

MINISTRY FOR NATIONAL DEVELOPMENT AND ECONOMY

REGIONAL STATUS REPORT OF HUNGARY



2008

PREFACE

In the framework of New Hungary Development Plan the European Union and domestic funds provide unprecedented possibilities for the development of the country as a whole and of its individual regions. In order to ensure the most efficient utilization of these resources the development targets should be determined in view of the regional peculiarities.

The publication titled "Regional Status Report of Hungary" is intended to contribute to this with its regional studies and evaluations carried out following professional aspects. The purpose of the report is to give comprehensive information about the territorial, economic, social, environmental and infrastructural condition of Hungary. Besides giving information, the publication offers useful guidelines based on its findings and conclusions for the efficient implementation of the Operative Programmes of the New Hungary Development Plan.



I recommend this material first of all to planners in sectoral and territorial development and expert organisations involved in regional development. This publication also provides valuable information to researchers and to those interested in the subject of regional development.

Gordon Bajnai
Minister of National Development and Economy

INTRODUCTION

The "Regional Status Report of Hungary" is an annually issued professional publication on regional development, which provides factual information about the development of Hungary's territorial structure, and gives an analysis of the current territorial situation of the country.

With this publication, we wish to give our respected readers professional material that analyses the aims and achievements of the regional development policy in an annual comparison. The data source of the "Regional Status Report of Hungary" is the National Regional Development and Spatial Planning Information System (TelR); its methodological foundations are from the Regional Development Monitoring and Assessment System (T-MER), which supports regional development political goals as a monitoring, analytical and evaluating model.

The report describes the regional changes in line with the objectives of the National Regional Development Concept (OTK). Namely

- regional competitiveness,
- regional convergence,
- sustainable regional development and heritage protection,
- territorial integration in Europe,
- decentralisation and regionalism.

The presentation of these aspects relies on single-year data from 2006, and thus gives a snapshot of the condition of the country. During the preparation of the study, special efforts were made to disclose this rather dry professional information to the reader in a most enjoyably readable form possible.

The detailed material of the "Regional Status Report of Hungary" is fully available at the www.nfgm.gov.hu homepage, on the sub-page of the State Secretariat for Regional Development, as well as on the webpage www.terport.hu operated by VÁTI.



Dr. Péter Szaló

State Secretary for Regional Development

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INSTITUTIONAL SYSTEM

The transformation process after the change of regime raised new requirements towards spatial development. The main components of these are the following: to create new institutional system, to decentralise the decision making mechanism, to co-ordinate the resources.

Hungary's accession to the EU made it necessary to modernise the Hungarian way of spatial development practice and the emergence of the European territorial policy. This is the outcome of a longer procedure in which the legislation of the Act XXI of 1996 about regional development and spatial planning bears the utmost importance, which provides - among others - for the establishment of the institutional system of regional development.

Having come into force the four-level – national, regional, county, microregional – institutional system of regional development was established.

The regional development has belonged to different Ministries in recent years but now it rose to its proper place, to the Ministry of National Development and Economy which integrates and manages development issues together.

The minister responsible for spatial development manages both the harmonising process of the activities of the organisations in the public adminis-

tration sector on the field of regional development and the institutions of regional development. He is ensuring that the different kinds of territorial plans will be worked out, organises the tasks in connection with their accomplishment and guarantees together with the ministers concerned the financial funds essential for realizing these goals. The minister is coordinating in cooperation with other ministers concerned the appropriate use of the support funds of the regional development, assist to the decentralization of these funds, to the realization of the funds-coordination and program-financing.

On national level the activity of the National Regional Development Council (RDC) is the most important after the Government¹ and the Ministries' functions to implement regional development tasks. In addition to the involved Ministries the regional and county levels, as well as professional representative bodies also have tasks. The Council is participating in the creation of the regional development policy, and in its implementation on the fields of policy making, recommendation, consideration and coordination.

The National Development Agency (NDA) is an institute on national level. The NDA is dealing with the development planning on national level according to the EU programming periods as well as with the supervision, monitoring and evaluation of the realization of the programs. The activity of the Agency is outstanding in the interest of social and

economic development of Hungary. The relationship between spatial development and the NDA is determining in the fields of planning and evaluating due to the fact that the spatial development planning defines the territorial framework of the national development planning.

The act made it possible to establish development councils on regional level to answer the problems extending over the county borders. Based on the National Regional Development Concept seven statistical-planning regions were formed. According to the amendment of the act (1999) the Regional Development Councils and their agencies were established in each statistical-planning region. The coordination and implementation of regional level development tasks is the responsibility of the regional development council. The long term aim is that the regions - as part of the public administration reform - have their independent local governments with precisely defined function, and own funds for financing.

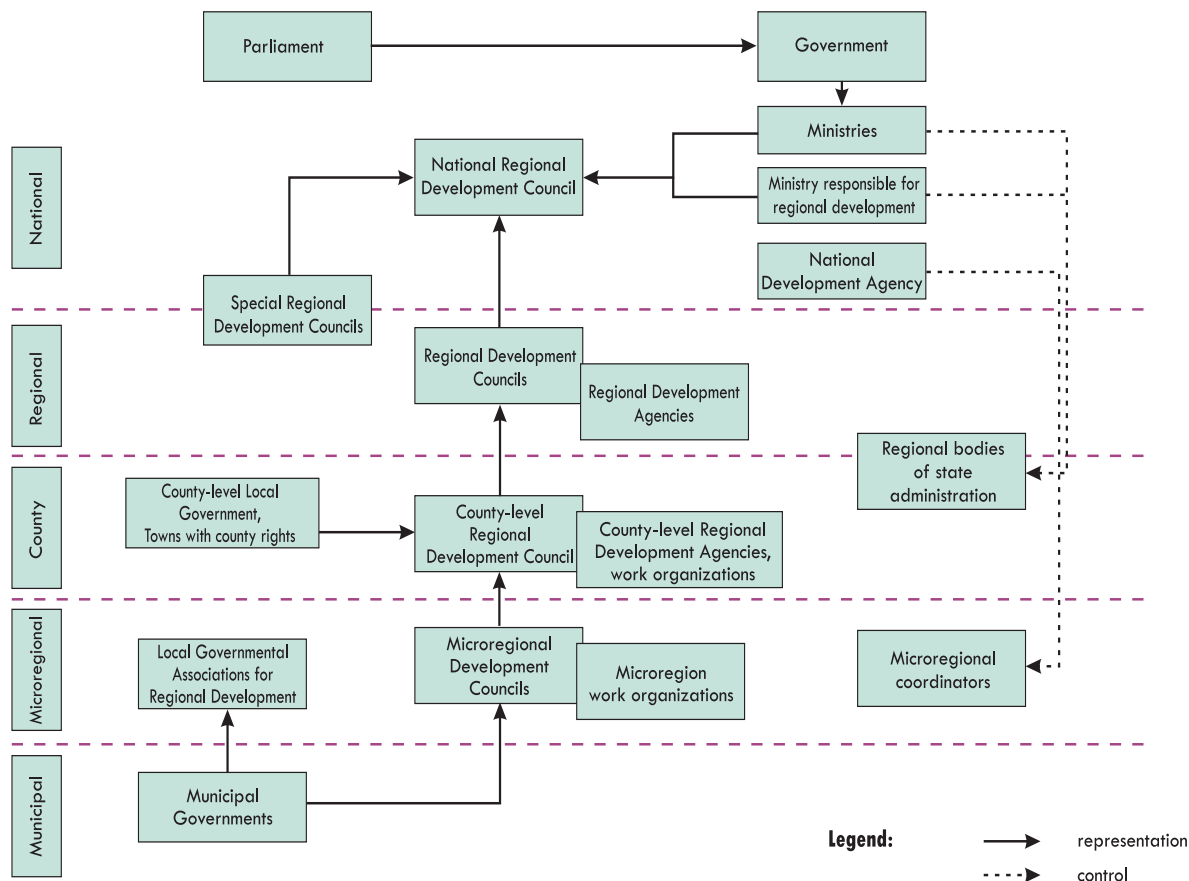
The act makes the cooperation of the regions possible - in order to manage tasks extending over the county and region borders. The institutional

framework of this cooperation is the Territorial Development Council (TDC). The Development Council of Lake Balaton was established by the act as a SDC to coordinate the tasks in connection with the lake's soaring holiday-districts as well as the Development Council of Budapest Agglomeration to manage the surfacing problems in connection with the agglomeration-planning matters in line with the development of the capital.

