



# CENTRAL TRANSDANUBIAN OPERATIONAL PROGRAMME

CCI No. 2007HU161PO005



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## Explanation of Abbreviations

The abbreviations used in this Central Transdanubian Operational Programme have the following meanings [with those with (Hu) attached being derived from Hungarian phrases]:

<b>BFT (Hu)</b>	Lake Balaton Development Council
<b>CEB</b>	Council of Europe Development Bank
<b>CETOP</b>	Central Transdanubian Operational Programme
<b>CF</b>	Cohesion Fund
<b>CSG</b>	Community Strategic Guidelines
<b>DA (Hu)</b>	South Great Plain
<b>DD (Hu)</b>	South Transdanubia
<b>DPSC</b>	Development Policy Steering Committee
<b>ÉA (Hu)</b>	North Great Plain
<b>E-ADMINOP</b>	Electronic Public Administration Operational Programme
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>EDOP</b>	Economic Development Operational Programme
<b>EFF</b>	European Fisheries Fund
<b>EIB</b>	European Investment Bank
<b>EIF</b>	European Investment Fund
<b>ÉM (Hu)</b>	North Hungary
<b>ENVENOP</b>	Environment and Energy Operational Programme
<b>ERDF</b>	European Regional Development Fund
<b>ESF</b>	European Social Fund
<b>EU</b>	European Union
<b>GDP</b>	Gross domestic product
<b>GVA</b>	Gross value added
<b>HRDOP</b>	Human Resources Development Operational Programme
<b>HU</b>	Hungary
<b>IB</b>	Intermediate body
<b>ICT</b>	Information and communication technologies
<b>IOP</b>	Implementation Operational Programme
<b>IT</b>	Information technology
<b>ITC</b>	Information and telecommunication
<b>ITDH</b>	Hungarian Investment and Trade Development Agency
<b>KD (Hu)</b>	Central Transdanubia
<b>KDR (Hu)</b>	Central Transdanubia Region
<b>KM / KöM (Hu)</b>	Central Hungary (Region)
<b>KSH (Hu)</b>	Central Statistical Office
<b>MA</b>	Managing authority
<b>MS</b>	Member State
<b>NAP (Hu)</b>	National Reform Programme
<b>NDA</b>	National Development Agency
<b>NDC</b>	National Development Concept
<b>NDCO</b>	National Development Council
<b>NDO</b>	National Development Office
<b>NDP</b>	National Development Plan
<b>NGO</b>	Non-governmental organization
<b>NHDP</b>	New Hungary Development Plan
<b>NHRDSP</b>	New Hungary Rural Development Strategic Plan
<b>NRDC</b>	National Regional Development Concept
<b>NyD (Hu)</b>	West Pannon (i.e. Western part of Transdanubia)
<b>OLSZK (Hu)</b>	National Logistic Services Centre
<b>OP</b>	Operational programme

<b>Pps</b>	Purchasing power standard
<b>R&amp;D</b>	Research & development
<b>RDA</b>	Regional Development Agency
<b>RDC</b>	Regional Development Council
<b>RE</b>	Resident equivalent
<b>RIA</b>	Regional Innovation Agency
<b>RKK NYUTI (Hu)</b>	Hungarian Academy of Science, Centre for Regional Research, West Hungarian Research Institute
<b>RMCS (Hu)</b>	Regional Task Force
<b>ROP</b>	Regional operational programme
<b>RVA (Hu)</b>	Regional Enterprise Development Foundation
<b>SAMO</b>	State Aid Monitoring Office
<b>SEA</b>	Strategic Environment Assessment
<b>SME</b>	Small and medium-size businesses
<b>SMIS</b>	Single Monitoring Information System
<b>SOCINFRAOP</b>	Social Infrastructure Operational Programme
<b>SOCOP</b>	Social Renewal Operational Programme
<b>SOP</b>	Sectoral operational programme
<b>SWOT</b>	Strengths, weaknesses, opportunities, threats
<b>TA</b>	Technical assistance
<b>TD</b>	Transdanubia
<b>TISZK (Hu)</b>	Regional Integrated Vocational Education Centre
<b>TOB (Hu)</b>	Operational Planning Committee
<b>TOP</b>	Transport Operational Programme

# 1 Executive Summary

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## 1.1 Objectives and Strategy

With Central Transdanubia being one of six Hungarian regions subject to the Convergence Programme, this Central Transdanubian Regional Operational Programme (hereinafter CETOP) has been primarily designed to support implementation of Priority No. 5: *Regional Development* of the New Hungary Development Plan (hereinafter NHDP), which is the National Strategic Reference Framework of Hungary (NSRF). This regional operational programme (ROP) and sectoral operative programmes (SOP's) will, however, be used jointly to satisfy development needs of the Region in the plan period 2007-2013.

