for their competitiveness, and it requires the harmonisation of intra-regional developments. Meanwhile, in the name of territorial solidarity, endeavours are also necessary towards an improved standard of living and quality of life across the entire region. Chapter 3.2 provides more detailed guidance on territorial planning and programming.

#### • **Polycentric, balanced regions**

The establishment and reinforcement of polycentric structures are of outstanding importance also within the space of individual regions. Besides the regional centres, regional sub-centres have to be created and strengthened; and it is essential to try and create a real functional division. Concerning sub-centres, the accessibility within the region has to be improved, too.

#### • **Improving the internal accessibility of regions**

Accessibility within regions and especially, the improvement of the **accessibility of regional centres and sub-centres** are preconditions for the establishment of polycentric regional structures and the driving force for spatial development. In order to achieve this, in particular, public transport systems have to be enhanced, schedules have to be harmonised, sustainable transport modes have to be popularised, and public roads need to be developed.

#### • **Cross-border relations**

When preparing and implementing regional development plans, it is essential to take into account the **connections and linkages crossing regional borders**. Relations crossing national borders are of outstanding relevance as all Hungarian regions are located along borders. Strengthening and exploiting cross-border cooperations offers an important potential if these collaborations are filled up with real content, joint plans and projects for cross-border development, as well as harmonised action (and they do not get stuck merely at the level of rhetoric and diplomacy).

- **Regional strategies and trans-European cooperations in the field of risk management and climate change**

To decrease and mitigate the effects of **natural hazards and climate change** by taking territorial differences into account, regional strategies are needed, and the engagement in cross-border, trans-European initiatives and cooperation is necessary, too.

- **Regional clusters**

For the development of regional clusters, which are formed by **cooperations organised on a territorial basis**, it is important that participants are present in sufficient numbers, reaching a critical mass. Accordingly, the regional level might be the adequate one for promoting the creation of clusters in Hungary: besides an available critical mass of companies, the necessary local knowledge and a system of incentives matching local characteristics and traditions can be developed, and their efficient deployment can be realised at this level. Meanwhile, the promotion of the place-based organisation of sectoral cooperation, the involvement of local enterprises, universities, research institutes and other institutions, as well as the support of public and private partnerships have to be given particularly high attention.

- **Regional development based on ecological and cultural diversity**

In order to promote sustainable development of regional and territorial systems based on local resources, the preservation and reinforcement of **valuable cultures and the diversity of ecosystems**, as well as the carrying capacity of the environment and landscapes have to be increasingly taken into consideration. Sustainability can be achieved always within given spatial frameworks (of territories, regions or geographical landscapes), i.e., with territorial approach. The aim of sustainable regional development, besides the **protection of valuable environmental, cultural and natural resources** is to realise the advancement of individual regions in a way that the living standards of the inhabitants can be sustained and improved. To achieve this goal, harmonious and wise management of natural and cultural resources has to be guaranteed – because they provide the basis of the economy which in turn, serves as the means of improving living standards. Meanwhile, the specific characteristics and traditions of individual regions have to be taken into account, and the natural and cultural resources have to be locally transformed into added value.

- **Accentuated and targeted treatment of vulnerable social groups and nature areas**

Development policy making at the regional level has to give high priority to vulnerable social

groups and natural assets. This requires **place-based, targeted and customized solutions** (which are based on local and regional characteristics). The intra-regional territorial patterns of vulnerability and poverty risk can be a suitable basis for the formulation of place-based responses. Furthermore, there is a need at the regional and local levels for strengthening territorial solidarity, mutual provision of help, promotion of two-way relations, and raising awareness of local resources and opportunities.

Concerning the application of regional and territorial aspects, it is important to draw attention to the fact that certain socio-economic activities create unified systems based on different territorial units, and their challenges as well, can be treated optimally at different territorial scales (for example, tourism is related to natural or cultural landscapes, public administration to administrative units, the provision of social services mainly to municipalities). Catchment areas, geographic landscapes, agglomerations, settlement networks, transport axes cross internal and external borders. In Hungary, NUTS 2 regions do not have real regional identities, neither unified socio-economic systems; and they are often composed of very heterogeneous areas. For these reasons, although it is important to create a unified image and to intensify their internal socio-economic coherence, this cannot draw attention away from the complex development of territorial units within the region or from the development of internal regional structures or cross-border areas. In the course of territorial planning, internal spatial structures of regions and micro-regions and their external relations have to be considered simultaneously, and in all socio-economic or natural-environmental sectors plans have to be prepared according to the corresponding spatial arrangements.

### 3.1.3 Common objectives, local responses – the local level

Socio-economic processes cross national borders more and more often, and as a consequence, the sectoral policies orienting these are also getting increasingly international. Despite this tendency, joint effects of these become tangible at the local level, in cities and villages. It is at the **local level** where those **concrete actions** manifest which result in the emergence of European and global processes. Therefore, the local level is the most important concerning the practical realisation and implementation of objectives.

#### • Identification and utilisation of unique assets

Within European territorial thinking as well as in common discussions on territorial cohesion, the opinion is increasingly shared that one of the most fundamental assets of the European Union is diversity, which determines the varied characteristics of certain cities and regions, and which provides the basis for achieving social and economic sustainability. It is therefore important that cities and villages recognise their **own characteristics** and become able to **evaluate** these **realistically**: by comparing themselves with their European counterparts, finding their

similarities with other settlements and at the same time, recognizing their own distinctiveness. This is a key issue not only related to their communication towards tourists but also in their attracting and keeping inhabitants and enterprises. Additionally, a development path built on identified endogenous resources can serve as the basis for long term competitiveness.

- **Strengthening local identity**

For basing the development of cities and villages on local resources, it is essential to strengthen **local identity**. Enhancing people's **commitment to their micro-regions, settlements or neighbourhoods** is not just an opportunity for fostering local cultural assets but through that, the ability of settlements to **retain their populations** can increase. At the same time, personal commitment can strengthen **civil responsibility** for the future of the settlement and its surroundings, which may result not only in more protection but also in the creation of additional valuable assets. It is necessary to raise awareness of the inhabitants and to **change their attitudes** so that they will consider public affairs to be their own concerns and will do something in favour of the development of their own settlement either by investments or by any other concrete actions. These processes can be assisted by civil organisations, which may be supported by municipalities both financially and with other incentives.

- **Building relations with surrounding settlements**

The competition between cities is getting increasingly global, and it is becoming harder and harder for the different resources. In Hungary – with the exception of Budapest – cities do not have sufficient weight to appear in European consciousness. **Close cooperation with surrounding cities** and the establishment of **networks** can help them succeed in international markets, achieving the critical mass together. Intensifying cooperation with other nearby cities can help cities position themselves better in the European and global competition and rationalise the functional division in the region and the wider area.

- **Intensive, mutual relationship between the city and its hinterland**

The city and its surroundings live in a symbiosis. Neither can the city exist without its surroundings nor can its hinterland exist without the central function of the city. Although in the municipal system settlements appear independently, the **mutual relation between the city and its surroundings** is important to take into account during planning activities. The city and its catchment area have to be planned together. Besides joint planning, it is essential to **harmonise** operations at the local level and to fill the rhetoric of cooperation with **real content**. Commercial and cultural relations between cities and their hinterlands have to be

harmonised and it is necessary to secure recreation areas and services to the residents of cities (as consumers) and offer business opportunities for the inhabitants of rural areas.

- **Preference of locally available resources**

Global challenges posed by social, economic and environmental processes have increased the value of local resources. The **preference of locally available factors** contributes to the development of the local economy, to an improvement in the condition of the natural environment, and to the decrease of dependency on external resources. **Local energy systems** using renewable resources are possible defensive solutions against the dependence on external energy supplies; moreover, they can significantly reduce external energy needs as well as the energy expenses of cities and villages. By increasing the share of non-motorised transportation modes (cycling, pedestrian transport) and by modernising public transport (energy-saving, increasing the attractiveness of public transport), energy consumption by settlements can be reduced.

- **Expanding urban green areas, protection of rural green areas**

The rapid spread of motorised transport and the consequently overcrowded urban areas have revalorised the need for green areas. A manifestation of this is that people are moving out of cities and sub-urbanisation is getting stronger. For cities to **become more liveable for local inhabitants**, not only the protection but also, where it is possible, the extension of green areas is necessary. Outside cities it is necessary to protect the natural environment and to ensure access to it for the inhabitants with the purpose of recreation.

- **Fostering cultural diversity and exploiting cultural heritage**

**Cultural diversity** is of fundamental value in the European Union. Local culture is an important factor in the commitment of inhabitants and enterprises to their localities as well as in the population- and enterprise-retaining ability of settlements. It is necessary not just to preserve cultural assets but to **foster** and utilise them in a **sustainable way** in order to offer high-standard cultural supply to residents and visitors. That is why it is vital, for instance, to support local festivals, to promote national and ethnic minority cultures, to utilize the cultural diversity traditionally characteristic to the Carpathian Basin.

- **Networking with other, similar European settlements**

Although Europe is featured by diversity, there are also a lot of similarities between European settlements. Several settlements have already recognised this and started to cooperate as twin



settlements. These relationships provide several opportunities beyond mere formalities. The **European exchange of experiences between cities** can promote development; learning from each other helps them utilising common characteristics more efficiently and fighting challenges more easily with joint strategies. This exchange of experience is supported by several initiatives. The **European Urban Knowledge Network (EUKN)** can be highlighted due to its basic infrastructure and accumulated knowledge material (the central website is [www.eukn.org](http://www.eukn.org) available in English, and the Hungarian version can be accessed at [www.eukn.hu](http://www.eukn.hu)). The URBACT Programme named after Urban Actions (its central, English website is [www.urbact.eu](http://www.urbact.eu) and the Hungarian sub-site is [www.urbact.hu](http://www.urbact.hu)) supports the exchange of experience throughout Europe even with community resources.

### **3.2 OPPORTUNITIES FOR IMPLEMENTING THE TERRITORIAL APPROACH IN PROGRAMME-BASED DEVELOPMENTS**

The *Territorial Agenda* has an especially relevant message to **sectoral and regional experts** working in strategic planning in Hungary in saying that there is a need to take territorial aspects into account during the development of strategies as well as to align interventions spatially. In this regard, **shaping awareness** is in its infancy in Hungary; there is a need to promote and strengthen the application of the spatial approach in education, training, policy and decision making. Partnerships, intensive dialogues and multilevel governance organized on a territorial basis are adequate keywords here.

In the following, we formulate recommendations in connection with the methods of adopting the geographical approach in **planning procedures** and employing concepts related to territorial cohesion. Certain ideas included here may seem evident; nevertheless, it is worth collecting them as experience shows that planning procedures, sectoral and territorial plans in Hungary, and to some extent, in Europe, rarely work with the territorial approach. Planners often have not got appropriate knowledge and thus they also miss the adequate approach. **In line with the *Handbook on Territorial Cohesion* (Péti, M. – Botka, M., eds., 2009)** we emphasize below the opportunities and requirements of adapting the territorial approach for the process of strategy development.