On county level of regional development the coordination of tasks is the responsibility of the county development councils (CDC). The CDC's responsibility is to define the long term development concept and strategy of the county which is the base of the formulation of the binding spatial physical planning.

The amendment in 2004 of the Act on regional development made possible the establishment of micro regional development councils. These organizations are responsible - among others - for the coordination of regional development tasks in microregions, for the formulation of microregional development concept and program.

THE INSTITUTIONAL SYSTEM OF REGIONAL DEVELOPMENT



OVERALL LONG TERM OBJECTIVES OF THE NATIONAL SPATIAL DEVELOPMENT CONCEPT

REGIONAL INTEGRATION INTO EUROPE

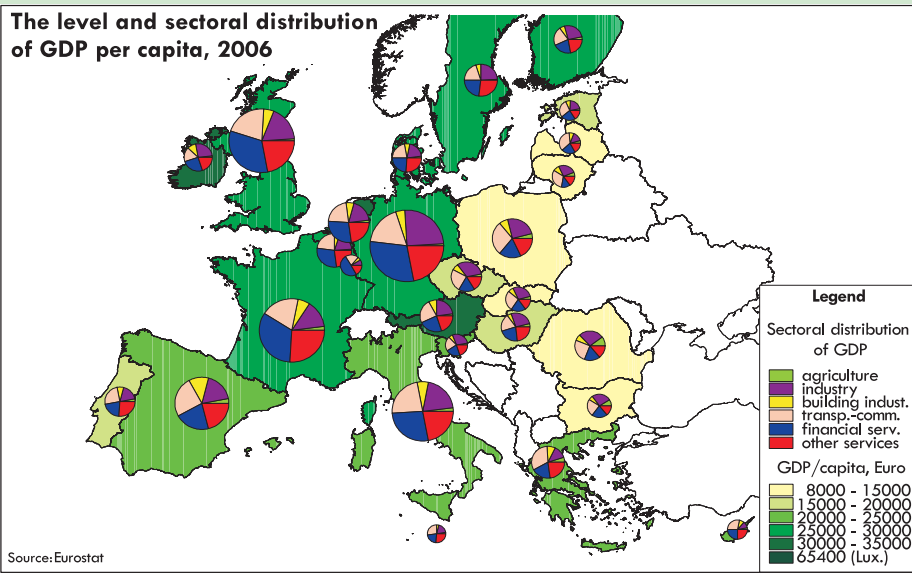
In 2006, the *population* of Hungary was 10 066 158, representing 2% of the total population of the EU-27 members. While the population of the European Union has grown by a natural increase, in Hungary the natural loss was above 30 thousand people, which considering its proportions (-3.2‰) is the highest in the EU following the rates of decrease in Bulgaria and Romania. International migration positively influences the population number; it increased the total population of the EU-27 by about 1.57 million people in 2006. The international migration balance of Hungary is positive, that is 21 300 persons in 2006. The majority of immigrants arrived from the neighbouring countries (Romania, Ukraine, Serbia), contributing also to the increase of the total population of the EU.

Considering life expectancy at birth, there are still big differences between the more and the less developed countries of the European Union. In the former category, the average life expectancy of men is 75-78, of women 81-84 years, while in

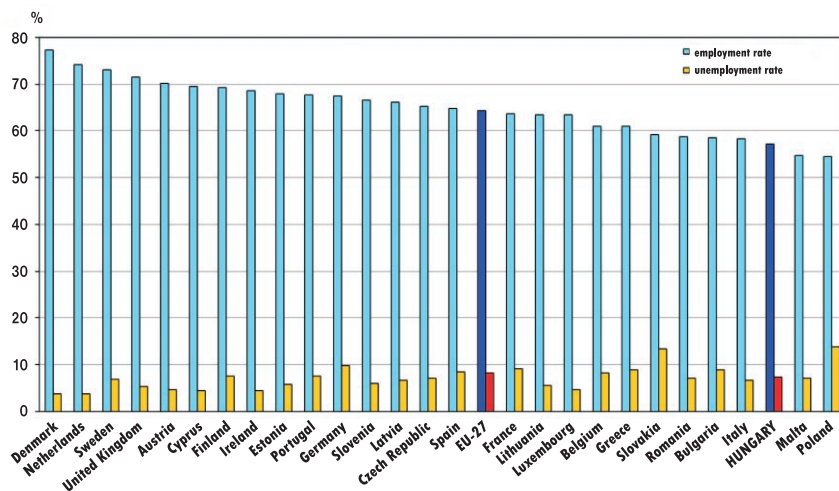
Hungary these values were 69.2 and 77.8 years respectively in 2006. In the same year, the unemployment rate among the population aged between 15-74 in Hungary was 7.5%, 0.7 percentage points lower than the average of EU-27.

Regarding the basic *economic* indicators, there are significant territorial disparities in the gross domestic product among the member countries. Concerning the per capita GDP, Hungary is lagging behind in the country ranking (€ 15 300/person PPS); in 2006 only Slovakia, Latvia, Poland, Lithuania, Romania and Bulgaria were further behind. The level of economic development in Hungary, defined in proportion to the average GDP/capita in the EU-27 (€ 22 400) was 65%. The country's position is simi-

The level and sectoral distribution of GDP per capita, 2006



Employment and unemployment rates in the EU-27 countries, 2006



Among our *environmental indicators*, the situation with air pollution is one of the best in Hungary among the member countries. The total emission of greenhouse gases was 65% of the value in 1990, while the average of EU-27 countries is 92.1%. Only the Baltic States and Romania had achieved better values.

The ratio of the population connected to sewage water treatment systems (36%) is hardly one-third of the ratios in the Netherlands or Germany. The volume of municipal solid waste per capita in

our country is about 10% behind the average of the EU-27. On the other hand, the volume of municipal waste to be deposited is 1.5 times larger than the average of the EU-27, since the level of waste recycling and reprocessing is remarkably low in Hungary.

Concerning the employment rate in the 15-64 age group, Hungary is even more backward. Hungary's value of 57.3% is the most unfavourable after Poland and Malta among the EU-27 members, which is 12-20% lower compared to the most developed EU countries.

In the field of research and development, Hungary's falling back is a tendency increasingly pronounced. During the past decade, Hungary has regularly spent on this sector a proportion of her GDP that is only half of the EU average. The highest ratio was attained in 2006, when the country spent 1% of her GDP on research and development.

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Hungary performed well in the protection of biodiversity in 2006. The proportion of protected areas calculated according to the habitat protection directive (92/43/EC) is 15% in our country, which was above the average of the EU-27 and of the majority of the member states. As to the use of renewable energy resources, Hungary meets the values specified by the regulations (2001/77/EK; 2002/91/EC): 4.6% of the total electricity was produced from renewable resources, this is however only one-third of the average of the EU-27.

The volume of continental (public road, railway, river shipping) freight transportation increased by an average of 4.7% during one year in 2006 in the 27 member states of the EU, while in Hungary the increase was 16.1%.

The Hungarian regions in the European Union space

Considering almost all economic indicators, the Central Hungary and Western Transdanubia regions showed the best results, although their performance is still below the average. The gross domestic product per capita is slightly above the European Union average in the Central Hungary region, while the other Hungarian regions have a GDP per capita that is between 50-60% of the EU average.

In respect of the employment rate, there were more significant differences among the Hungarian regions. In the best performing Western Transdanubia and Central Hungary regions 62.7-62.8% of the 15-64 age group was employed, while the average of in EU-27 countries was 64.3%. With these values, these two more developed areas are in the mid-range of the regional ranking, while the two regions with the lowest employment levels in Hungary - the Northern Great Plain and Northern Hungary - are among the ten weakest regions in terms of employment.