An overall objective of CETOP is to ensure that, **making an efficient use of socio-economic innovation and relying on ongoing revival efforts, the Central Transdanubia Region (hereinafter KDR) maintains its outstanding economic position and revenue-generation ability among Hungarian regions.**

Achievement of this overall objective is promoted by four specific development goals as follows:

Overall objective and goals	Indicators
<b>Making an efficient use of socio-economic innovation and relying on ongoing revival efforts, the Central Transdanubia Region maintains its outstanding economic position and revenue-generation ability among Hungarian regions.</b>	<i>Increase of per capita GDP in the Region (Thousand HUF/person)</i>
	<i>Rate of employment in the region (age 15-64) %</i>
Create an innovative and competitive economic environment	<i>Increase of Gross Value Added (GVA) generated by enterprise sector as a result of actions of this ROP (in HUF million)</i>
	<i>Number of newfull-time jobs created as a result of support effect</i>
	<i>Measure of induced investments by support (in HUF million)</i>
Improve the tourist potential of the Region	<i>Increase of GVA generated by the accommodation &amp; catering sector as a result of actions of this ROP (in HUF million)</i>
	<i>Number of newfull-time jobs created as a result of support effect</i>
	<i>Increase in number of visitor-nights per 1000 permanent residents in commercial accomodations</i>

Sustainable development of the settlement network in the Region	<i>Approach of rehabilitated area's complex activity indicator to settlement average</i>  <i>Number of new full-time jobs created as a result of support effect</i>  <i>Number of inhabitants affected by development efforts in an area rehabilitated through value-preserving action</i>  <i>Number of inhabitants affected by development efforts</i>  <i>Number of agencies and businesses set up or providing services newly in a rehabilitated area</i>
Amplify regional cohesion through investments in environment, and transport infrastructure	<i>Number of people with adequate waste water treatment to EU criteria system within supported projects</i>  <i>Increase in the number of people within reach of 15/20/30 minutes from micro region centres by car and by public transport.</i>
Establish efficient and renewable human infrastructure background	<i>Decrease the share of pupils not able to meet basic knowledge criteria in those schools where the share is more than 50 %.</i>  <i>Increase in the number of patients receiving high-standard outpatient care (in clinics affected by development)</i>  <i>Number of people involved in social care</i>
Horizontal indicators	<i>Number of women employed in new jobs crated (affected by the programme)</i>  <i>Number of disadvantaged employed in new jobs created (affected by the programme)</i>  <i>Number of disadvantaged students learning in supported schools</i>  <i>Value of energy savings as a result of supported projects</i>

This OP is designed to support all the ten micro-economic goals and a majority of employment goals (such as development of employment instruments, generation of a host market, market conformity, making education and training meet market needs) as specified in the Integrated Guidelines for Growth and Jobs, which transform a revised Lisbon Strategy of the European Union into structural goals, and to further, in an integrated manner, direct and/or indirect attainment of horizontal goals, including equal opportunities and revised Goteborg sustainability goals, as identified in NHDP.

Efficacy of actions to be launched under OP's will be enhanced by an integrated implementation of synergic flagship projects such as:

- 21st Century School
- Chances for children programme
- Barrier-free Hungary programme

- Deveopment Poles
- 12 months of Balaton programme
- European thermal basin programme

## 1.2 Fields of Development

*calculated at an current price, with governmental co-financing at 15 % allowed for*

Priorities	Participation rate of CETOP sources	Amount of support (Euro)
Regional economic development, through <ul style="list-style-type: none"> <li>• augmentation of the Region's economic attractiveness,</li> <li>• promotion of networking and co-operation of businesses,</li> <li>• improvement of the economy's innovation milieu,</li> <li>• development of training and consultancy systems.</li> </ul>	15,50%	92 620 676
Regional tourism development, through <ul style="list-style-type: none"> <li>• quality development of tourist supply and receptiveness,</li> <li>• improvement of tourism management and marketing.</li> </ul>	22,70%	135 665 736
Sustainable settlement development <ul style="list-style-type: none"> <li>• Renewal actions of settlement centres</li> <li>• rehabilitation of town districts experiencing or threatened by deterioration..</li> </ul>	14,30%	85 450 043
Development of local and regional environment and transport infrastructure <ul style="list-style-type: none"> <li>• Preservation of environmental assets, and enhancement of environmental safety</li> <li>• development of accessibility.</li> </ul>	29,84%	178 309 740
5. Development of human infrastructure <ul style="list-style-type: none"> <li>• development of educational infrastructure,</li> <li>• development of health-care and social welfare systems, and enhancement of efficiency thereof,</li> <li>• development of institutions.</li> </ul>	14,06%	83 992 6576
Technical assistance	3,60%	21 513 897
<b>Total:</b>	<b>100%</b>	<b>597 552 749</b>