In this volume, we also adopt the so-called **system approach**, which was formulated in the *National Spatial Development Concept (NSDC)*. By system approach, **territoriality, sustainability and equal opportunities** are required to be horizontally considered, side-by-side. The simultaneous application of social, economic, environmental and cultural dimensions is the starting point in responding to new European (and Hungarian) challenges. Probably one of the most important messages of the TA is that during all this, **territoriality** is the key aspect, the **systemizing principle**.

### 3.2.1 THE PROCESS OF TERRITORIAL PLANNING

The different possibilities for implementing the territorial approach are discussed below according to the specific steps of **public planning processes**. Public sector plans include plans made for a certain sector and for the whole country, or plans prepared for specific regions, individual towns or villages. These plans might vary not only by territorial levels but also according to time periods: ranging from long-term concepts (for approximately 15 years), through medium-term strategies and programmes (7 years) to short-term (3-4 years) programmes and action plans (1-2 years). This chapter focuses on the level of strategic planning and presents the implementation of territorial cohesion according to its different stages.

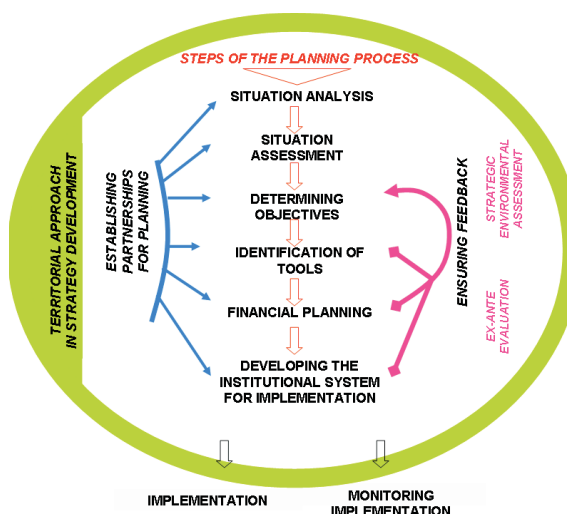


Figure 2: Stages of the planning process  
Source: Pétit, M., 2009

The preparatory stage of the planning process is the identification of **stakeholders**, i.e. of responsible, **interested and concerned parties** and target groups of planning. For the successful realisation of plans, the planning process has to be **communicative and iterative**, and it is required from planners to regularly communicate with these groups and also initiate dialogs between them. The first step in planning is the **analysis and assessment of the situation**, which is followed by the **designation of objectives and principles**. The next stage is the **identification of tools** that serve the goals, which is basically the definition of **specific interventions**. Interventions are usually grouped into priorities.

The final phase is the description of the **circumstances of implementation**. These circumstances include the **institutional system responsible for implementation**, the applicable rules and

in the case of programmes, the list of **financing requirements**. The importance of certain stages varies across the hierarchy of plans: in long-term concepts more emphasis is laid on the designation of objectives and principles, whereas the most important stages in short-term programmes are the identification of tools and implementation. Planning processes are often supported by various procedures designed to control and improve the adequacy and legitimacy of planning (e.g. ex-ante evaluation) or to ensure that aspects of environmental protection and sustainability are taken into consideration in the plans (e.g. strategic environmental assessment).

### 3.2.2 Territorial partnership and communication in planning

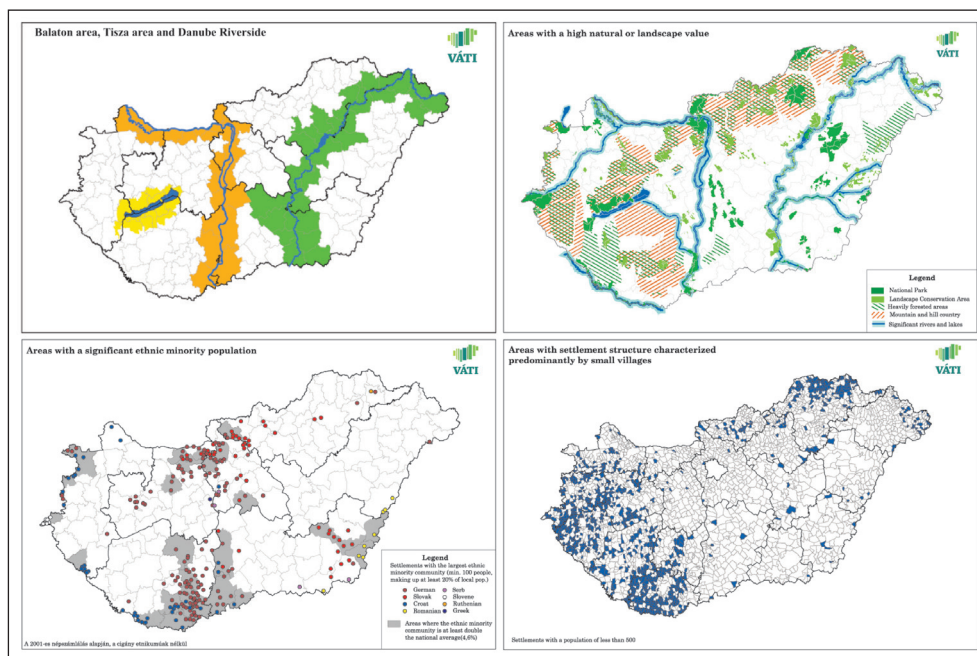
When constructing partnerships of planning (i.e. when identifying the circle of stakeholders that are in some way interested in the developments and regulations defined by the plan, and determining all target groups) the **managements of the municipalities and regions, NGOs, economic stakeholders** of the area or settlements concerned, as well as the **inhabitants** have to be addressed. It is particularly important to invite representatives of counties and regions, and when possible, even of associations of local governments and some more significant municipalities (e.g., regional centres, towns with county rights) into forums of sectoral planning. We have to handle the interests of those regions and settlements with special care that are especially relevant to the planning of the given sector (for example, settlements located along transport corridors, or those threatened by floods).

When creating partnerships for planning regions and settlements, the lower-level territorial units (for example, counties and micro-regions in the case of regions, or neighbourhoods in the case of cities) have to be engaged, as well as delegates of neighbouring regions and settlements.

### 3.2.3 Territorial approaches to situation analysis and assessment (territorial categories)

Situation analyses, which form the basis of planning, have to examine the **spatial structure** of the specific area or – in the case of sectoral plans, often – the whole country. **Territorial disparities** of certain phenomena and processes should be pointed out.

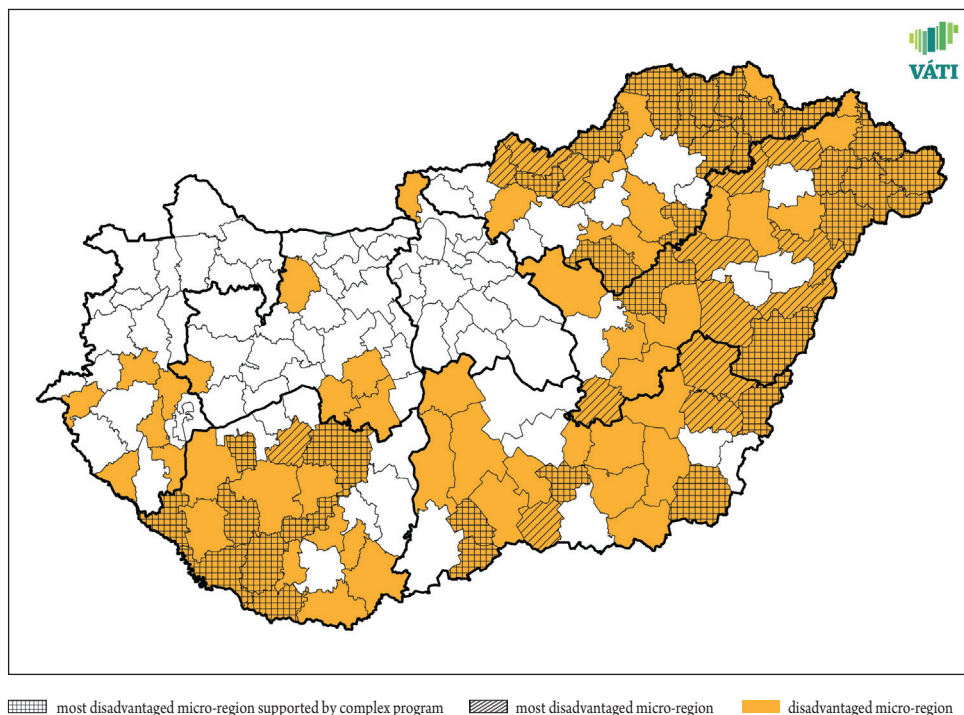
**In the assessment phase of sectoral planning processes**, spatial structures have to be analysed primarily at the level of the territorial unit which is relevant to the respective sector (e.g. water management needs to refer to river basin districts, ecological surveys have to rely on landscape mosaics, while employment plans have to use catchment areas of workplaces). Such territorial units usually differ from administrative units. However, every sectoral plan should include analyses broken down to micro-regions (or other administrative units).



Map 23: Territorial structure of Hungary along different aspects

Source: NSDC, 2005

Socio-economic characteristics can be examined at the level of administrative units based on statistical indicators. If we are interested in territorial disparities of certain phenomena and processes, in Hungary the best way to analyse the majority of **social and economic events** and processes is at the level of **micro-regions**, since significant territorial disparities most often occur within counties or regions. (Naturally, it is necessary to remember that various parameters may also show different values even within individual micro-regions because various types of settlements can be found in a single micro-region ranging from micro-villages to large cities.) When assessing different social phenomena, suitable (or at least, measurable) data are available only from the census, and this data are collected only every ten years, so they do not always provide sufficient background for strategic analysis. Therefore, there is a need for local surveys and other innovative solutions.