The unemployment rate was below the EU average in four regions: in Central Hungary (5.1%), in Western Transdanubia, Central Transdanubia and in the Southern Great Plain. With this ratio the Central Hungary region is positioned within the top one-third of the EU-27 NUTS2

ranking, the other three regions were middle-ranked in 2006. Nevertheless, Northern Hungary and the Northern Great Plain can be found only in the lower fifth segment of the order of the EU-27 regions.

The Hungarian regions were also significantly lagging behind in terms of internet access. While in case of the EU-27 countries, 48% of the households were connected to the World Wide Web, this ratio in the Central Hungary region is not even two-thirds of this, while that of Northern Hungary, being the last among the regions was less than one third of the EU-27 average. However, the ratio in the most of the Hungarian regions only slightly exceeded one-third of the EU average.

Among the environmental indicators, the emission of greenhouse gases is very important in international comparison. The EU-25 average was 10.73 tons per capita; this was surpassed only by the emission in the Central Hungary region, yet that was nearly 1.5 times higher. The two regions with the lowest emission values, the Southern Great Plain and the Northern Great Plain had not reached 10% of the average. Concerning the proportion of protected areas, only the Northern Hungary region had greater share than the EU average, namely 14.4%. This indicator had the worst values in the Southern Great Plain and in Southern Transdanubia, where it was less than half of the EU average in 2006. In the same year an average of 525 kg/inhabitant solid municipal waste was disposed of in the 27 member countries of the European Union, while in Hungary, only the Central Transdanubia region had a higher value, namely 612 kg/person. The smallest amount of waste disposal was in the Southern Great Plain, 72% of the EU average.

THE DEVELOPMENT OF REGIONAL COMPETITIVENESS

Besides the economic competitiveness of companies, the concept of regional competitiveness includes also the physical, environmental and human conditions of the given region. Consequently, besides the economic factors, the territorial differences in education levels and accessibility are also important aspects for investigation.

Economic factors

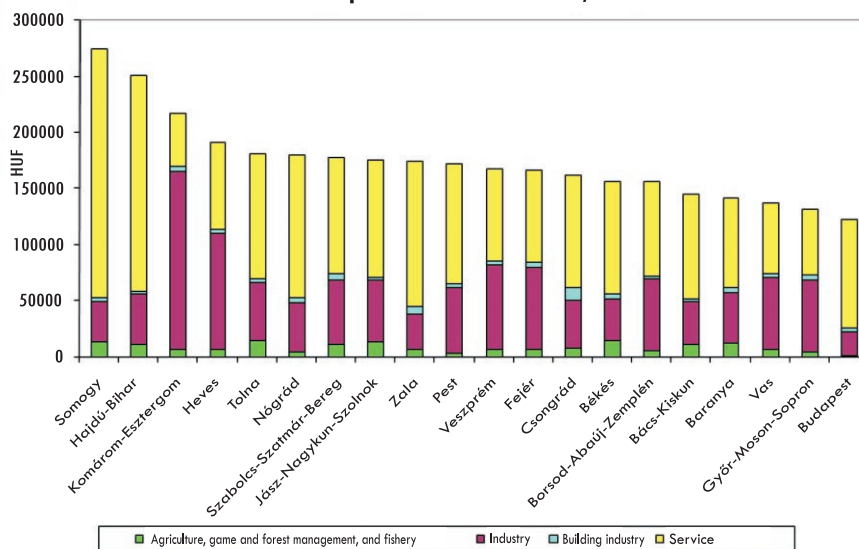
The *ratio of investments per GDP* is a good indicator of the dynamics of a national economy. In 2006, 15% of the GDP was spent on investments in Hungary. The investment ratio was the highest in Somogy (27%) and Hajdú-Bihar counties (25%), while it was below the national average in Vas and Győr-Moson-Sopron counties (13%) and in the capital (12%).

The number of *economic ventures* per 1000 people, an indicator of entrepreneurial activity, was the greatest in the capital (122 pcs), and in the microregion of Budaörs (102 pcs), while in the eastern and southern parts of

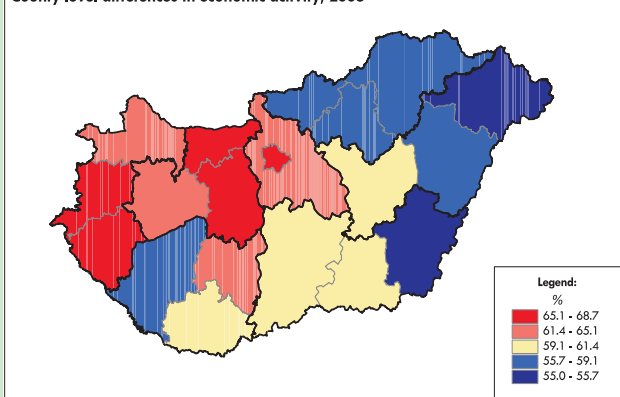
the country this number was very low, only a tenth of these.

The economic activity of the population is a factor significantly influencing the development levels of countries. There are significant reserves in economic activity in Hungary, the national average of which was 62% in 2006. The west-east differentiation can perhaps be most markedly seen in this regard. The counties of Zala and Vas are characterized by the highest activity ratio (69 and 65%), but it is also above the average in Fejér, Győr-Moson-Sopron and Komárom-Esztergom counties. However, in Tiszántúl (the area east of River Tisza), Northern Hungary and Southern Transdanubia almost

Distribution of investments among the national economic sectors per HUF 1 million of GDP, 2006



County level differences in economic activity, 2006



every second person of active age can be regarded inactive.

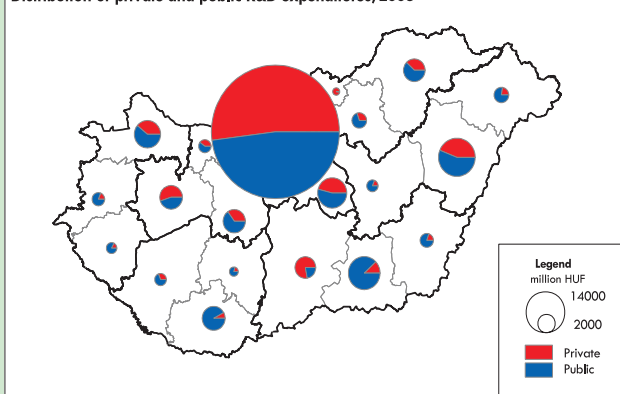
The *research and development expenditures*, which form an important basis of development, show great territorial concentration. Like all over the world, in Hungary, too, R&D activities are concentrated in the

greater urban agglomerations, and in the universities. In Hungary – as it is shown especially in corporate investments – the weight of Budapest is extremely big compared to other regions: in 2006 its share was 66%. While state funds stay dominant (55%), the share of private R&D expenditures had been increasing. In 2006, more than half of the R&D investments were made by the private sector in Budapest, and Veszprém and Bács-Kiskun counties.

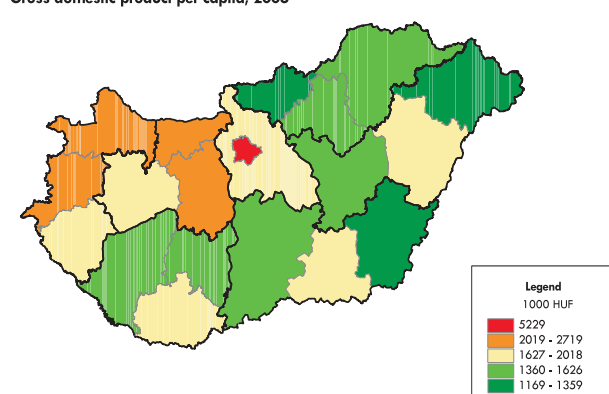
Economic performance

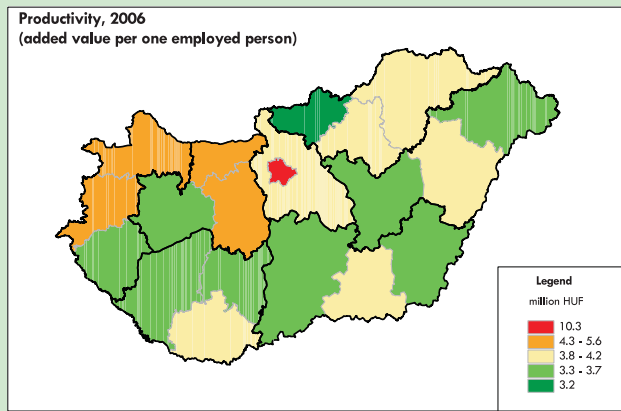
In Hungary, *GDP per capita* was HUF 2.36 million in 2006, and Budapest exceeded this national average by 220%. Besides the outstanding position of Budapest, the GDP per capita values of the counties of Komárom-Esztergom and Győr-Moson-Sopron surpassed somewhat the national average, while the GDP per capita in the rest of the counties were below that. The differences

Distribution of private and public R&D expenditures, 2006



Gross domestic product per capita, 2006





between the western and eastern parts of Hungary, and between the northern and southern parts of Transdanubia are striking. The top four counties are from Transdanubia, while the most under-developed ones can be found in Northern Hungary and in the Great Plain.