## 1.3 Communication and Partnership

Formal consultation on this OP **in partnership** has come to an end. Planners have considered and incorporated incoming remarks and comments on an ongoing basis, and submitted major decision-making items and contested points to the Regional Development Council (hereinafter RDC) and, finally, a joint meeting of the Operational Programme Planning Coordination



Committee and Operational Planning Committee (hereinafter TOB) members, who have given their opinions, made relevant decisions, and addressed issues raised.

Nearly two-thirds of more than 400 expert opinions received during the consultation-in-partnership period have been accepted, at least in part, with over one-third of them actually incorporated in the final text of this OP.

Generally, the Programme has met a favourable response, with the experts having agreed with the main strategic courses and goals.

In the *ex ante* evaluation process, planners have addressed and considered the evaluator's proposals on an ongoing basis until Consolidus Co., Ltd., the evaluator, has found the Programme to be coherent with higher-level controls, have a consistent internal structure, and bring forward actions capable of ensuring that set goals are achieved.

The report on **Strategic Environment Assessment** (hereinafter SEA), carried out by a consortium led by Respect Co., Ltd., shows that, in the planning process, this CETOP has shifted well towards compliance with the goals of the Goteborg Strategy on sustainable development, and that it has made a significant advance in integrating environmental considerations. Having been amended in line with integrated environmental considerations, and with adequate action plans developed and SEA proposals incorporated in implementation plans, this OP is likely to be able to make a beneficial impact in dimensions assessed by SEA.

## 2 Situation Analysis

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### 2.1 Verification of the Region's Falling under the Convergence Objective

Pursuant to Article 5 of Regulation (EC) No. 1083/2006, a NUTS level 2 region will fall under the Convergence Objective if it has a per capita GDP, based on community data for the period 2000-2002 and taken at a purchasing power parity, below 75 % of the EU25 average GDP for the same reference period. The table below shows GDP data for the Region and those for the European Union in the period 2000-2002:

#### **GDP figures for the Central Transdanubia Region and EU25 at purchasing power parity (2000-2002)**

<b>Unit of territory</b>	<b>GDP (2000-2002), million pps</b>	<b>Per capita GDP (2000-2002), pps</b>	<b>Percentage per capita GDP on Community average</b>
Central Transdanubia (NUTS2)	12,120.1	10,822.6	51.95
EU25	9,456,607.6	20,832.5	100.00

Source: Eurostat, updated on 18 May 2006

Accordingly, **the Central Transdanubia Region falls under the Convergence Objective.**