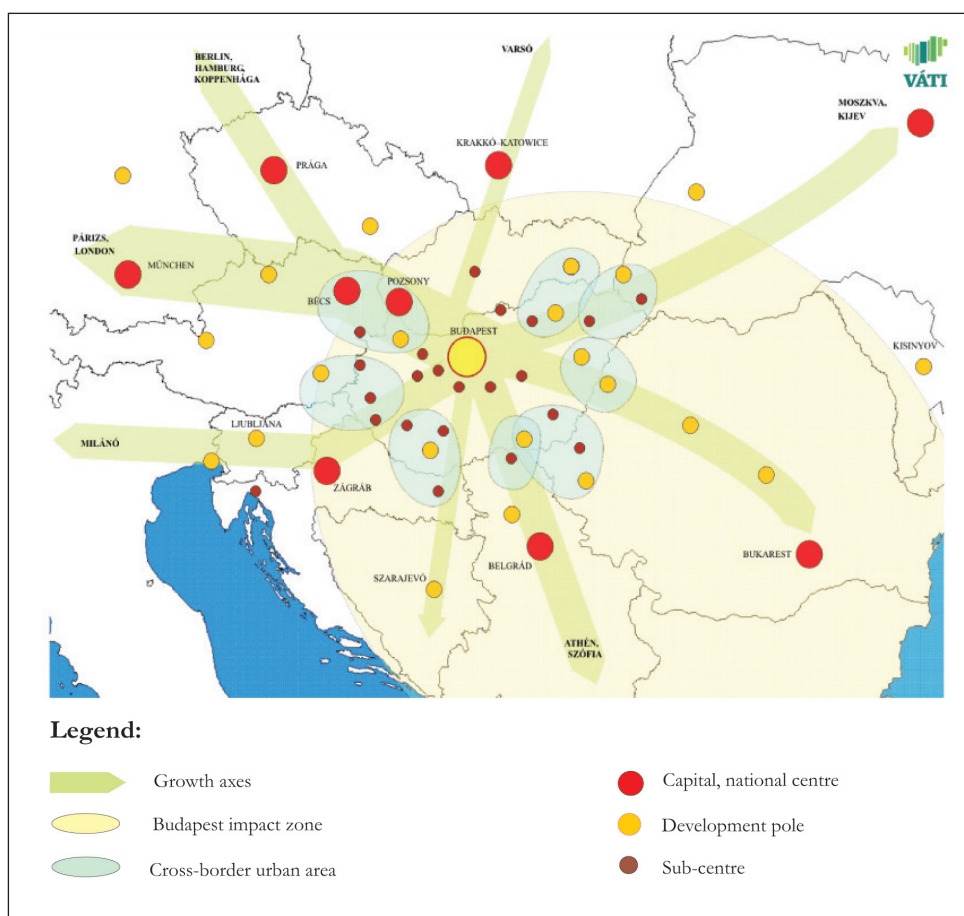
**Map 24: Socially and economically disadvantaged areas**

Source: Background document for the Report on territorial processes, 2009

In the analytical phase of territorial planning processes, several factors and sectors have to be taken into consideration simultaneously, and the regional characteristics are examined not only from the point of view of a single sector. This may be facilitated by applying a general **geographical approach** that considers all environmental, economic, socio-cultural features and processes of areas. Thus, so called complex spatial categories can be outlined. Certain **complex spatial categories** require significantly different types of intervention (e.g. disadvantaged areas in terms of employment, education and infrastructure, areas struggling with environmental problems and the decline in tourism). Complex spatial categories can be in every case delineated because each and every territorial development unit in Hungary consists of a great variety of areas and settlements.

Following **situation analysis**, situation assessment should point out areas and settlements that show some unique sectoral characteristics compared to the **national sectoral average**, and should not be confined to drawing only general conclusions, concerning the whole country (e.g. employment rates vary widely and some areas have extremely low employment levels).

Up-to-date assessments can be compiled only by **partnership, the engagement of a wide range of inter-ested parties** and stakeholders. Situation assessments have to be accepted by development actors in the region, country or sector. Only those objectives can be adoptable for stakeholders in a region which have been based on a previously accepted situation assessment; this should form the basis for a jointly adopted planning document. Therefore, situation assessment (e.g. the result of a SWOT analysis) is never the theoretical work of an expert but the joint product of an entire region, country or sector. Consequently, in drafting the situation assessment for national and sectoral plans, much attention is required on partnerships forming on a territorial basis and the involvement of all interested stakeholders (see the previous sections about partnerships).



**Map 25: The main dimensions of Hungarian integration**

Source: NSDC, 2005



It is important in situation assessments to identify the **external factors** – opportunities or threatens – also from a geographical perspective. This means that factors which occur in neighbouring areas or exert their influence from outside the country should also be included in the situation assessment (e.g. the completion of a transport corridor reaching the border of the neighbouring territorial unit can provide an opportunity; an internal crisis spreading over the border from a neighbouring country can pose a threat).

In situation assessments, in order to achieve the objectives of territorial cohesion, **a basis for comparison** has to be provided which will help to evaluate a given factor as favourable or unfavourable. The national average or the average of a specific planning territorial unit should always be used as a basis of comparison; but the average of the new Member States and the overall EU average are also worth mentioning. For identifying the real situation concerning especially economic and social processes, positioning the region or locality within the European system of relations is important. This may be supported by the reports of ESPON or cohesion reports by the European Commission.

### 3.2.4 Definition of the territorial objectives of strategies

In a country with such diverse territorial characteristics as Hungary, no sector or area can draw up a strategy without defining territorial objectives. Instead of focusing on entire planning territorial units, **territorial objectives** cover certain territories within them. These **sub-territories** may be **specific areas or settlements or groups thereof**, as well as **certain types** of areas or settlements (e.g. less favoured regions, urban networks). Territorial objectives may also focus on the relationship between areas and settlements (e.g. balanced relationship between urban and rural regions based on their accessibility of public services).

Besides ensuring harmony between plans, another important reason for adding regional messages to sectoral strategies and programmes is to prepare development objectives and tools that are adjusted to characteristics of the region and differentiated by regions. However, it is essential to keep in mind the special feature of Hungary mentioned above, i.e. that the country's regions consist of areas showing significantly different features. Therefore, the **regional organisation** of a sectoral strategy has to avoid handling a certain region as a homogenous territorial unit. Regional management is especially necessary with regard to implementation, and in some cases it also plays an important part in preparing professional messages of the strategy.

In the case of territorial plans which cover several sectors it is possible and also inevitable to determine objectives that focus only on certain parts of the region. This method leads to the definition of **territorial objectives**. Territorial objectives included in territorial plans are complex goals, defining objectives for several sectors. For example, improving access to public services in micro-villages of a region may be an objective concerning multiple sectors: ICT (creating opportunity for remote administrative services), transport (faster and more

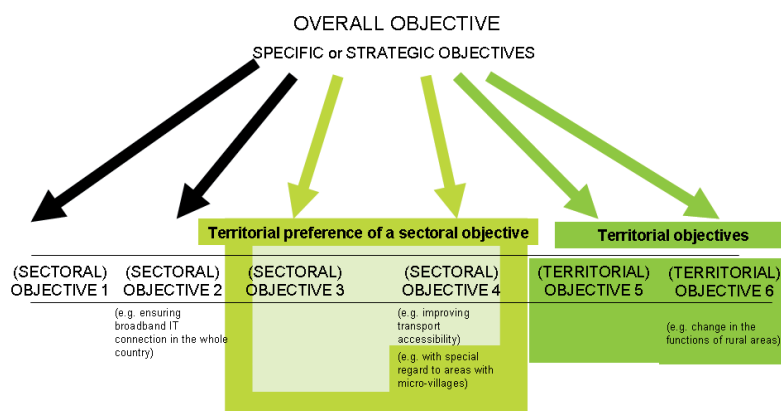


Figure 3: Types of territorial objectives

Source: Péti, M., 2009

frequent public transport connections, reconstruction of roads), health care, education and administration (organisation of local medical practices and mobile services, adjusting office hours to the requirements of citizens in micro-villages).

Instead of outlining separate territorial objectives, another method is to **differentiate** already existing, **general** (not territorial) **objectives by specific regions**, or to **assign territorial preferences** to them. (For example, the general aim of improving accessibility can mean different things: in rural areas it means making the actual place of public services provision more accessible, whilst in towns it means making transport connections between different parts of the town faster.)

The **National Spatial Development Concept** (NSDC) provides planners with a diversified set of territorial objectives. It defines objectives for certain areas (e.g. regional centres of development) or special area types (e.g. rural areas) on the one hand, and territorial objectives for certain sectors on the other hand.

### 3.2.5 Territorial cohesion as a horizontal objective

Horizontal objectives belong to a special type of objectives in modern strategic planning: they are required to influence every intervention of a programme irrespective of the actual (“vertical”) objective of the given intervention. Intervention that does not take into account horizontal objectives should not even be performed in the programme.

Territorial cohesion can also be defined as a horizontal aim. The best example for this is presented by the *New Hungary Development Plan* (NHDP), which describes the use of European Union funds granted to Hungary in the period of 2007-2013. The four-pillar approach of horizontal

objectives of territorial cohesion (territorial effects, territorial synergy, principles of sustainable land use, national territorial objectives) has been introduced by operational programmes of the NHDP and territorial cohesion guidebooks facilitating their implementation (see also in the *Handbook on Territorial Cohesion*).

**Horizontal objectives** are ones that have to govern all interventions which serve objectives included in the plan. No intervention can be allowed to be implemented which is not consistent with the message of the horizontal objectives formulated in the plan.

Similarly to every other strategic goal, **target conditions** should be assigned also to horizontal objectives. The process of reaching these targets has to be measured by indicators and described by target values of these indicators. The standard target conditions of these indicators is that territorial disparities decrease or do not grow further.

Territorial cohesion as a horizontal objective will govern all sectoral developments, i.e. it has to be applied as a horizontal planning aspect. For example, during the determination of new industrial investments, besides industrial aspects like transport facilities or sources of energy and raw materials, the need for the convergence of disadvantaged areas and the employment needs of such areas should also be taken into account. Likewise, in the case of transport developments, the construction of international transport corridors should be started in areas where they improve the accessibility of remote and poorly accessible places, and territories not struggling with such problems can follow later on.

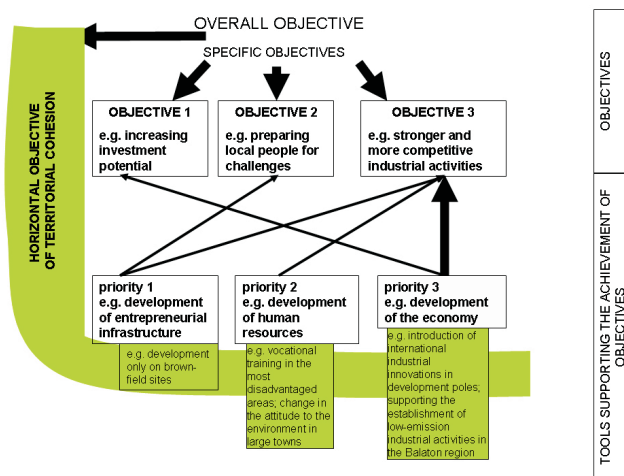


Figure 4: Territorial cohesion as a horizontal objective

Source: Péti, M., 2009

### 3.2.6 Territorial cohesion tools for reaching objectives – territorial priorities

In order to realise territorial cohesion, not only **territorial objectives**, but also **territorial tools** for reaching these goals have to be defined during the planning process. The most important tools of current strategic planning and development systems are state interventions carried out in the form of various subsidies. Interventions of the programmes are usually grouped into priorities according to the different sectors they affect.

It is especially true for territorial plans that **priorities should be drawn up based on regions and region types**, not on the basis of sectors. Priorities that focus on individual regions take into account interventions carried out in several sectors. They try to **coordinate the various sectoral interventions** so that these actions will build on each other and mutually strengthen each other's results. Consequently, these priorities can serve development goals of the area much more efficiently than isolated sectoral interventions.

For example, the so-cial development of a region is most effectively promoted by tools (i.e. **integrated complex interventions** for the whole area) that include both the provision of proper housing opportuni-ties, education and jobs on the one hand and the elimination of harmful segregation on the other hand. All these efforts should be supported by complex projects of a territorial prior-ity. Therefore, the target group does not have to prepare applications for funding separately i.e. for housing, education and the creation of jobs, because the failure to implement any single element of the complex project would make the whole intervention pointless (unfortunately such events happen often in practice).