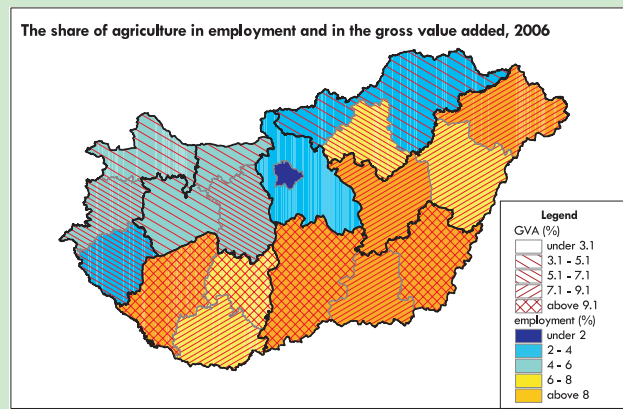
The *gross value added per person employed* (apparent labour productivity) is one of the most important indicator of productivity, which surpassed the double of the national average in Budapest (HUF 10.3 million). Its value in the county of Győr-Ménfőcsanak is slightly higher than the average, but in the rest of the counties it is lower. What is more, in the counties of Békés, Szabolcs-Szatmár-Bereg and Nógrád this indicator had not even reached two-thirds of the national average. According to the sectoral *distribution of the gross added value*, the structure of the Hungarian economy is dominated by the tertiary sector.

In 2006, the share of agriculture was 4.1% in the total value production, the industry and building industries together contributed with 30%, while the service sector

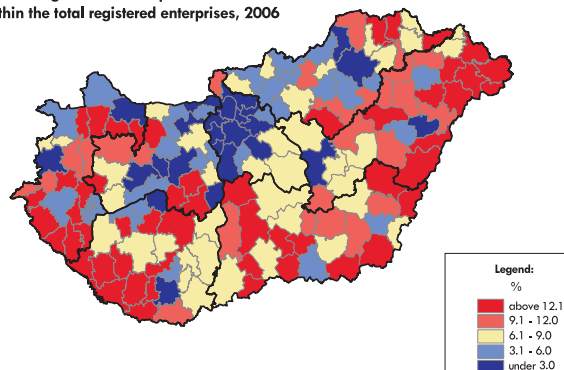
produced 66%. The growth industries which dominate the entire economic output (oil processing, electric equipment and instruments production; vehicle manufacturing; financial intermediation services; real estate business and economic services) represented nearly one-third of value production. The country is markedly divided into two according to the weight of these key branches within production: Győr-Ménfőcsanak, Komárom-Esztergom and Vas counties with their modern processing industries and the capital city are outstanding.

Agriculture

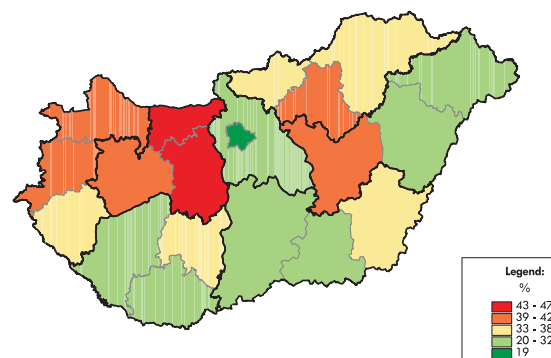
In 2006, agriculture had a 4.1% share in the production of the gross added value in Hungary, only the counties of Békés, Bács-Kiskun, Tolna and Somogy had ratios above 10%. Merely 4.8% of the employed population was working in this sector. The highest employment ratios were to be found typically in the



Share of agricultural enterprises
within the total registered enterprises, 2006



Share of industrial employment, 2006



backward regions: in the Southern Great Plain and in Southern Transdanubia.

The distribution of enterprises across microregions illustrates well the territorial differentiation of the role agriculture plays in the economy. The number of agricultural businesses shows a strong association with peripheral location, and with relative backwardness. Their highest proportions can be found in the microregions in the Great Plain and in Southern Transdanubia.

Industry

Industrial production is still the key sector of the national economy: it generates 25% of the GDP. In 2006, two-thirds of the industrial gross added value was produced by the Central Hungary, and by the Western and Central Transdanubia regions. Employees in the industrial sector make up 32% of

the total employed population of the country. Their proportion is the highest in the county of Komárom-Esztergom (47%), while it is the lowest in Budapest.

The real value of industrial investments decreased by 8.8% between 2005-2006 mainly in the Central and Western Transdanubia regions, and to a smaller extent in the Northern Hungary and in the Northern Great Plain regions. More significant industrial development was only recorded in Budapest.

An important element of industrial activity which influences the environmental dimensions of regional competitiveness is the emission of air polluting materials, which is still the highest in the cities along the former industrial axis (Ajka-Várpalota-Visonta-Miskolc). Besides, more than three quarters of the Hungarian net emission of greenhouse gases (74 million tons) can be attributed to the energy sector, that is to the thermal power stations located mostly in the same area.

Building industry

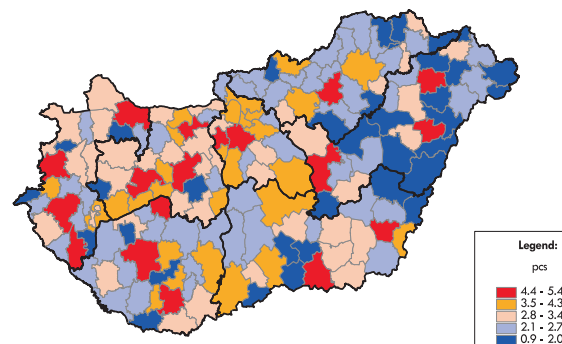
The spatial distribution of the building industry, which can be regarded a dynamic sector in the past years, shows a mosaic picture; it has a greater share in the GDP in the less developed regions, but there are small differences between the counties. In the field of investments, however, there is a greater variation: 44% of the building industrial investments were carried out in the Central Hungary region in 2006. The extent of investments was significantly influenced by motorway constructions, partly owing to which the weight of the counties of Baranya, Borsod-Abaúj-Zemplén and Hajdú-Bihar was outstanding besides Pest County.

Services

The tertiary sector plays an increasing role both in employment and in value production. 63% of the employees worked in the tertiary sector; producing 66% of the GDP. However, there are considerable territorial differences here, too: while in the capital 81% of the GDP is generated by the tertiary sector; in the most industrialized counties (Győr-Moson-Sopron, Fejér, Komárom-Esztergom) the share of services does not amount to 50% of the GDP. Within employment, nevertheless, the territorial disparities are smaller. At least half of the employees work in the tertiary sector everywhere except for the county of Komárom-Esztergom.