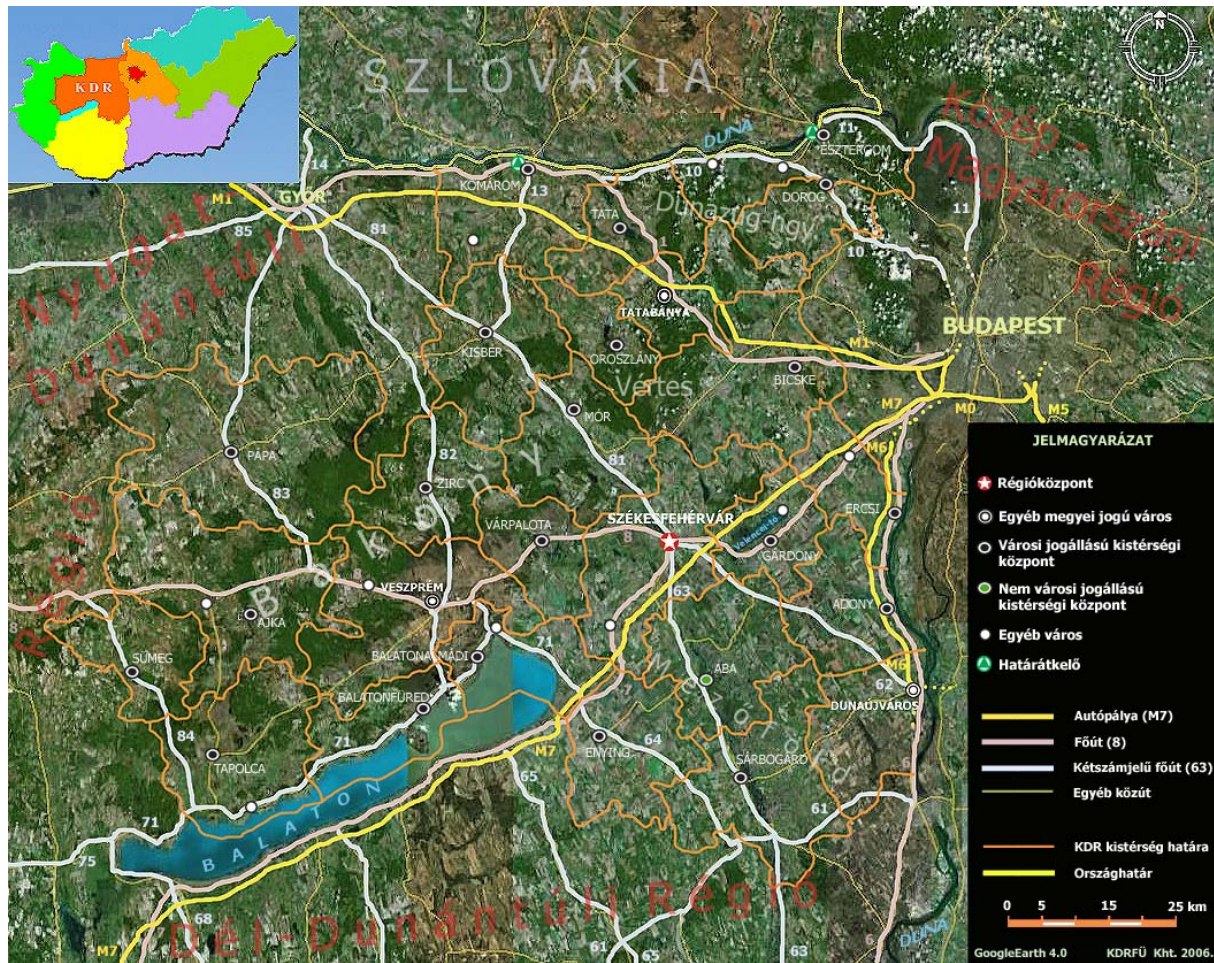
### 2.2 Geographical Situation

The Central Transdanubia Region (NUTS level 2), with a total area of 11,117 km<sup>2</sup>, is situated in a central part of Transdanubia. In administrative terms, the Region consists of three counties, i.e. Fejér, Komárom-Esztergom, and Veszprém (NUTS level 3), and, upon revision of micro-regional division in 2004, altogether 26 micro-regions, with seven of them considered 'less favoured'. None of the least favoured micro-regions in Hungary is located within the Region. It is bordered by Slovakia in the North, Central Hungary and South Great Plain Regions in the East, South Transdanubia Region in the South, and West Pannon Region in the West. **CT+R has a favourable geographical situation** because its area is located at an intersection of axes with new Central European development zones and innovation power foci all along, hence being interconnected with European core regions. Such development axes include one of Vienna – Bratislava – Győr – Budapest adjacent to the South Bavarian innovation region and another of Venice – Trieste – Ljubljana linked with the so-called Mediterranean 'sunbelt zone' via the Kiyev – Trieste corridor. It is via KDR territory that Budapest, an international pole of growth, intercommunicates with these two CE development zones mentioned. The intermediary function and transfer relations of the Region are further enhanced by three Helsinki corridors (i.e. those Nos. IV, V, and VII) adjoining it. The dynamic development of Győr and its broader neighbourhood implies an additional significant attractive force conducted to North-Western and Western parts of the Region. Due to all these factors outlined above, KDR development is affected by European trends direct and powerfully. Though traversability of a 77

kms' length of common border line between the Region and Slovakia along the river Danube is still limited (with only two bridges with limited traffic over the river), and efforts taken by these two border regions in co-operation have played a minor role so far, such co-operation has already got established traditions and practices (Vág – Duna – Ipoly Euroregion). A need for improved interregional relations and increased traversability of regional borders follows as a matter of course, and significant initiatives have already been taken to this end (refer to a new bridge over the Danube by Dunaújváros and Komárom each, suburban railway lines, modernization of railway trunk lines, development of cross-border regional channels of communication, etc).