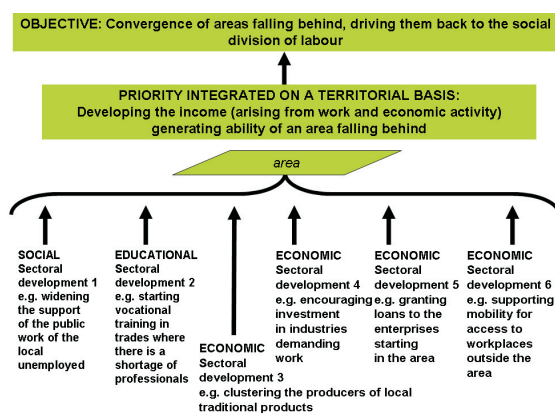


Figure 5: Priority integrated on a territorial basis

Source: Péti, M. – Botka, M. 2009

### 3.2.7 Financial planning with a territorial approach

The geographical approach is to be used also when the **financial background** necessary for the realisation of plans is established, irrespective of the actual type of plans (sectoral or territorial). Financial resources should be broken down to territorial units.

Planning financial resources are useful not only for compiling **territorial statistics** but can be used to give **preference to certain areas** during implementation. This can be achieved by prescribing the minimum percentage of funds within a priority that must be spent in certain areas or region types. (Programme implementation is responsible for ensuring that these percentages are reached.)

Financial planning can also ease the implementation of projects carried out, for instance, in disadvantaged regions; the usual procedure is to permit **bigger funding rates**. This means that these projects need less own share of resources than those implemented in other types of areas, allowing a greater part of their finance to come from the budget of the relevant development plans.

### 3.2.8 Planning of programme implementation applying territorial approach

During the establishment of the institutional system responsible for implementation, territorial aspects should be applied in the organisation of **decision making** and the **operative actions of implementation**.

In decision-making institutions, **territorial aspects** need to be considered in the establishment of the **monitoring** committees of programmes. Monitoring committees of sectoral plans have to include representatives of government bodies responsible for territorial policy, regions and key areas and towns of the specific sector. It is also important that committees responsible for funding decisions adopted during the implementation process of sectoral programmes (e.g. committees evaluating applications) include members representing governmental territorial policy, regions or other areas.

The establishment of institutions responsible for the operative implementation is also recommended to be carried out with the use of the territorial approach. Institutions responsible for the preparation of the calls for proposals, the organisation of the evaluation of applications, the provision of professional support for project development and payments should be easily accessible. This can be facilitated by electronic administration; however, a good project always requires personal consultation. The opportunity for a personal meeting should be granted more or less equally to all potential beneficiaries regardless of where they live in the country.

It is essential to ensure not only a balanced distribution of **implementation and consultation capacity** within an area or the country, but also to provide a **pool of experts** capable of collecting **data and information** concerning the specific sector. Thus experts can be engaged

in the evaluation of the plan's implementation and the preparation of the next plan and furthermore, they can provide territorial data and information.

### 3.2.9 Strengthening the territorial approach of procedures complementary to planning

Enforcing territorial cohesion has to be a separate aspect in the **ex-ante evaluation** of plans and programmes. This is especially inevitable if territorial cohesion is also a general horizontal objective of the actual programme.

Especially in the strategic environmental evaluation of sectoral plans at the national scale, **impacts** need to be assessed according to diverse natural landscapes, landscape types and their often entirely different natural conditions and landscape-ecological structures.

## 3.3 WHAT CAN SECTORAL POLICIES DO?

Both the *Territorial Agenda* and the NSDC, the highest level spatial policy document of Hungary, apply the approach that territorial cohesion can not be realised in the framework of a single policy but it depends on the territorial coordination of all sectoral policies.

Therefore, the spatial harmonisation of sectoral policies, increased territorial awareness of certain sectors, the integration of territorial aspects into each sectoral policy, strategy and their realisation at different territorial levels are required. In order to achieve territorial objectives defined by the *Territorial Agenda* at the European level and the NSDC at the national level, several tasks can be defined for each sectoral policy which have to be taken into account in the realisation of different development actions.

### 3.3.1 Investment promotion policy

The added value of foreign direct investments plays the most important role within the economic performance of the new Member States of the EU. At the same time, in these countries (including Hungary) the favourable effects can only be realized if foreign investments are connected to the local economy and enterprises by several links, and if they rely on national suppliers and sales networks.

Since the change of the political system, the strengthening of competitiveness through increasing knowledge has become a basic principle of the national economic policy. This objective has been typically supported by the creation of horizontal strategies and measures; however, more recently, the requirements of knowledge-, technology- and R&D-intensive sectors, which secure a persistent growth advantage, have come to the front.

Investments adjusted to local characteristics as well as their spill-over effects can determine the long-term future of the area and the standard of living. This is why investment



promotion as a sectoral policy can influence the realisation of the TA objectives in many ways. The location choices of potential investors have to be oriented and coordinated carefully with the participation of all involved stakeholders, adjusting these investments to fit in with the characteristics and needs of the region. Meanwhile, the national spatial and land use objectives have to be taken into account (this includes the application of the territorial approach, and also, for example, the preference of brown-field to green-field investments).

As a consequence of the global financial and economic crisis, the measures of industrial and innovation policies are getting increasingly important, and there is a growing need for a sectoral vision and strategy that are adjusted to national challenges related to competitiveness and comparative advantages. In Hungary, action plans and strategic development documents for the vehicle-, logistics-, pharmaceutical-, biotechnological and ICT industrial policies were approved in the summer of 2009. In the drafting (revision) and implementation of these documents, the territorial approach is essential.

In promoting investments, it is necessary to consider the following messages expressing the territorial dimension:

- In planning investments, helping location choices, and harmonising subsidies require spatial thinking (i.e. thinking in the framework of city-regions or catchment areas of the labour market) as well as the reinforcement of the territorial approach. Meanwhile, the participation of and the negotiation between all stakeholders, the involvement of the entrepreneurs, employment centres, chambers and other decision-makers, as well as inhabitants and NGOs are necessary.
- Investment promotion by the state should give preference to socio-economically disadvantaged and underdeveloped regions. Special emphasis is required on the orientation of capital investments to development poles in order to strengthen their coordinating roles within the territorial structure of the economy, as innovation centres, and in order to enhance the population retaining potentials of rural areas.
- Decisions on region-oriented investments have to be taken building on the local characteristics and with the involvement of local actors. Meanwhile, the cooperation of the public and private sectors has to be strengthened (PPP constructions). It is necessary furthermore, to harmonise infrastructural developments and investment strategies, for which the strengthening of participatory planning is required. The *Territorial Agenda* underlines the formation of voluntary associations by local authorities of varying sizes for the purpose of common marketing and developing joint strategies to solve common problems
- In the more developed north-western part of Hungary and around the capital, those economic activities should be encouraged in particular which create high added value and employ

highly-qualified labour force, while in the regions in most critical situation, investments with the greatest employment effect are the most needed. In both cases, it is necessary to take the local characteristics into account and connect investments to the local economy with several linkages.

- To achieve their convergence, external and internal peripheries and backward areas have to gain new resources, primarily capital. The application of conscious, region-specific development policy built on local characteristics can provide an opportunity for this, as well as concentrated national subsidy policy, the motivation of local initiatives and cooperation between settlements.
- Investments which apply wise management and sparing use of materials, energy and space should be especially preferred across the whole country. Regions of national importance (Balaton Region, Danube and Tisza Riverside) require special treatment and strategies regarding investment promotion, within the framework of development policy which focuses on both the preservation and the development of the natural assets.
- In the spirit of urban-rural partnership (at the level of the city and its surroundings) there is a need for a common investment strategy. At the level of city-regions, common decision making is suggested concerning investment promotion and the orientation of location choices because the wise management of space (for example, the preference of brown-field to green-field investments) is of common interest. Open (not built-up) areas may represent 'renewable resources', so their preservation has to be part of an integrated, sustainable development strategy the same way as the preference of climate-friendly, greenfield investments.
- The reinforcement of territorial aspects during the planning and development of industrial parks and clusters is an important requirement. Concrete actions of investment promotion should be realised as a consequence of a common decision by the involved settlements, where cooperation rules over competition. (This requires a suitable reform of the subsidy and tax systems as well as the change in behaviour and attitudes at the local level).
- Cross-border investments and the support of international cooperation of the development poles represent an important dimension of the enhancement of territorial competitiveness. Regarding cross-border cooperation, the harmonisation and coordination of infrastructural developments and investment promotion are of great significance. The border areas of Hungary – with the exception of the north-western part of the country – are mostly characterized by backwardness and low socio-economic status but their geographical position and the opportunities to revitalise their cross-border economic relations can offer a way out.
- A mono-structural economic structure at local and regional level is a kind of risk that is getting more important in the context of the financial and economic crisis of the global economy. This underlines the need for diversified economic development and endogenous

development (building on internal resources), which should be taken into account in the course of investment promotion.

### 3.3.2 SME policy

The micro-, small- and medium sized enterprises (SMEs) have an outstanding role in the functioning of local and regional economies; their importance has increased due to the financial and economic crisis. In order to reduce the dependence on external, foreign investments and the vulnerability of certain regions, SME policy should apply the territorial approach and build on local characteristics and resources. In the spirit of the TA, the main aim is that the ‘general’ objectives of the SME policy (like, for example, the enhancement of ICT applications by SMEs, the development of a business culture, the motivation of networking cooperation between SMEs) will get re-defined and implemented reflecting the territorial and geographical aspects.

- A considerable weakness of Hungarian economic development is its almost completely centralised operation and its incomplete set of tools for local economic development initiatives. These factors obstruct the spread of several favourable economic, proprietary, financial and cultural features. Where it is possible, economic development should be realised in a decentralised way, bringing it closer to the local stakeholders and making local decision-makers more interested in it. A good practice for this can be the motivation of establishing local-regional development funds within local responsibility and property, which function as a system of returns, give mainly refundable aid, and enhance the local sense of proprietorship by making own investments.
- One of the main objectives of SME development policy in Hungary is the enhancement of their capital adequacy, in which regional enterprise development institutions have an emphasised role. By strengthening the role of enterprise development institutions, improved business culture and increased willingness to set up enterprises can be achieved. It should be accompanied by measures which simplify and encourage the start-up of enterprises among the local-regional residents. There is a need also for training where local territorial knowledge is transferred besides general entrepreneurial and management topics.
- To develop a differentiated SME support system, it is necessary to take the characteristics of the settlement network into account. This is for the fact that SME subsidies and incentives which match local characteristics are often the only way for socio-economic development in peripheries and disadvantaged regions. Moreover, the establishment of micro-enterprises and SMEs can contribute to the “whitening” of the economy in these regions (i.e. to the legitimisation of economic activities which previously were outside the legal and tax systems).
- In order to increase competitiveness and develop business culture in socio-economically backward areas, stronger incentives are needed. In these areas, there is much less opportunity

to develop supply networks; the position of the SMEs is disadvantaged also in respect of the information economy and information society.