The dominance of Budapest is striking in the commercial sector; especially in wholesale trade and vehi-

Number of registered enterprises per 1000 inhabitants
in the national economic sector of financial intermediation, 2006

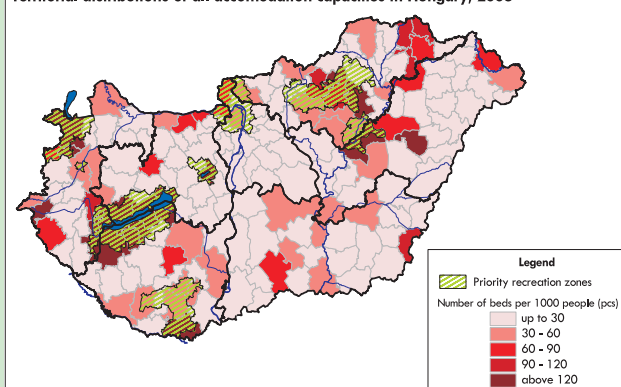


cle distribution. The Central Hungary region stands out in terms of employment and gross added value (44% and 58% respectively), while the differences between the rest of the regions are insignificant. The financial services are spatially concentrated, they are focused mainly in the capital and in the major cities. Budapest generated two-thirds of the GDP produced by financial services. The territorial distribution of enterprises also shows the dominance of regions around bigger urban centres.

Tourism

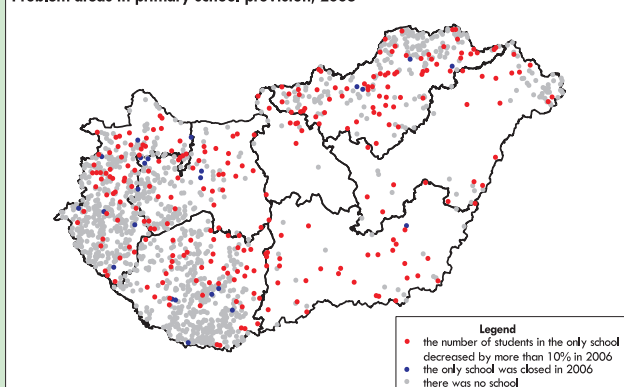
The territorial structure of this sector is determined by its specialization, its source of attraction. Concerning the number of visitors, the microregions with thermal baths and those around Lake Balaton, as well as the regions of Sopron, Eger and Gárdony are topping the list.

Territorial distributions of all accommodation capacities in Hungary, 2006



42% of the total tourist traffic in Hungary is concentrated in Budapest and in the region of Balaton. The distribution of the accommodation capacity per 1000 people corresponds to this. Lake Balaton and the priority recreation zones are the regions best equipped with accommodation.

Problem areas in primary school provision, 2006

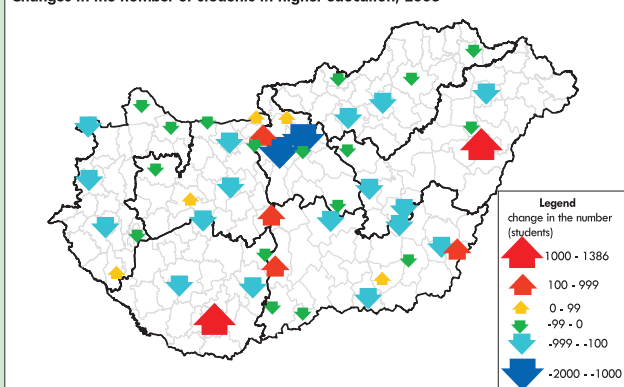


Education

A fundamental condition for economic competitiveness is an adequately qualified labour force, which is ensured by a high-quality and accessible education system. However, due to demographic processes, the decrease in the number of students has been continuous, which in turn resulted in a further reduction of the number of schools. By the end of 2006, the country had already 1104 settlements without a **primary school**, and 1766 places, where there was only one such institution.

The reduction in the number of schools is especially a great problem in areas characterized by particularly small villages in Southern and Western Transdanubia, and in Northern Hungary. The total number of students enrolled in **secondary education**, i.e. the combined number of students in vocational secondary schools and grammar schools, had

Changes in the number of students in higher education, 2006



increased to 443 thousand, while the number of participants in vocational training had been continuously decreasing, to 129 thousand by 2006.

In 2006, 414 thousand people participated in *tertiary education*, within this 216 thousand were full-time students. Higher education is still very much concentrated in the capital, 44% of the students studied in Budapest in 2006.

Transport, infocommunication technology and the energy sector

At every spatial level, accessibility is a development factor of strategic importance. The *clearway network* was extended by 172 km in 2006: eight new motorway sections were opened mainly along the M3-M35, and M6, M7 motorways. By the end of the year, the clearway network of the country had expanded already to 914 km. Developments could be felt also in

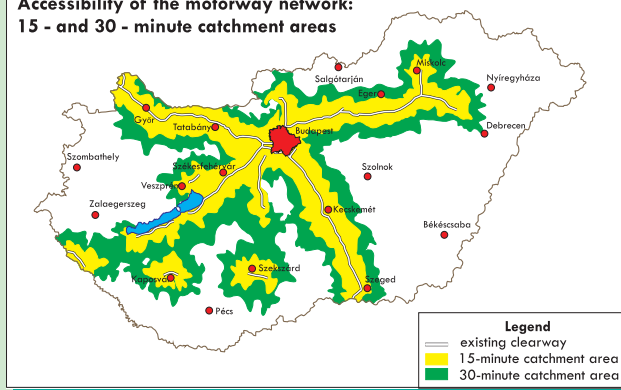
the improvement of regional accessibility. The extension of the M3-M35 motorways significantly improved the accessibility of the eastern and north-eastern regions of Hungary from the capital.

On the other hand, the development of the main road system was neglected; road construction was carried out only along 51 km's length of the network of primary and secondary main roads, and three quarter of these works meant in fact the surface reinforcement of motorway no. 2. Due to the insufficient level of *improvement in the minor public road systems*, and to the lack of bypass roads, there was not anywhere any significant improvement in the country in terms of the accessibility of county and microregional centres.

The length of the *railway system* practically did not change in 2006. Nonetheless, the modernisation of the railway lines and the related infrastructural facilities had already started in the framework of the National Development Plan. The reconstructions have been undertaken at several locations since 2001 and will continue to 2015 in order to increase speed and improve safety on the Budapest – Hegyeshalom, Budapest – Cegléd – Lőkösháza, and on the Bóba – Bajánsenye main railway lines (work was on-going on these lines also in 2006). The electrification and modernisation of the Ács-Győrszentiván railway line section was completed in 2006.

Concerning the issue of *water transport*, the main task remains to ensure navigation on the Danube by ships with a 2.5 m draught, which condition the Hungarian course of the river does not meet at present. Only 1% of the 7.3 million tons of

Accessibility of the motorway network:
15 - and 30 - minute catchment areas

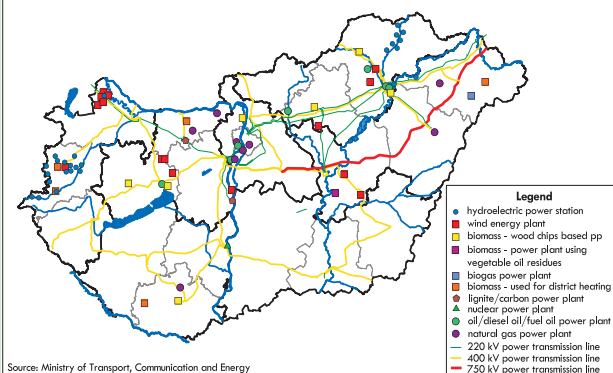


inland waterway cargo traffic derived from domestic transport in 2006, 39% came from export, 15% from import, and 45% from transit traffic.

Air transport is going through significant development. In 2006, there were already six international airports operating in the country. In total, over 100 thousand passengers passed through the more significant countryside airports (Sármellék, Debrecen, Győr-Pér), while the traffic of the dominant Ferihegy Airport in Budapest was 8.4 million passengers.