### **2.3 Topographic / Natural Features, and Environmental Status**

**The topographic / natural features prevailing in the Region are excellent.** It is within the territory of the Region that limestone and dolomite mountains of the Transdanubian Range meet peripheral lands, produced by fluvial sedimentation, of the Kisalföld area, and loess lands of the Mezőföld area. The latter two areas form a basis for agriculture, while the former ones provide a rich quarry of both mineral resources (brown coal, lignite, bauxite, manganese, etc) and surface and cavern waters. The main catch water drain of regional water courses is river Danube, with minor catchment waters including systems of river Marcal, Lake Balaton, canals Sárvíz and Sió, and streams Általér and Cuha. Within the Region, Veszprém County has got woodlands at a rate (31 %) high above the national average. In climatic terms, it is the Transdanubian Range that marks out characteristic areas within the territory of the Region. A dry continental climate prevails in lowland areas like Mezőföld and Kisalföld, while mountainous districts are predominated by a continental climate with higher levels of rainfall, with special local microclimates found in Balaton Highlands. The Region is bordered by river Danube at a length of 130 kms, and Lake Balaton, which (with its total surface area of 592 km<sup>2</sup>) is the largest lake in Central Europe, at a length of about 100 kms. Lake Velence, the second largest natural lake of the country, is located within the boundaries of the Region.



Overall view of the Central Transdanubia Region (plotted by Central Transdanubia RDA Kht., 2006)

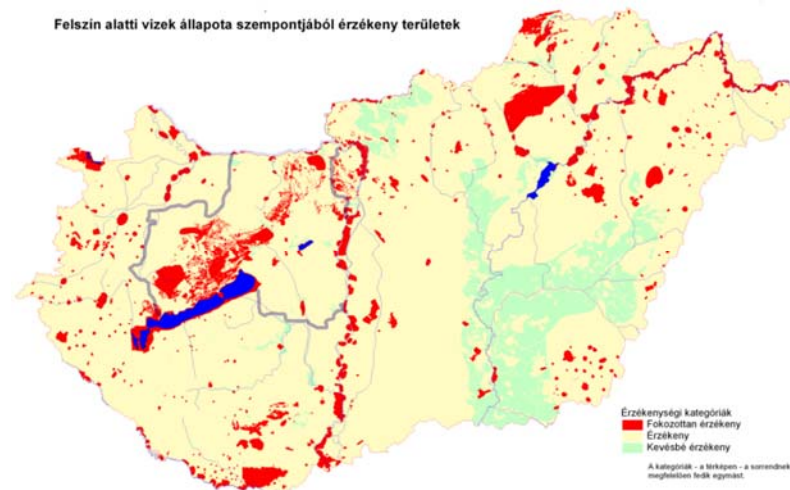
Régióközpont = Regional centre; Egyéb megyei jogú város = Other towns of county rank; Városi jogállású kistérségi központ = Micro-regional centers with town status; Nem városi jogállású kistérségi központ = Micro-regional centers with non-town status; Egyéb város = Other towns; Határátkelő = Frontier checkpoint; Autópálya = Motorway (M7); Főút = Highways; Kétszámjélű főút = Main roads; Egyéb közút = Other public roads; KDR kistérség határa; Borders of KDR micro-regions; Országhatár = State frontier

Central Transdanubia is **the richest in topographic types of all regions** in Hungary, with natural assets protected in multiple National Parks and Nature Protection Zones. Areas abounding in the most natural assets can be found within the Transdanubian Mountain Range with a NE-SW strike direction, including Balaton Highlands, Bakony, Vértes, and Dunazug Hills, basins and valleys lying among ranges, and terraces above river Danube. *Natura 2000* sites of the Region have been selected, and are located within districts under the control of the Duna – Ipoly and Balaton Highlands National Parks. Practically, these *Natura 2000* sites coincide with those regions of the Transdanubian Range considered valuable in terms of nature conservation which are located within the Region, including Balaton Highlands, a broader neighborhood of Lake Velence, and a few fluvial habitats (valleys of watercourses Sió and Sárvíz and river Marcal, area Duna-mente along the Danube). Regional topographic units such as Lake Velence, Lake Dinnyés-Fertő, the Rétszilas Lakes, the Old Lake of Tata, and Lake Balaton have been declared subject to the so-called Ramsar Convention on Wetland Habitats of International Significance. Famous historical wine-districts lie along the edges of mountains, in hilly countries, and on remnant hills, topographic rarities of the Tapolca Basin.