- The economic attractiveness of development poles and regional sub-centres has to manifest itself also in the activity of SMEs, in terms of shaping the territorial structure of the economy. To achieve this, developing supplier networks, cooperation between the SMEs, the forming of clusters are necessary as well as to increase their adaptation ability towards a better SME- and innovation culture. As a result, the SME sector will produce higher added value.
- In the case of regions with special characteristics (agricultural areas, areas with high proportion of Roma population, areas with isolated farmsteads), a major opportunity for their convergence can be ensured by means of motivating and supporting enterprises that provide local employment.
- Taking the territorial dimension into account in the case of SME-cooperations, initiatives across the borders of settlements or other administrative borders (even across national borders) should be supported. In order to strengthen the relationship between the city and its surroundings, the city-region level has to be emphasised. Furthermore, the small and medium sized settlements should be given special attention because of their need for territorial convergence (local start-ups, the improvement of the business environment, the simplification and promotion of launching enterprises are especially important here). At the level of city-regions, the involvement of SMEs in joint strategy preparations is necessary (including the potential future entrepreneurs).
- In the case of border areas, the geographical position offers an opportunity for developing SMEs and reinforcing their position due to the long-term presence of Hungarian SMEs in the neighbouring countries. Therefore, the motivation of cross-border cooperation, the implementation of common development policy actions and the provision of favourable entrepreneurial conditions are required.
- One of the main characteristics of the Hungarian settlement network is the focus of the economic development on the large- and medium sized cities. In the case of small cities and small settlements, in order to create “better liveability” and boost – in the worst cases, start – economic life, an increased contribution from the state is essential. This may be in the form of additional aid, the grant of higher subsidy rates, supporting enterprises in their entrance to the market, and specialised funding to increase their ability to cooperate and build networks – but non-financial incentives (attitude shaping, institution building) are also required.
- When making and improving the networks of SMEs, cooperation with the public sector, active participation in clusters, and connection to international networks are of great significance. The projects based on public-private partnership should be encouraged. One

way of networking can be along local value chains, in which local, small-scale traditional producers join up to improve their entrance to the market, while they engage in intensive cooperation with other active enterprises operating in transport, storage, processing and/or sales.

- Sufficient provision of information to SMEs has to be guaranteed by improving the quality and accessibility of the services of enterprise development institutions. Furthermore, the use and application of new information and communication technologies should be developed in the case of SMEs, too. This includes improving access to ICTs as well as training (consequently, the application of territorial approach in the implementation of infrastructural and training investments is necessary). The promotion of communication between SMEs within the region (B2B communication) and an increased use of e-services can mean a great step forward in terms of efficiency.
- The preference and diffusion of environmental-friendly technologies should receive special attention also in the development of SMEs, i.e. the promotion of the so-called “green SMEs”. The latter offers a good opportunity for the development of local systems like, for example, the local management of selective waste collection or recycling, or the adequate utilisation (with a right level of protection) of natural assets.

### 3.3.3 Innovation policy

Nowadays, the significance and support of innovation and R&D activities have been central themes for several reasons in the European Union. On the one hand, raising competitiveness requires the extension of innovation capacities at the level of the Community and also of the Member States. On the other hand, there are large differences in the field of innovation and R&D investments at the European level. With regard to R&D investments, it is especially important that there are many opportunities for considering different territorial aspects and special local features in innovation policy; so spatially differentiated intervention may contribute to a better utilisation of territorial potentials.

In the document titled *Territorial State and Perspectives of the EU*, the necessity of regional innovation strategies was given particular emphasis. Within Hungary, the Regional Innovation Agency network can have an active role in shaping these; however, taking territorial and geographical aspects into consideration is important in sectoral decisions as well.

- In Hungary, cooperation within and between institutions is often far from being optimal, and it does not facilitate the exploitation of knowledge potentials in certain areas (urban areas, networks, axes, and other regions) in the most effective way. For this reason, besides joining international networks, it is essential to strengthen the relations among a region's higher educational and research institutions, and even within a single regional institution.

- The R&D&I (research, development, innovation) sector is concentrated in Budapest to a significant extent and less in some regional centres (Szeged, Debrecen, Pécs). It is important to promote a more decentralized structure, to foster territorial diversification of the R&D sector (to strengthen R&D especial in Western Transdanubia and in the Northern Hungarian Region), and to utilize the power of the R&D sector in shaping the territorial structure.
- Innovation policy has to treat Budapest and its hinterland with great emphasis because of its international role and its outstanding R&D innovation potentials at the national level. For an optimal exploitation of opportunities provided by international cooperations, it is necessary to enhance cooperation between the city and its hinterland, within the city-region. International research cooperations are of strategic relevance, but these have to be created by taking into consideration local conditions and the objectives of territorial diversification. It is recommended to support cooperation activities which aim to promote the generation and spread of innovation.
- The enhancement of the role of regional centres as centres of innovation is necessary, as well as the promotion of the spatial diffusion of innovation and the application of innovation especially in the surroundings of larger cities. For this, major investments (for example, knowledge centres) with state coordination have to be realized in development poles. On the contrary, to support SMEs in a systematic way is recommended to be organized at the regional level, because SMEs may become the driving force of regional competitiveness. This decentralization has to be made efficient and acceptable from the perspective of territorial development by way of national level guidelines and recommendations. National policies are able to influence the spread of innovation only if they are in harmony with the innovation capacities and aims of the regions and if the spread of innovation takes place with regional coordination (consequently, if the regions assign the location of the state-supported mediatory institutions and centres).
- The integration into European research infrastructures is of national interest. However, it can be realized only if there is an appropriate national research infrastructure (which is territorially more or less balanced and which has been constructed with the involvement, at least, of regional centres). Access to large international research establishments is a strategic national interest. At the same time, one of the main aims is not to link with this via one way linkages but via a dense relational network which is territorially diversified and which includes other large cities besides the capital.
- In external and internal peripheries and in disadvantageous areas, especially in their local centres, state support to establish institutions for the spread of innovation to SMEs is of high priority because these institutions would not emerge in these regions, or at least, not in time.
- Territorially based development and implementation of innovation strategies are needed: these are common regional innovation strategies prepared with the territorial approach and



based on the territorial diversity of regions (through which the strengthening and promotion of clusters and voluntary associations at the local level, as well as the harmony of cities and their surroundings can be better accomplished).

- Clusters promoting the spatial diffusion of innovation have to be strengthened; this can improve R&D&I capacities at both the local and the national scale. The private sector, profit-oriented enterprises and research institutions should be closely involved in these cooperations.

### 3.3.4 Tourism policy

The contribution of tourism to the economy has significantly increased and in the last decades tourism has become the largest industry in Europe. Nevertheless, the *Territorial State and Perspective* document cited the UNESCO formulation “it is a well known fact that tourism can be a deadly foe as much as a firm friend in the matters of development”.

Tourism is linked to geographical units such as regions, areas, landscapes or settlements, so it may have an important role in strengthening territorial identity as well as the utilization and development of territorial potentials like natural and cultural heritage. Tourism products should be harmonized within a certain territorial unit so the efficient development, organization and maintenance of tourism can be provided through a territorial approach and decentralized development policy. In practical terms, both the marketing, and the development and planning of tourism should be based on geographical or ethnographical units instead of administrative units in order to contribute to a successful branding of the area.

- There is a need to gradually decrease the territorial concentration in the volume of tourism, to balance its spatial distribution in order to support polycentric development
- Making farm-, eco- and active tourism more popular in the countryside serves to promote territorial development as well.
- It is highly required to establish territorially harmonized and integrated systems of attractions, services, tourism infrastructure and marketing, in certain cases, even across the borders.
- It is necessary to strengthen the international positions of Budapest and Balaton in terms of their competitiveness in tourism, as well as to more intensively integrate the tourism supply of other regions with these destinations through cooperation.
- In developing of tourism destinations of national, regional and local importance, the establishment of organizations responsible for destination management as well as thematic and territorial tourism networks has to be emphasized.
- In the case of health resorts, the territorial coordination of health tourism and other types of tourism is of great importance. In addition, clusters should be created to promote collaboration

between service providers. Territorial coordination helps avoid parallel, unutilised capacities and implement development actions based on cooperation and solvent demand.

- Sustainable utilization of landscape, natural and cultural assets in areas with micro-villages and isolated farmsteads should be given priority. It is important to present and make accessible these resources for the local community. The development of cultural, rural, eco-, farm-, wine and active tourism should be emphasized which contributes to socioeconomic renewal, enhancement of local identity and in some cases, even to the recovery of areas with lost functions. Sustainable tourism should be supported predominantly for the benefit of the local inhabitants.
- Intensifying bilateral professional and cultural connections, creating common tourism supply and common marketing activity should be underlined in relation to tourism development in cross-border areas. Regions populated by ethnic minorities should utilise their diversity and work out heritage tourism supply based on folk traditions and other cultural assets (heritage centres).

### 3.3.5 Housing and construction

Regarding the territorial processes, access to housing is closely intertwined with equal opportunities. The elements of housing policy – especially housing market prices and different forms of financial support – have significant influence on territorial processes like migration, development and internal transformation of settlements, restructuring of the settlement system. The territorial factors of housing policy can be linked to the local level, therefore the development programmes should be implemented at the level of settlements and city regions. In addition to improving the quality of life, housing policy should have responsibility for achieving environmental sustainability and protecting ecological structures and cultural assets. A sustainable city should secure stable, harmonious and healthy living conditions including also favourable housing circumstances.

The following territorial priorities can be outlined for housing policy:

- Instead of supporting the construction of new homes, renovation of old dwellings should be promoted through housing subsidies. Such renewal activities save material and space, and therefore are in line with the land use principles introduced by the NSDC document. Building regulations should be managed at the regional level as incentives and subsidies related to new buildings can have a harmful effect in certain regions, such as areas with micro-villages or isolated farms rich in architectural heritage or holiday resorts with high proportions of built-in area.
- Regional centres can be characterized by dynamic construction of residential buildings, extensive land use as well as infrastructural backwardness. The territorial control of the expansion of residential housing, the prevention of further build-up of an area, and maintaining a balance with infrastructural investments should have priority in order to enhance polycentric development. One way of preventing the dynamic expansion of

residential buildings is to promote the renovation and reconstruction of existing dwellings instead of new building activities. This way the balance can be kept between the development of housing and other infrastructure. To solve the housing problems in regional centres, the harmony of land use plans should be enhanced and coordinated.