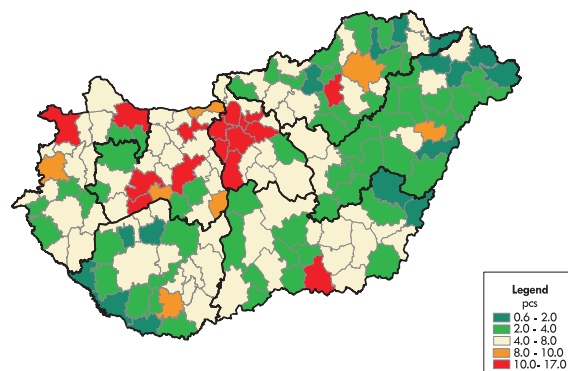
An important feature of a knowledge-based and competitive society is a high level of information flow. A good indicator of this is **access to Internet**, which is much better around the major cities. There are considerable differences in Internet access per 100 inhabitants: while in Budapest, every sixth inhabitant had access in 2006, in the microregions of Baktalórántháza, Fehérgyarmat and Bodroghöz, only every 100-140 resident had an Internet subscription.

The location of operating power stations in the spatial structure of Hungary, 2006



Source: Ministry of Transport, Communication and Energy

Number of internet subscriptions per 100 inhabitants, 2006



The dependence of the Hungarian economy on **energy import** is still very high, which is further increased by the spread of hydrocarbon-fuelled power stations. In 2006, a combined cycle power plant (CPP) was under construction in Nyíregyháza, which will be soon completed and can be regarded as one of the most up-to-date power stations even in a global comparison. The spread of wind-power stations is a significant feature of the sector: in total, 10 wind towers were put into operation in Mezötúr, Felsőzsolca, Törökszentmiklós, Mosonmagyaróvár and Csetény, with a total capacity of about 18.8 MW in 2006.

REGIONAL CONVERGENCE

Spatial disparities in socio-economic development can manifest in the demographic situation and living conditions of the population, and in the provision of social services and public utility infrastructures.

Demography

At the end of 2006, the *population* of Hungary was 10 066 158, this was 10 423 people less than a year before. The decrease was the most significant in the Northern Hungary region, where it was by 0.8%. Central Hungary was the only region where the population had grown (by 17 thousand) compared to the previous year.

The major reason behind this change is *natural decrease*, which was 3.2‰ nationally. The natural growth was the highest in the metropolitan agglomera-

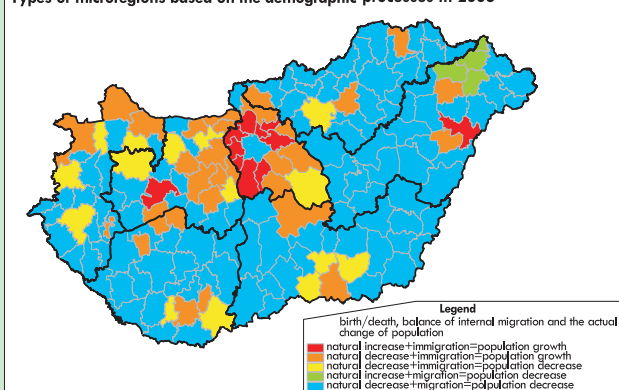
tion of the capital, while natural decrease was the greatest in the microregions containing particularly small-sized ("tiny") villages (Letenye, Szob, Óriszentpéter).

The loss of 32 thousand people due to the natural decrease was partly compensated for by the 21 thousand international *immigrants*. Considering internal migration, the microregion of Veresegyház was the one to gain the most due to the tendency of people moving out from the capital city. The microregions in Northern Hungary and Northern Great Plain were affected by out-migration most severely; the biggest loss was recorded in Bodrogek (1.7%). The surroundings of the capital city remained the region benefiting the most from the internal migration processes.

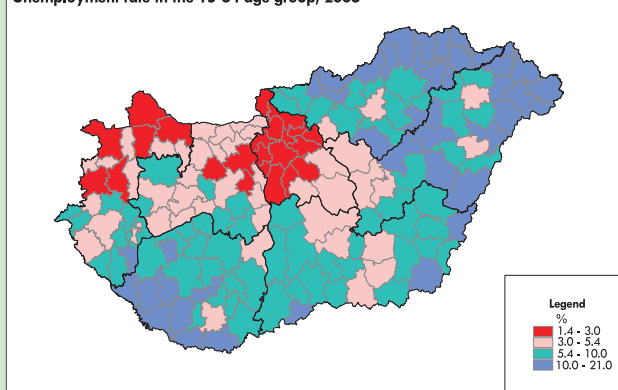
Living conditions

In 2006, the *unemployment rate* was 5.4% on the national level among the population aged between 15-64.

Types of microregions based on the demographic processes in 2006



Unemployment rate in the 15-64 age group, 2006



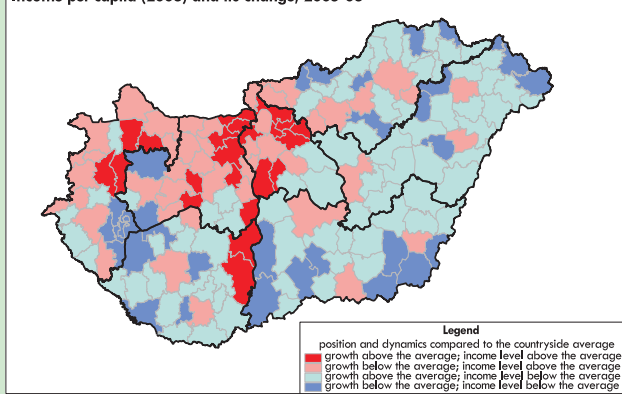
The region most seriously hit by unemployment is still the Northern Hungary region; the rate here was 20% in Hegyköz, Bodrogek and in the microregion of Encs. North of Lake Balaton and in the more extended agglomeration of the capital the unemployment rate was much below the national average [2-2.5%].

On a national scale, the *income per inhabitant* after adjusting for inflation increased by 5.5%. The biggest growth was in the Northern Great Plain region; on the other hand, the income growth stayed below the national average in the Central Hungary and Western Transdanubia regions. In 2006, on the microregional scale, the lowest nominal income level was found in the microregions in Bodrogek, the highest in the microregion of Budaörs; and the value of the former was merely 29% of the latter.

The expansion of the *housing stock* is closely related to the population retaining abilities of the regions. In 2006, 33.8 thousand homes were built in the country. Following Budapest (8239 pcs), the next highest number of homes were built in the microregions of Ráckeve and Szeged (about 1000 pcs in each), while the fewest new homes (7 pcs) were built in the microregion of Mezökovácsháza. At the end of 2006, 95% of the homes were connected to the water conduit system. The *potable water pipe network* was almost complete on the level of settlements; the only village in 2006 without drinking water pipes was Pusztafalu in the county of Borsod-Abaúj-Zemplén.

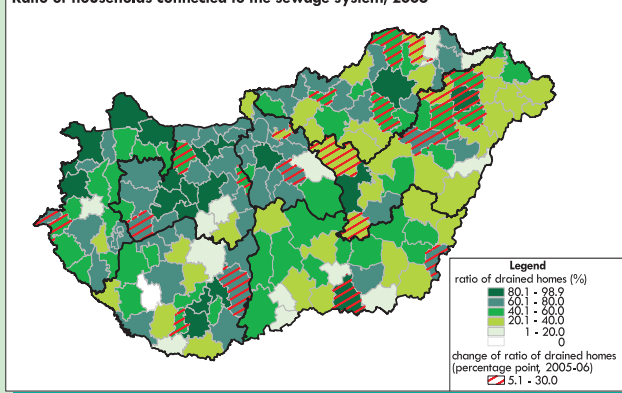
The percentage of homes connected to the sewage system was 68% in 2006. Considering the connectedness to the *sewage system*, the microregions located

Income per capita (2006) and its change, 2005-06



along the formerly developed Northern Transdanubian industrial axis, the ones around Lake Balaton, and the microregions containing county seats have the most favourable position, where the coverage is more than 80%. Only the microregion of Kadarkút was without a sewage system, but there were 7 other microregions

Ratio of households connected to the sewage system, 2006



in the country where connectedness to the system was less than 10%. The total length of the sewage system built in Hungary in 2006 was 1446 km, including developments in 78 settlements mainly in the counties of Borsod-Abaúj-Zemplén, Nógrád and Vas.