Based on an assessment of geological, geomorphological, and climatic conditions prevailing in the Region, there are considerable levels of sheet and linear erosion and derosion in hilly and mountainous districts, and some of the valleys and basins along watercourses (such as Séd, Sárvíz, and Általér) which drain waters caught in mountains and hills, are characterized by swamping and peat formation. Local instances of flood damage and high inland waters caused by heavy and unexpected rainfalls in areas along watercourses catching the waters of Bakony Hills, and erosion of loess walls and other loess formations existing in multiple places throughout the Region, are major issues. Within regional territory, there is a high risk of landslip along the shores of Lake Balaton and banks of river Danube due to a low resistance of superficial loose sedimentary rock to erosion, the erosive action of prevailing aquatic media, and the gradual sinking of the erosion base.

By virtue of its geographical situation, KDR has got multiple areas and important drink water resources, lakes considered high-priority in terms of water quality protection, and low-output watercourses, which are sensitive to pollution. **A true environmental feature of the Region is its cavern water treasures**, water resource of unique quality and vulnerable environmental



element at the same time. Water supplies to the Region are mainly provided by underground water resources, most of them classified vulnerable.

*Areas sensitive in respect of condition of underground waters*

Érzékenységi kategóriák = Sensitiveness categories; Fokozottan érzékeny = Highly sensitive; Érzékeny = Sensitive; Kevésbé érzékeny = Slightly sensitive; A

kategóriák... = Categories overlap in the map.)

To prevent gradual deterioration of the quality of surface and underground water resources, it is imperative that hydrogeological protective areas of sensitive water resources are contained, siccative plants and inefficient temporary substitutes for water utilities discontinued, and water quality of lakes protected, with all such needs requiring priority development efforts.

**Transdanubian karts lands** (Bakony, Vértes, Gerecse, Pilis, and Buda Hills), **areas around Lake Balaton, and districts along the banks of river Danube to the South of Budapest**, are the most vulnerable. By virtue of their natural features, these areas are exposed to various environmental impacts and stresses to a high degree. It is especially surface and underground waters that projects and operations with significant environmental effects, to be accomplished or already in operation in these areas, do or will threaten. Floods occurring along the Danube are an additional risk factor, causing high levels of environmental stress.

Findings on issues such as the environmental status and features, healthy drink water supply to the population, development of rates of communal disposal of sewage, current situation in sewage clarification (an issue closely related to the level of sewerage), wastes management, and utilization of energy, in the Region are reported in *Clause 2.8 Transport and Communal Infrastructure* below.

## 2.4 Geometry and Habitation Structure

With their favourable communication links and outstanding features, major towns in the Region play important roles in the national socio-economic environment. These are Székesfehérvár, the regional centre, Tatabánya, an economic and logistic focus, Veszprém, a complex higher education focus, and Dunaújváros, an industrial focus. **A major feature of the geometry**, there is no pole of growth with national significance or multi-regional impact **in the Region**, which is attributable to the proximity of Budapest and historical features of the existing town network and agglomerations in the Northern part of Transdanubia. Among national development poles, the towns of **Székesfehérvár and Veszprém**, co-foci along a theoretical axis of development, plus Dunaújváros and Tatabánya added, constitute a tetrahedron of major towns in a *polycentric network of the Region*, with each of these four towns playing a key part. Within this geometry, development zones along axes extending towards a developed Europe via Budapest, the Lake Balaton district, and towns of Győr and Szombathely, mark a critical venue in which a potential co-operation network formed by the four major towns of the Region may play a role of high significance.

Featuring one of the highest rates of urbanization in Hungary, KDR is characterized by a well-balanced habitation structure. Most of the settlements in the Region have got remarkable historical traditions, and some of them (such as Székesfehérvár, Veszprém, and Esztergom) have still been prime movers of development. Based on their population-concentrating power and socio-economic indicators showing the level of development, **the four towns of county rank in the Region** (i.e. Székesfehérvár, Tatabánya, Veszprém, and Dunaújváros) **stand pre-eminent**. Strong urbanization is seen in areas along the shores of Lakes Balaton and Velence and river Danube in addition to agglomerating districts around major towns. Several ones out of the Region's **medium-size towns showing** an organic development or **marked development potentials**, serve functions of national or regional significance, including Balatonalmádi, Balatonfüred, Bicske, Esztergom, Gárdony, Komárom, Mór, Pápa, and Tata. During the era of socialist industrial development efforts, a series of new **small and medium-size towns** were set up (e.g. Ajka, Dorog, Oroszlány, and Várpalota) along the Transdanubian Mountain Range, creating a quasi 'mining / energetic' axis. In the last fifteen years, these towns have all launched their respective re-structuring projects, though not managed to reach a required level of economic strength yet. Out of **districts** with small or medium-size towns being their centres of agglomeration, those **of a marked agricultural nature** are also typical in the Region (including small towns of Aba, Adony, and Ercsi, and such internal and external peripheries with lowest socio-economic indicators as Enying, Sárbogárd, Sümeg, Tapolca, and Kibér, and micro-regions belonging thereto). There are **less 'micro-towns'** in the Region