- In order to solve housing problems, a joint plan for the city and its surrounding area is needed (housing programme of the city-region). The city-region plan may contribute to controlling the uncoordinated urban sprawl in metropolitan areas, where the harmonization of land use plans is necessary as well.
- In the case of traditional urban residential areas, attention should be paid to reurbanisation (“back to the city”) which aims at the renewal and the modernization, as well as the prevention of decay of, the building stock, which is favourable for social, economic and environmental sustainability. Developments can be implemented efficiently through complex revitalisation programmes; however, these programmes must avoid the total replacement of residents and their relocation to slums in other parts of the city, or to the countryside.
- The housing estates are technologically and socially homogeneous formations in the urban structure. Energy saving programmes are of great importance with respect to sustainability, as well as subsidy programmes for the maintenance of housing, and those against social exclusion.
- The modernization of central heating systems and increasing energy efficiency help decrease housing costs. The creation of favourable conditions of access to housing for citizens in larger cities should also be emphasized. In addition to private ownership, social housing and first-house subsidy programmes for the young are required. Mobility in housing and social housing are of great importance especially with regard to the current economic crisis.
- In areas and settlements characterised with cumulative disadvantages and social erosion (in internal and external peripheries, in regions which lag behind the others, in areas with high proportions of Roma population, etc.), it can easily happen that slums are reproduced right after their elimination because of persisting conditions of unfulfilled social and hygienic requirements. To solve this problem, comprehensive social policy and employment programmes are needed, financial tools alone are not enough. Cooperating with cities may solve efficiently this complex problem in the frame of urban-rural development programmes, with the participation of residents, property developers, local governments, NGOs and professional organizations.
- In most of the villages that are characterized by ageing and depopulation, there is practically no new housing construction, and old housing stock is in decay. It is necessary to find new functions for these villages; however, at least a minimum level of maintenance and modernization is inevitable.

- Ecological structures and cultural assets of high added value should be given a major role in housing policy making; development activities aiming at the preservation of these valuable resources have to be encouraged.

### 3.3.6 Employment policy

Though some countries still apply restrictions protecting their labour markets, one of the greatest achievements of the EU is the free movement of the labour force. One of the most important goal of the common EU objectives is to increase employment, creating more and better jobs across the European space. In relation to employment policy as well, the territorial aspects of the relevant common European goals have increased importance; they are highlighted in the *Territorial Agenda*. In order to achieve them, there is a need for:

- Integrated local employment strategies which are in line with real local labour market relations and which integrate core cities and their commuter catchment areas as well as represent the local labour systems in a uniform manner, connecting them as a whole into the regional, national and European economic circulation.
- In order to improve urban-rural relations, employment problems have to be handled in an integrated way within the LAU 1 level microregions.
- To accomplish a local employment strategies matching actual market situations, it is required to involve local entrepreneurs in the planning process
- Also, employment centres have to have a major role in local and regional planning activities because they can provide them with comprehensive and detailed information on local markets and economic activities.

### 3.3.7 Social policy

Most of the territorial social problems caused by European trends can be coped with at the local level. Nevertheless, these challenges arise in many Member States, regions and cities; therefore, universal European action is needed to tackle them. Though territorial cohesion has not been a competence of the Community, economic and social cohesion are key objectives of cohesion policy, and the issues of social policy are in line with those of spatial policy.

- The revitalisation of neighbourhoods facing socio-economic and environmental deterioration has to be carried out with an integrated approach, including both the cities and their hinterlands because the exclusion of poor and vulnerable groups from the city centres to the suburbs means only the reallocation, not the solution of problems. At the same time, the re-integration of social groups outside the core city into the wider socio-economic circulation is even more difficult.

- Social exclusion has a definite spatial character: vulnerable groups live spatially separately, which is an obstacle to their social inclusion. It is a greater challenge to include groups from rural areas than from the internal areas of cities. A territorially integrated solution of social problems has to be encouraged in order to connect islands of exclusion for instance, within counties back to the socio-economic circulation of their surrounding region.
- As a consequence of the recent global economic crisis, there is a growing risk that new groups will be excluded from the labour market. Poverty may increase as a result of the unfavourable conditions of the national credit market, and there can be a new wave of migration by groups in poverty from the cities into rural areas. Thus the territorial coordination of social policy has to be closely connected with local employment policy measures.

### 3.3.8 Education policy

Education opportunities deeply influence the position of regions within the European space. Education has a key role in the provision of adequate human resources for the development of the socio-economic and environmental conditions in a territory. It is important to make educational services available with equal opportunities for the population regardless of the place, region or municipality they live in. It is required that the supply of educational services by cities reflects the demand for human resources in the local-regional labour market in order to support the development of the given territory and to avoid emigration and a consequent shrinkage of adequate labour supply. To achieve this, the following are important:

- The consideration of the city and its hinterland as an entity when organising secondary education, in order to match this provision of this function with the actual demand for labour and the number of students.
- An improved provision of dormitories to decrease urban-rural disparities in opportunities.
- The development of digital literacy, in particular, in remote rural areas, where ICTs can help reduce problems arising from the disadvantaged peripheral location.
- Increasing the importance of environmental education within the formal educational system, supported by environmental campaigns and actions organised for the pupils in order to enhance the management of environmental hazards at the local level.
- To strengthen local identity by including local history, local geography and territorial thinking in the curricula, as well as by building responsible civic skills and capacities within school programmes.
- The alignment of the educational spectra of tertiary education to real local-regional labour market perspectives.

- More intensive cooperation in university towns between the university (universities), the entrepreneurs and the local administration.

### 3.3.9 Cultural policy

Cultural diversity is one of the main assets of the EU, which is considered as a key resource in European territorial thinking. Cultural heritage is an important part of the territorial potentials, while cultural services and cultural literacy are significant factors of human resources in a region. In addition, cultural services contribute to the human resource retaining capacity of a region. The objectives of cultural policy as derived from the *Territorial Agenda* are:

- The common management of cultural heritage of the city and its surroundings has to be ensured. In areas rich in cultural heritage, both its protection and utilisation have to be emphasized in territorial planning. This contributes to the strengthening of local-regional identities.
- The true involvement of local minorities in planning contributes to the improvement of governance and is inevitable to represent the diversity of Europe in local planning practice.
- In border regions, cultural diversity is a dominant value and potential resource, which has to be built upon in cross-border cooperation.
- The maintenance and the development of cultural institutions is important for the successful promotion of harmonious urban-rural relations, and as a result, locally available cultural services will contribute to the development and retainance of human resources.
- Culture also, has to have a polycentric spatial structure within the country. Local cultural workshops can have an important role in territorial development. Regional cultural centres have to be strengthened so that they can provide cultural services not only for their respective regions, but can have a functional position in the national and international cultural space. Decentralisation should be extended not only to the reinforcement of regional centres, but also those cities beyond the national borders which are significant centres of Hungarian minorities.

### 3.3.10 Health policy

Hungarian regions are among the worst performing in Europe with respect to health conditions. This is a crucial challenge regarding equal opportunities; meanwhile it means substantial disadvantage in the level and thus, the competitiveness of the human resource. The desired actions concerning health policy with regard to the *Territorial Agenda* are:

- Health training can contribute to prevention. This has to include healthy diet composed of



- nutrition based on local production, as well as an active lifestyle. It is important to generate substantial demand for sport and recreational services as well as for healthy food from local markets; health-oriented training can help achieve this.
- The health care system has to reflect the territorial specificities of the settlement network, ensuring the availability of health care services to all social groups and territories.
  - Basic health services have a crucial role in prevention and the improvement of general health conditions. Therefore, they are very important for the development of local-regional human resources, and the improvement of their provision can play an important role in the convergence of regions at the European level, too.
  - The organisation of secondary level, specialised health services has to reflect the city-hinterland relations, which requires again, an integrated approach. The accessibility of these services from rural areas is a crucial factor, especially in the case of areas with ageing population, which can be supported also by medical examination buses.
  - Concerning risk management in health care, the alignment of emergency services to the territorial characteristics of the settlement network, the development of the ambulance services is highly required. If emergency services can be organised in a more efficient way across borders, it has to be supported in terms of the relevant infrastructure, institutions and legal conditions.
  - Besides respecting progressivity levels, the complex, simultaneous development of the health care system and the health industry, as well as the establishment of state-of-the-art diagnostic and medical centres also outside Budapest can contribute to the polycentric development of the country.
  - The spatial allocation of the human resource is greatly influenced by the health care system and the related availability of professional work force. Hungarian cities and the health care system face the risk of brain drain of medical personnel towards more developed Western European regions. In order to decrease migration, more attractive carrier models for the medical staff would be essential.

### 3.3.11 Information-communication technology policy

In the knowledge and information economy and society of today, the role of ICTs is highly accentuated in the promotion of territorially balanced and polycentric development. A good example for this is that telework or the spread of e-governance may reshape urban-rural relationships in a qualitative manner through decreasing commuting and transport needs. However to achieve this, it is essential to ensure access to required infrastructures and equal opportunities, as well as to develop related knowledge and skills, especially digital literacy, while taking into consideration territorial aspects and differences along the following priorities:

- Equal opportunities should be ensured across the whole territory of the country regarding knowledge and infrastructure related to the ICTs. To realise this, it is necessary to neutralize factors that hinder the spatial spread of innovation. Sub-centres have to be strengthened for polycentric development in order to play real central roles regarding ICTs in their own area.
- In the case of development poles, knowledge centres and spatially concentrated enterprise cooperations (industrial zones, clusters) the improvement of access to ICTs, the development of ICT applications need to be emphasized. Efficiently developed digital content and information as well as related services are important factors of economic competitiveness (from the point view of information society). Paying attention to, as well as prioritizing development poles during content and service development may contribute to strengthening regional knowledge bases. Consequently, these poles may develop and serve their environment with e-services more efficiently.
- There are regions and some types of settlements where a highly developed network of info-communicational infrastructures and high-quality content and services cannot evolve based purely on market processes, or if they can, only belatedly. A well-prepared system of subsidy criteria has to give preference to these areas and settlements in sectoral investments. Infrastructures related to ICTs (safe, broadband accessibility) together with the necessary ICT skills have to be the main priorities in external and internal peripheries, in disadvantaged areas, in areas of special characteristics and in settlements with small populations (under 15,000 inhabitants) in order to help them catch up.
- In settlements and areas most lagging behind, and especially in settlements under 3,000 inhabitants (but also in disadvantaged and segregated neighbourhoods of large cities) public access points have to be assured; furthermore, in order to enhance digital literacy, the use of ICTs has to be promoted by special local trainings.
- In general, in the case of countryside administration and local governments, the expansion of ICT use and especially, of the use of broadband Internet, website (content) development and enhancement of e-governance are pronounced priorities.
- In informational systems related to territorial governance, GIS (Geographical Information System) applications have to be introduced. This can serve user-friendly and efficient e-governance and may help the integration of different sectoral administrative data, environmental, social and economic statistical information on a territorial basis.
- To promote and improve cross-border ICT cooperations is a general objective. Within this, it is especially important to support trans-European risk management and to improve its effectiveness and territorial coordination, as well as to promote the use of possibilities offered by ICTs in order to enhance protection and territorial integration of ecological structures and valuable cultural assets.

### 3.3.12 Transport policy

Mobility and accessibility are key prerequisites for economic development in all regions of the EU emphasized by the *Territorial Agenda*. The expansion of transnational networks contributes to the polycentric development and European integration process. However, national networks should have an important role as well. Besides improving accessibility, the use of environmental friendly transport forms should be encouraged. To support territorial convergence and reduce territorial disparities in competitiveness and quality of life, different development actions are needed at each territorial level – but the improvement of accessibility should be given priority at all levels.