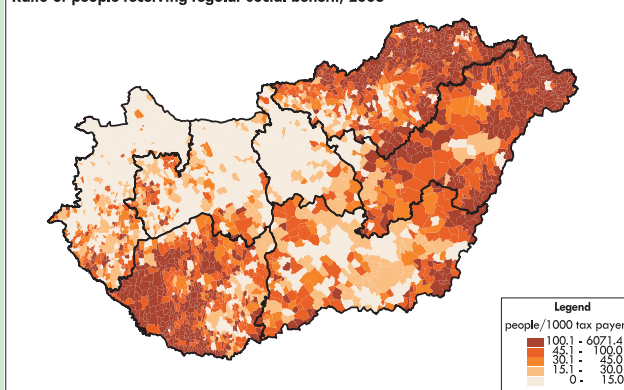
69% of the housing stock was connected to a *gas supply network*. The ratio of homes connected to the gas pipeline system is the highest in some Southern and Central Transdanubia microregions (Fonyód, Balatonföldvár, Gárdony, Székesfehérvár, Dunaújváros), where nearly 100% of the homes are linked up. The lowest provision levels are in a few microregions in the county of Baranya (Sellye, Szigetvár, Sásd, Szentlőrinc, Komló and Siklós).

Social services

In the field of *basic healthcare services*, the number of general practitioners and family paediatricians had slightly decreased, but two-thirds of this reduction occurred in the Northern Hungary region which already had serious social problems. The number of patients per one doctor was the highest in the Northern Hungary and Northern Great Plain regions in 2006, but the proportions were hardly better in those microregions in Central Transdanubia and Central Hungary that are the main target areas of immigration. While on the national level, there was one general practitioner or family paediatrician for every 1560 inhabitants, this ratio was worse than 1:2000 in some microregions (Baktalórántháza, Ózd, Dunakeszi, Veresegyház, Gödöllő).

The annual average of those receiving *regular social benefit* from the local government was 159

Ratio of people receiving regular social benefit, 2006



thousand in 2006. 2.6% of the population aged 18-59 was granted regular social support in Hungary. This was 0.5% in the Central Hungary region, and 6.1% in the Northern Hungary region. In four microregions situated in the county of Borsod-Abaúj-Zemplén (Edelény, Szikszó, Encs, Abaúj-Hegyköz), the absolute number of the supported population was 28% higher (7382) than in the Western Transdanubia region with one million inhabitants (where it was only 5731 people).

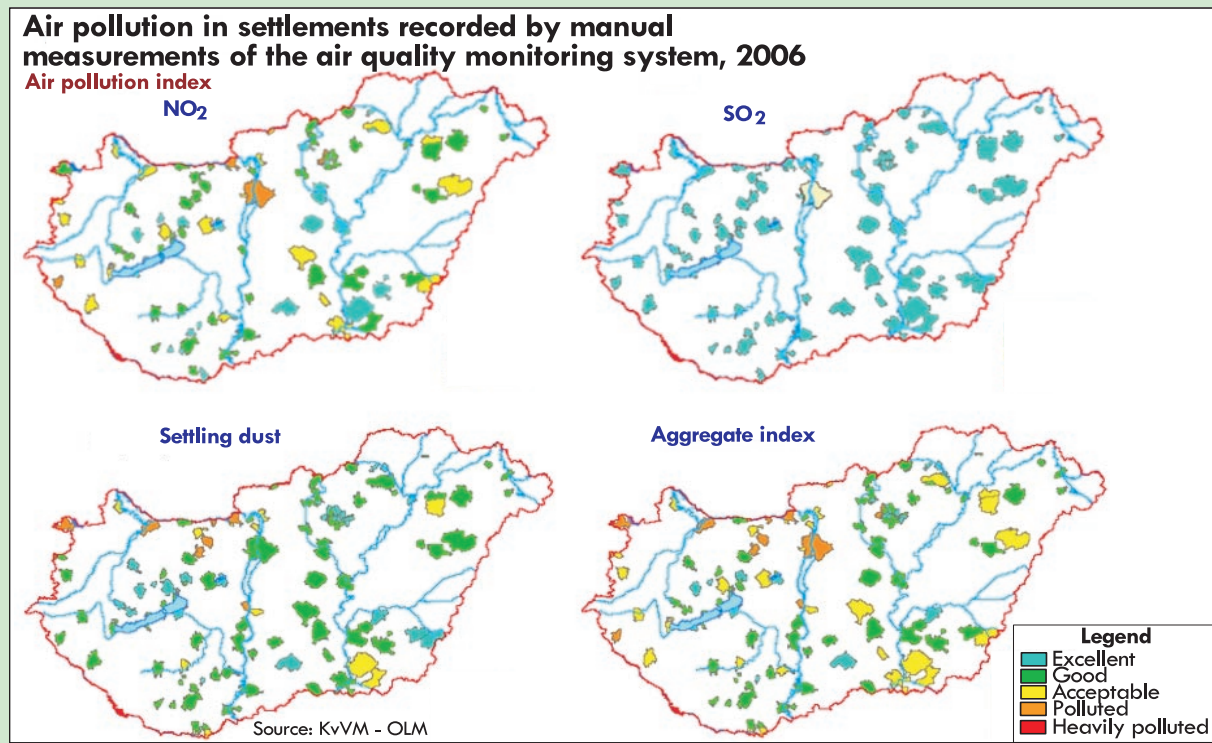
The difference is even greater when we compare the number of those receiving regular social benefit with the number of tax payers. In some of the settlements in Southern Transdanubia and Northern Borsod, more people live on support than from taxable income, while in the Northern-North-Western part of Transdanubia and in Central Hungary, there were 15 or fewer socially supported people per 1000 taxpayers in 2006.

SUSTAINABLE REGIONAL DEVELOPMENT

Besides protecting the values of the natural and built environments, the purpose of sustainable regional development is to guarantee that development will improve the quality of life of the population while ensuring also the careful use of economic resources, the basis of all. Meeting these targets means taking necessary measures in response to challenges in terms of emissions and other environmental indicators.

Air quality

Based on the data recorded by the manual measurements of the air quality monitoring system, air quality is good or excellent in 77% of the settlements considering its nitrogen dioxide content; the air was polluted only in Budapest, Esztergom, Lenti and Gyöngyös. According to the sulphur dioxide concentration data for settlements, air quality was excellent in every municipality that is included in the monitoring



network, with the exception of Budapest. During 2006, the volume of settling dust exceeded the limit value in 34 municipalities, while in 111 municipalities it was significantly below the threshold.

Considering the composite *air pollution index*, the air was not strongly polluted in any settlements in 2006, 10 settlements belonged to the polluted category, while 21 got the excellent qualification. Allergenic *pollen pollution* is still a considerable problem. According to the data of the National Public Health Institute, there were not any settlements in Hungary in 2006 where the pollen concentration did not reach "very high" (>100 pollens/ m^3) concentration on any day of the year, except for Tatabánya, Salgótarján and Eger. The highest annual average pollen concentration was recorded in Pécs, and the lowest in Tatabánya.

Water quality

Based on the level of pollution by phosphorous and nitrogen in the Hungarian part of *River Danube*, water quality was of class I and class II. Coliform content of the water – connected strongly to wastewater load – varied according to local circumstances, and it was the poorest water quality component along the Danube: at Esztergom, and below Budapest, water quality was only of class III and IV. Considering the values of its nutrient load, River Tisza belonged to class II along its entire length in Hungary. However, the Coliform number was the biggest problem here, too: in this regard Tisza was of class III and IV quality, and improving towards the lower section.