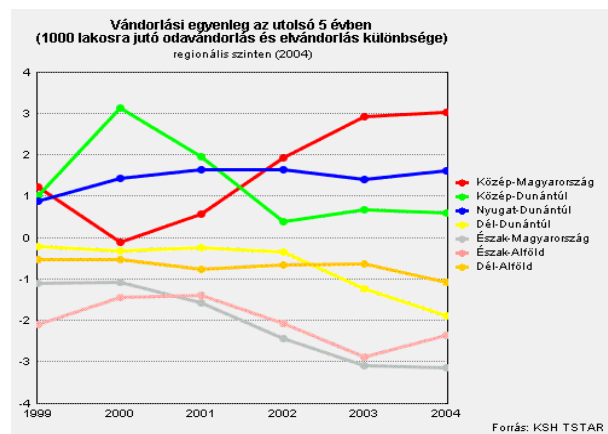
**than elsewhere** in the country. The average population figure for towns is above 20,000. Most of Veszprém County is marked by micro-villages, while small and medium-size villages are characteristic of other counties within the Region, with major villages also being present in the Mezőföld area of Fejér County as a result of historical agricultural development.

#### Basic habitation figures in the Central Transdanubia Region (KSH, 2005)

Parameter	Central Transdanubia Region	Hungary total	Budapest	Other six regions together	Rank (among seven regions)
<b>Habitation</b>					
Total area (km <sup>2</sup> )	11,117	93,030	525	86,111	2nd smallest
Number of settlements	401	3145	1	2958	4th
Number of settlements per 100 km <sup>2</sup>	3.6	3.4	0.2	3.4	4th
Number of towns	35	274	1	237	3rd lowest
Rate of townspeople	56.8%	65.1%	100%	58.9%	4th

## 2.5 Social Conditions and Human Services

**Figures pertaining to the development of population and age-group distribution in KDR are favourable as compared to national data.** 11% of the total inhabitants in Hungary, i.e. about 1.1 million people, live in the Region, which corresponds to the average population figure of NUTS level 2 regions in the European Union. In terms of population, Central Transdanubia ranks the 5th among Hungarian regions. The population density prevailing in the Region (99 people/km<sup>2</sup>) is the second highest in the country, with but **significant**



**differences by the county** (with figures ranging from 140 people/km<sup>2</sup> for Komárom-Esztergom County to 81 people/km<sup>2</sup> for Veszprém County), **and especially on micro-regional level.** The population of the Region has been of a declining tendency for decades, with but the rate of decline being much slower than the national average since 1990 due to immigration into certain dynamically developing micro-regions near Budapest and

Lakes Balaton and Velence. At the same time, internal migration is also a typical feature of the Region from micro-villages and such less favoured micro-regions or districts with narrow industrial structures as those of Zirc, Oroszlány, Dunaújváros, and Ajka, towards major towns and their agglomerations with developed economies.

**Migration balances (i.e. immigration minus migration from per 1000 inhabitants) in the last 5 years (2004), at regional level;** Közép-Magyarország = Central Hungary; Közép-Dunántúl = Central Transdanubia; Nyugat-Dunántúl = West Pannon; Dél-Dunántúl = South Transdanubia; Észak-Magyarország = North Hungary; Észak-Alföld = North Great Plain; Dél-Alföld = South Great Plain; Source = KSH, TSTAR

As far as distribution of inhabitants by the age-group is concerned, the population of the Region is somewhat younger than the national average, while it is in the very Central Transdanubia that **the rate of the juvenile age-group (0-14) declines the quickest of all Hungarian regions**, which is only partially compensated by a steady immigration of juveniles or youth of working age, who are expectant of new jobs created, due to the favourable economic situation of the Region.

On the whole, **an increasing rate of older generations is typical** (with the rate of the old in Veszprém County being steadily higher than the regional average). In spite of all declining tendencies, **the rate of active age-groups is higher than the national average** (activity rate figures for the age-group 15-64 in 2004: KDR 69.7 %, Hungary 68.7 %), which has, presumably, something to do with the favourable economic situation of the Region. With a view to the expansion of employment, one of the main Lisbon goals, however, it is remarkable that **the latter rate is lower than either the EU25 average (69.6%) or that of the ten states having newly acceded (65.5%)** (source: Eurostat 2004).