- It is necessary to improve the macro-regional accessibility of Hungary, so the transversal corridors should be developed between Transdanubia and the Great Plain as well as between Northern and Southern Hungary.
- At the NUTS2 regional level, internal accessibility should be improved and the proficient maintenance of the road network is necessary.
- At the county and micro-regional levels, accessibility of county capitals and the centres of micro-regions should be enhanced.
- At the municipal level, the so called “cul-de-sac villages”, where necessary, should be connected to the road network.
- It is recommended to revise the role of the existing dirt track network of several tens of thousands of kilometres, which may secure the accessibility to and connection between settlements in rural areas.
- It is necessary to prepare a transport development strategy taking into account local conditions as well as environmental sustainability in order to improve the accessibility between cities and their surroundings.
- Instead of individual motorised transport, the use of sustainable transport forms should be encouraged. For instance, the use of bicycles can be supported by developing cycle route networks within the framework of complex regional development actions, such as tourism or marketing. In addition, the connecting and complementary roles of cycle routes should be emphasized as the cycle route network can solve problems of public transport in smaller villages.
- In the development of local public transport, its more environmental friendly forms should be emphasized wherever it is possible, such as the railway. The situation of railway freight transport may be improved by creating favourable conditions for multi-modal connections (by constructing multi-modal terminals, developing a network of so-called bi- and trimodal centres, etc.)

- It is recommended to develop flexible combinability of different public transport forms in the case of metropolitan areas.

### 3.3.13 Energy policy

The national level has a role of direction, orientation and regulation of private energy suppliers, and it has an explicit regulatory function across the entire country in order to ensure energy supply for the whole society. The state contributes to creating equal opportunities and shaping the spatial structure by influencing the consumer prices of energy, by which it can improve the situation of the population living in areas lagging behind in socio-economic terms.

To reduce the growing dependence on imported energy as well as the environmental impacts of climate change, the diversification of energy consumption is needed which can be achieved by an increased utilization of renewable energy resources based on local conditions.

The following territorial priorities are necessary to take into account in the energy policy:

- According to the targets set in 2008, the share of renewable energy in energy consumption should be raised to 13% by 2020. Applying the territorial approach is particularly important here as it is necessary for maintaining the balance of ecosystems. This later can be ensured by carefully organising production and consumption according to local conditions.
- It is among the EU requirements to assess the structure and volume of renewable energy resources in each and every region, following which the agenda of utilization should be planned closely linked with the perspectives of environmental protection and agricultural development, and considering also the aspects of social, employment and rural development policies. In addition, the disparities within the region, sustainability criteria, the national, territorial and land use objectives should be taken into consideration.
- The expansion of energy crop cultivation, the development of methods for the use of agricultural by-products for energy production, and the utilisation of the increasing biomass potentials of young forest plantations should be supported along with the development of background infrastructures. However, energy crop cultivation has to take the local specificities and ecological aspects into account in order to avoid that food production is pushed into the background, forests are displaced by arising monoculture areas.
- The regions should favour development actions based on renewable energy resources (e.g. thermal energy) which result improvement in their environmental situation
- Supplying areas of isolated farmsteads with energy produced from renewables is a priority task.
- It is important to provide further assistance via housing regeneration programmes to enhance energy efficiency and promote energy saving.

- Encouraging the establishment of self-sustaining systems is of great importance in connection with energy dependence and environmental protection at the local and higher levels. By establishing own energy systems, negative externalities can be avoided which may come as a disadvantage from otherwise environmentally friendly energy production in other regions.
- As a consequence, local developments should always utilise the locally/regionally available renewable energy resources. Furthermore, it is recommended to explore and use the potential resources in the given region (e.g. by-products of agriculture in regions dominated by agro-production, forest residues in areas with significant forest cover, and wind energy where wind speeds and directions are favourable, etc.)

### 3.3.14 Agricultural policy

The conscious formulation of the agricultural sector by means of development, support and regulation can contribute significantly to the enhancement of territorial cohesion as described in the *Territorial Agenda*. Agricultural policy can contribute to this by place-conscious shaping of land use, product structure, and sales chains as well as by a spatially selective organisation of the most important economic, social and cultural functions. In order to support balanced territorial development, various solutions are needed in different territorial types. This requires **area-sensitive strategic thinking**. In the case of sales chains around larger towns and cities, connections between the urban consumer market and the local producers of the region need to be enhanced by the establishment of local trademarks, quality assurance, etc, while in the case of forest management the recreational, cultural functions need to be promoted ensuring the maximal community use for the local society. Social aspects in agricultural subsidies can play a more important role in socio-economically backward regions, though diversification and the decrease of agricultural dependence have to be the primary objective. In tourism areas, the direct sales possibilities of the producers need to be supported by the promotion of region-specific local products. In areas rich in landscape assets, the support of farming activities aiming at landscape protection, as well as in general, the promotion of ecological production need to be strengthened.

The national agricultural problems, the lack of harmony within rural structures (in the social, demographic and economic fields) can be significantly alleviated by joint development efforts embedded into the territorial developments. The strengthening of linkages between agricultural and rural development policies, the re-allocation of a large proportion of agricultural resources to integrated rural development objectives is preferable. This is a tendency increasingly observed in the European Union; the territorial dimensions, rural development objectives are more and more often emphasized in the debates related to the reform of the Common Agricultural Policy. Development strategies taking into account local conditions are needed, which consider territorial and geographical aspects, contribute to the convergence of rural areas, promote their structural change and enable sustainable and landscape-oriented development.

- In order to support optimal landscape use adapted to local resources and conditions, to maintain biological and landscape ecological diversity (mosaic patterning) it is necessary to enhance the role of multifunctional agriculture for the promotion of local environmental sustainability by the use of environmentally sound technologies and of renewable energy resources.
- A basic condition for the shift towards polycentric, territorially balanced development is the strengthening of rural centres and the development of rural areas taking into account local conditions. Another key factor is the harmonisation of agricultural and rural development, their strong coordination and in ideal cases, their integration. The decentralisation of rural development programming needs to be enhanced, the elaboration of regional rural development programmes which fit better to the diverse natural and socio-economic conditions, should be promoted in the future.
- Integrated rural development programmes are needed, which are incorporated into the system of territorial planning. This is especially important in the case of urban-rural areas in order to strengthen urban-rural partnership, where the town is considered to be a market for the agricultural products produced in the surrounding area. In the case of agricultural and rural development strategies, the territorial unit of a metropolitan region should be the basis of territorial thinking. Integrated rural development programmes are extremely important in micro-villages and in farmstead areas, because economic diversification, development of human resources adapted to the local conditions and the renewal of settlements can contribute to the dynamics of internal resources and the economy, to the population retaining capacity and to the increase in the quality of life.
- The elaboration and implementation of special environmental and landscape management programmes are necessary, which integrate the zone-creating intentions of the National Rural Development Plan and are of a regional nature, and which fit into the development programmes created for areas of national significance defined by the Hungarian spatial development policy.
- In the light of the economic crisis, the promotion of vertical integrations in rural and backward regions by balancing the territorial concentration of processing, purchase, storage and warehousing, and by the establishment of product paths. The enhancement of the continuous shift from self-sufficiency and primary production to higher levels along the value chain is recommended: by strengthening local products, local trademarks, local markets and by promoting warehousing, transportation and processing, as well as by facilitating easier market access.
- In order to establish agricultural economics diversified by geographical units, it is necessary to develop the production and sales chains of region-specific quality products, of special products having geographic labels, trademarks or other quality certificates, and



- of “hungaricums”. Alternative, higher per-unit-income generating biological or ecological production as well as small-scale plants processing their products has to be supported.
- A focus on the supply of local markets and the provision and improvement of accessibility of local centres should be encouraged in order to minimise transportation costs and environmental load of transport.
  - The organisation of local entrepreneurs into networks and their cooperation can result in further improvement in the efficiency of agricultural economy, therefore the “rural” or agricultural clusters (such as clustering of producers and sellers of bioproducts), cooperation for the establishment and dissemination of agricultural innovations and their spatial organisation should be encouraged.
  - Land use should be adjusted to the given natural potentials, as well as to the special features of the settlement structure (such as agricultural activity based on farmsteads); and it should be defined with a due consideration of the possibility to form more rational property structures. The conservation of traditional forms of cultivation, agricultural products and traditional lifestyles as valuable assets represents an added value at the European, national and local levels with a special regard to the protection of the natural and cultural heritage.
  - Besides afforestation, the utilisation of forests adapted to local conditions, applying comprehensive approach and promoting additional uses (social, recreational, aesthetic, forest management) should be enhanced. At the level of metropolitan regions, the provision of leisure and recreational functions should be especially highlighted. As far as the protection of natural assets and the management of the impacts of climate change are concerned, the ecological functions of forests need to be maintained and strengthened.
  - Public awareness and spatial identity might be the driving forces of the development of rural and agricultural areas. Community development (e.g. LEADER type development) and the strengthening of participatory planning are indispensable for this. The provision and the development of an adequate local professional network (e.g. networks of rural development managers and village caretakers) is a precondition for the strengthening of public participation in local planning and developments.
  - The use of ICTs (modernisation, automation of forms of cultivation and production, establishment of remote control systems) can improve considerably the efficiency and competitiveness of the agricultural economy and thus can contribute to the convergence of rural areas.
  - In light of the climate change, the use of renewable energy sources, environmentally friendly production, processing and other modes should be supported in the agricultural economy. Spatial thinking, area-conscious organisation, consideration of local potentials and broadly interpreted sustainability aspects are emphasized simultaneously (e.g. the cultivation of

energy crops can be suggested only if local specialities and ecological concerns are taken into account so that it does not endanger food production, does not take over areas of forest management and does not lead to the establishment of monoculture areas).

### **3.3.15 ENVIRONMENTAL AND NATURE PROTECTION, WATER MANAGEMENT**

The different quantity and quality of available environmental and natural assets and the level of territorial protection of these assets define the advantages and disadvantages for each region when they enter market processes. The quality of life is significantly influenced by the condition of the living and natural environment. The development of environmentally friendly infrastructures enhances the level of comfort of the built environment as well as the protection of the natural environment and thus it contributes to the improvement of the health situation and quality of life of the population, and to the decrease of social and territorial inequalities. In the course of international integration, cross-border cooperation in the field of environmental and nature protection and water management is of great significance as it contributes to the integrated development of the Carpathian Basin, to the prevention of disasters and to the cooperation of different cultures through common civil initiatives.

In order to promote sustainable development, the strengthening of the landscape and landscape-ecological approaches, the protection of landscapes representing the spatial system of natural elements as area-specific assets, and the extension of landscape protection areas are required to a greater extent besides the aspects of biological protection of species and biodiversity. During the operation and development of National Parks, close partnership is needed with the institutions of the region(s) involved.