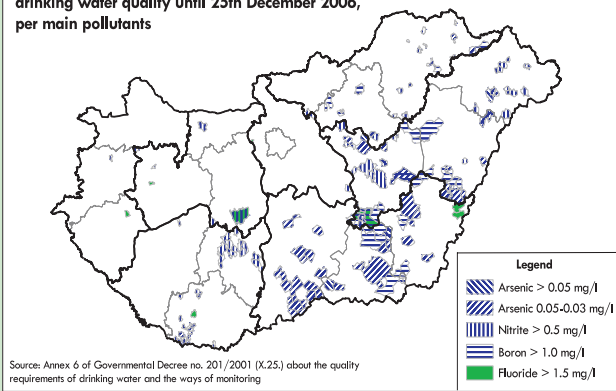
| Water quality of Hungary's great rivers | | | | | | | | |
|---|---|-------|--------------------------------|-------|-----------------------------|-------|------------------------------|-------|
| Location of sampling | Biochemical oxygen demand - BOD5 [mg/l] | Class | Total phosphorous [μ g/l] | Class | Chlorophy II-A [μ g/l] | Class | Number of Coliforms [pcs/ml] | Class |
| Duna: Rajka | 2.52 | I. | 253.85 | II. | 10.09 | II. | 67 | III. |
| Duna: Hercegszántó | 2.24 | I. | 127.38 | II. | 19.67 | II. | 74.03 | III. |
| Tisza: Tiszabecs | 4.05 | II. | 82.08 | I. | 1.61 | I. | 30.53 | III. |
| Tisza: Tiszasziget | 1.73 | I. | 148 | II. | 20.28 | II. | 421 | IV. |

According to Governmental Decree no. 201/2001, the *quality of potable water* should have been improved until the end of 2006 in those settlements where drinking water had a higher than 30 µg/l arsenic concentration, and where contaminations by nitrite, boron or fluoride prevented water quality from staying below the new limit values. This problem is still unsolved in the great majority of the settlements indicated in the map. Some solution can be expected from the implementation of the potable water quality improving programmes in the Northern and Southern Great Plain supported by the EU Cohesion Fund. The number of settlements to be covered by these programmes is 873, which means 25% of the total population.

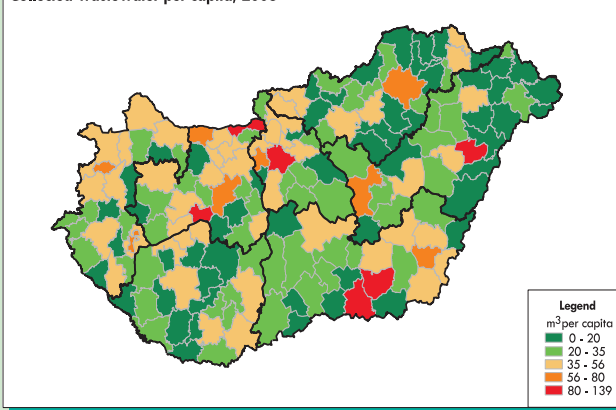
There were significant developments in sewage treatment in 2006. As a result, *the ratio of sewage treated* biologically had reached 44 % on the national level. In 2006, the ratio of sewage water collected in the drainage system but discharged without treatment was reduced to 6% on the national level, although its volume still corresponds to the total annual water consumption of Miskolc, Szeged and Debrecen.

The *quantity of sewage water per capita* decreased along with water consumption, to a national average of 56 m³. This national average is only surpassed by the most developed industrial and urban regions, i.e. the northern part of Transdanubia, Budapest and its agglomeration, as well as the microregions containing the bigger

Municipalities selected for the improvement of drinking water quality until 25th December 2006, per main pollutants



Collected wastewater per capita, 2006



cities. The disposal of sewage water is more significant also in case of municipalities where there are establishments using especially a lot of water, like e.g. spas.

Waste management

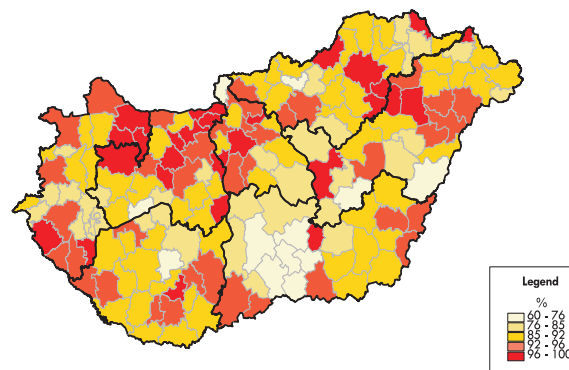
The *proportion of households included in regular waste collection* had reached 92% in 2006. Due to continuous investments, even in the microregions in the worst position, this ratio was above 60% (Mórahalom, Kiskunmajsa, Dombóvár, and Kistelek). Several settlements in the northern part of Transdanubia, as well as many of the microregions containing big cities have values above the national average.

In 2006, the greatest volumes of *hazardous wastes* were collected from microregions with large chemical plants, animal product processing units and with bigger medical institutions. As to treatment methods, recycling was more typical in the more industrialised regions; neutralisation was practiced mainly in the region near burners and dumpsites, while pre-treatment was found in almost all microregions.

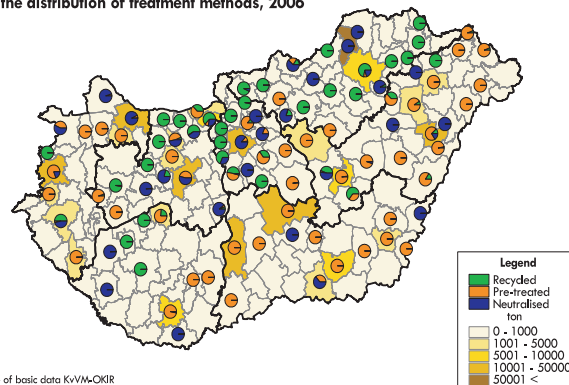
Environmental remediation

In the framework of the National Environmental Remediation Programme (OKKP), environmental clean-up took place at 12 sites, of which the most significant was the second-phase technical operations at the Budafok cave homes. The clean-up of the Metallochemia site in Budatétény continued, remediation was completed on the former area of the factory, and the replacement of the lead-contaminated soils of the surrounding real estates were proceeding according to plan. The remediation of the shooting range of Szekszárd, the purifi-

Number of households involved in regular waste collection, 2006



The volume of collected hazardous waste and the distribution of treatment methods, 2006



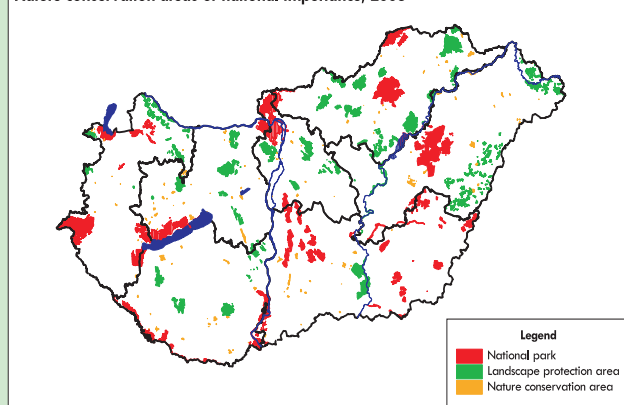
Source of basic data KvVM-OKIR

cation of landfill leachates at Üröm-Csókavár, and the remediation of the site of the former dry-cleaner works (Patyolat) in Békéscsaba were significant projects.

Nature conservation

Nature conservation areas established by separate legal acts covered a total of 874 441 hectares in 2006, which is 9.4% of the national territory. Four new nature conservation areas were established, another one was enlarged, and one was re-qualified into a nature conservation area of national importance, on a total area of 352 hectares. In 2006, the total surface of the forest areas was 1 869 300 hectares, which meant that forest coverage had increased to 20.1% in Hungary. However, land used by silviculture made up already 21.5% of the national territory.

Nature conservation areas of national importance, 2006



The protection of cultural monuments

About two-thirds of the settlements had a historical monument in 2006. In 44 municipalities, the stock of monuments or groups of monuments increased by a total of 101 and of these municipalities, 5 had had previously no legally protected buildings. Settlements without protected monuments of national importance can mainly be found in the surroundings of Budapest, Szeged and Miskolc, in the Southern Great Plain and among the regions of particularly small ("tiny") villages in the counties of Baranya and Zala.

Municipalities in Hungary with a historical monument and designations of historical monuments, 2006