The special development of area types with specific characteristics requires a particular emphasis in regional and sectoral plans. The various social, economic and environmental conditions, the carrying capacities of the regions as well as their sensitivity to different impacts need to be seriously taken into account in the strategic environmental assessment of plans and programmes. Considering the national implementation of the TA it is necessary:

- To develop the environmental infrastructure, to motivate the population to join public utilities serving the protection of the environment, to develop public transport, to rehabilitate urban areas and to improve the state of the environment, to promote environmentally friendly energy production systems in development poles and regional sub-centres in order to enhance the polycentric urban network. Along development axes which connect development poles, it is important to take into account aspects of air quality, noise and nature protection in the development of the road network and transport.
- In the case of agglomerations around larger towns and in agglomerating regions, to protect and develop the system of green areas which separates settlements and settlement parts and which are important from an ecological point of view; to restrict expansive land

- use, to coordinate transport systems, to decrease harmful effects of transport, to develop environmental infrastructures, to ensure tranquillity of locally protected sites, to make certain that environmental concerns are taken into account in investments and to restrict greenfield investments.
- In order to ascertain the sustainable use of landscapes in rural areas, to establish conditions for agriculture and forestry in harmony with nature protection, to enforce landscape aesthetics and landscape ecology aspects, to promote the planting and maintenance of native species, to improve the natural state of forest areas, to restore and advertise traditional and environmentally friendly forms of agriculture using local resources and adapted to landscape conditions.
  - In the case of farmstead regions, to assess the economic, social and environmental conditions, to develop uniquely built, cost-effective and environmentally advantageous infrastructures based on renewable resources; to disseminate environmentally friendly forms of agriculture that are adapted to landscape conditions and to establish the necessary technical and technological conditions for their use.
  - In the case of regions lagging behind, containing predominantly micro-villages, to establish environmentally friendly production structures, which increase the population retaining capacity and are based on local conditions; to develop uniquely built, environmentally friendly infrastructures and wastewater treatment systems, to prevent further degradation of, and if possible, improve the condition of the environment; to protect the rich architectural, cultural and natural heritage and to utilise them in an appropriate way in the tourism market.
  - In the case of settlements affected by industrial structural change, to favour the utilisation of brownfield areas (cleaning up, rehabilitation) against greenfield investments, to prevent further deterioration of the state of the environment in order to alleviate settlement structure problems; to favour material-, area- and energy-saving, quality-oriented investments.
  - In the case of areas rich in landscape assets and in protected natural sites, to develop environmentally friendly and high-quality tourism based on natural and landscape assets, to develop visitor centres, exhibition sites, study paths, educational centres and forest schools, and to establish Nature Parks. In the case of Natura 2000 sites, the transformation of the economy and infrastructure taking into account nature protection aspects, the high-level protection of ecological core areas and corridors, and the establishment of environmentally friendly production systems.
  - In the case of cross-border regions, to establish cross-border nature and environmental protection, ecological agriculture systems, to use more efficiently the bilateral and multilateral international planning and development cooperation possibilities.
  - The harmful effects of extreme water management conditions (floods, inland waters and

droughts) need to be managed in a sustainable way at the level of regions or river basins: the practice of protection against floods, inland waters and droughts should be substituted by soil and inland water management (especially in areas far from surface waters); and connected to this, water retaining possibilities need to be established in river valleys (also along smaller streams) which reduce flood risk as well.

- In the case of larger regions (Tisza Region, Danube Valley, Danube-Tisza Interfluve) threatened by natural disasters (floods, inland waters, droughts) and in cross-border regions (Szigetköz, Orbánság) endangered from an environmental point of view, to elaborate and implement integrated cross-sectoral development and rehabilitation programmes in order to favour complex landscape and environmental rehabilitation, water- and landscape management, and protection against floods and inland waters.
- In karst regions of particularly high sensitivity, to establish adequate wastewater treatment and waste management systems taking into account water and water base protection aspects and to minimise environmental risks resulting from land use.
- To increase the proportion of households connected to communal waste management in Northern and Southern Great Plain, in the Danube-Tisza Interfluve and in micro-regions of internal peripheries, to establish modern waste management systems and related infrastructure of provision systems.
- To disseminate new, innovative environmental technologies related to waste- and wastewater management in development poles, larger towns and regional sub-centres; to improve wastewater collection and treatment capacities in Northern and Southern Great Plain, in Northern Hungary, in the Danube-Tisza Interfluve and in micro-regions of internal peripheries; to implement programmes for the improvement of water quality mainly in affected settlements of the Great Plain and Southern Transdanubia.
- In the Balaton Region, landscape rehabilitation, treating wounds in the landscape, cleaning-up, restriction of non-environmentally friendly agricultural activities, the establishment of agricultural activities that are based on specific landscape conditions, limitation of environmental load of the sides of Lake Balaton, safeguarding of the ecological balance, protection of reed areas, reduction of erosion, active landscape protection of the Balaton Uplands, environmentally friendly development of the transport network in order to decrease congestion by the lakeside.
- In the Danube Valley, maintenance, protection and improvement of the water environment taking into account sustainable water management and integrated community water policy. Maintaining the connections between the main and sub-branches of the Danube, their ecological rehabilitation (rehabilitation of flood basins and backwaters and protected natural sites). The prevention and elimination of water pollution and water damages, protection of

water quality and drinking water bases by the development of environmental infrastructures (wastewater and waste management systems) and by the elimination of illegal landfills. Protection of the landscape of the Danube Bend and of riversides and flood-free banks along the full length of the Danube Valley.

### 3.3.16 Security policy

Approaching security policy issues in a comprehensive and integrated way is highly needed at the European and national level as well. Three of the dimensions of security policy are addressed in the European spatial policy documents: the security of energy supply, the improvement of urban safety and security measures against natural and technological hazards.

The operation and quality of the system of police, fire service and disaster recovery organisations have a fundamental effect on the socio-economic development and potentials of a region. Strengthening the territorial approach, taking the aspects of the settlement network and accessibility into consideration are necessary for achieving equal opportunities which influences the sense of security and consequently, the experienced quality of life.

The principal tool of security policy is prevention, which requires the introduction of modern danger and hazard assessment systems, the enhancement of safety culture, the modernization and maintenance of forecasting, monitoring and alarm systems. In addition, the formulation of special priorities for crime prevention and investigation are needed in order to create secure environment for all citizens irrespective of where they live.

- Equal security conditions should be ensured throughout the country; therefore, the main services should be available through their local centres.
- Improving the coverage of the ambulance and fire services as well as of disaster recovery is needed in order to provide accessibility of the location within 15-20 minutes after the alarm.
- In “vulnerable” areas, security should be a high priority and it is recommended to develop integrated strategies and to initiate local actions. Crime prevention in backward regions with severe socio-economic problems and above-average levels of crime committed against people has to be implemented in the framework of crime prevention programmes, community development and with the participation of NGOs.
- It has to be ensured that the elements related to the development of security infrastructure should be an integrated part of the national and regional development programmes.
- In areas facing natural hazards, such as floods and droughts, the conditions for the functioning of forecasting, monitoring and alarm systems have to be provided, hazard and risk assessment systems have to be introduced and developed, the protection systems have to be strengthened and the links with the neighbouring counties need to be enhanced.

- The aspects of transport safety should be taken into account in the planning and execution of infrastructure systems, and relevant legislation has to be created. It is an urgent task to improve the different transportation networks in the quality of their security technologies, such as increasing the capacity of the railway signalling system, and improving station infrastructure, or the development of security of navigation on the Danube.
- The main tasks in cross-border regions (besides the interoperability of borders) are the reduction of national and international crime and the intensification of the prevention activities.
- In the case of tourism destinations (Budapest, Balaton), preventive actions especially against crime committed against property should be taken using telecommunication and information systems and by developing the stock of vehicles and staff.
- In the case of the agglomerations of large cities, which can be characterised by the highest rates of crime, the suppression of above-average crime against property and crime committed in public spaces is of great importance
- In areas facing industrial-technological hazards, high-level nuclear and chemical security has to be granted, therefore, local protection plans have to be prepared and implemented, and risk management and prevention systems have to be maintained and developed
- Secure energy provision and the creation of cross-border networks for flood protection are of national interest.

**List of abbreviations**

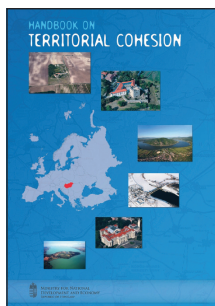
CRS HAS	Centre for Regional Studies of the Hungarian Academy of Sciences
EC	European Community
EDOP	Economic Development Operational Programme
EEA	European Economic Area
ESDP	European Spatial Development Perspectives
ESPON	European Spatial Planning Observation Network
EUKN	European Urban Knowledge Network
HCSO	Hungarian Central Statistical Office
ICT	Information and Communication Technology
KTI	Institute for Transport Sciences
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale (links between actions for the development of the rural economy)
MNDE	Ministry for National Development and Economy
NHDP	New Hungarian Development Plan
NSDC	National Spatial Development Concept
NSRF	National Strategic Reference Framework
NUTS	Nomenclature of Territorial Units for Statistics
R+D+I	Research and Development and Innovation
ROP	Regional Operational Programme
SME	Small and Medium-sized Enterprises
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Territorial Agenda of the European Union
TEN-T	Trans-European Transport Network
TIA	Territorial Impact Assessment
TSP	The Territorial State and Perspectives of the European Union
URBACT	Urban Actions
VÁTI	Hungarian Public Nonprofit Limited Liability Company for Regional Development and Town Planning



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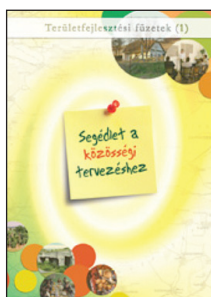
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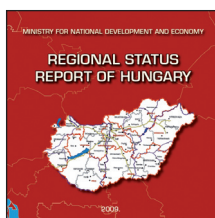
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The Territorial Agenda of the European Union was adopted in 2007 by the Ministers of the Member States responsible for spatial planning and development. This policy framework document can be regarded as an important step towards European-level spatial development and integrated spatial planning. The inclusion of territorial cohesion among the main community objectives by the Lisbon Treaty made it possible for European-level spatial policy to further evolve through the common formulation and implementation of territorial aspects. This can promote as well as provide an appropriate framework for our work in the European context, which is increasingly important for the development of Hungary, its regions and cities, for dealing with cross-border relations of the spatial structure and even with the potential synergies and risks from the perspective of a common European dimension, along the lines of shared priorities as well as by means of cooperation. This handbook, serving the national implementation of the objectives of the Territorial Agenda in Hungary, aims to promote the above mentioned approach. At the same time, the national implementation of the TA represents also an important obligation, since the TA is a politically legitimate document that defines territorial challenges across Europe, as well as territorial priorities and tasks for the development of the European Union.

The Territorial Agenda is not dealing solely with spatial development and neither is written exclusively for spatial development experts because the realisation of territorial cohesion, which is the fundamental concept of the document, requires the involvement of a wider range of actors. Therefore, this volume addresses experts and decision-makers of different sectoral policies and at different territorial levels, and all actors who can directly or indirectly contribute to the shaping of national spatial processes, and to the inducement of territorially more balanced and efficient development.