Out of **national and ethnic minorities** living in the Region, sporadic Swabian and Slovakian villages in hilly countries are worth mentioning. The **ratio of scattered Gypsy population** to total population figures within the Region (0.8% by year 2001 census data) is significantly **lower** than that seen in South Transdanubia or North Hungary.

Similarly to national tendencies, **the educational level rose significantly in the Region** in the 90's, with increases in the rate of people with secondary school qualifications and those with a university degree in respective age-groups of the population, but the overall regional **educational level still falls behind the national average**.

**Educational indicators: school qualifications of the population by gender and age-group – 2001**

Category	Hungary total			Central Transdanubia		
	M	F	Total	M	F	Total
Age 10-x, have failed to finish 1st form of primary school	0.6	0.7	0.7	0.5	0.5	0.5
Age 15-x, have finished 8th form of primary school at least	92.3	85.8	88.8	92.93	86.96	89.83
Age 18-x, have passed final examination of secondary school at least	35.9	40.2	38.2	32.13	36.26	34.26
Age 25-x, with university / college degree	13.8	11.6	12.6	11.43	9.43	10.36

Source: KSH, by year 2001 census data

The table below shows development of the number of educational institutions and that of pupils attending such institutions over a period of 14 years.

**Figures relating to educational institutions**

	Number of institutions		Number of pupils attending	
	1991	2004	1991	2004
Nursery schools	534	497	46,312	35,529
Primary schools	438	426	136,269	79,896
Vocational schools	57	61	26,107	16,288
Specialized vocational schools	10	22	413	1,392
Grammar schools	30	81	12,719	23,904
Vocational secondary schools	59	101	22,257	30,088



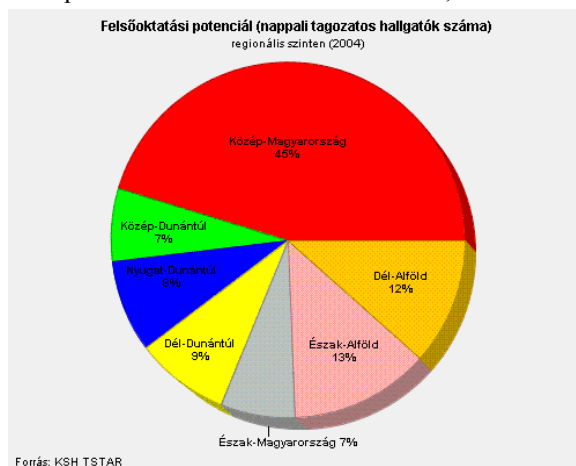
Source: KSH, 1991-2004

Over the last decade, the number of nursery schools and primary schools has decreased by 8 %, while growths have been seen in the number of secondary educational institutions and choice of training options therein. The increase of attendance rates in vocational schooling as caused by a re-structuring of the vocational education system, does, however, not imply that the skilled workers' demand of the labour market is fully met.

Complementarity of educational institutions with one another in the Region has still been in a process of taking shape. Vocational schooling cannot keep up with the needs of economy due to the inadequacy of the information / co-ordination system to ensure conformity between the two domains. More importantly, every essential centre of the Region offers some options of higher education, though in **few institutions with insufficient support from partnerships or research institutes, and offering an inadequate choice of training options**. However, considerable progress, in both quantity and quality, has been seen in the last few years.

**The rate of people with a university / college degree is below the national average**, and, consequently, the socio-economic domains of the Region have still been a 'net importer' to ensure an adequate number of graduates (especially from universities). **In terms of the number of students attending full-time courses, Central Transdanubia ranks the last but one among all Hungarian regions**, a situation slightly eased by favourable geography, especially the proximity of universities and colleges in Budapest.

**Higher-education potentials (in number of students attending full-time courses)** on regional level (2004); Közép-Magyarország = Central Hungary; Dél-Alföld = South Great Plain; Észak-Alföld = North Great Plain; Észak-Magyarország = North Hungary; Dél-Dunántúl = South Transdanubia; Nyugat-Dunántúl = West Pannon; Közép-Dunántúl = Central Transdanubia; Source: KSH. TSTAR



**Judged on the regional knowledge base, the situation in Veszprém and Székesfehérvár is favourable**, these major towns playing a significant role in secondary and tertiary education. Within the neighbourhoods of these towns, the rate of people with a college degree is higher than the regional average, and the number of university graduates within the Veszprém district comes close to the national average figure. Though adults' general and vocational training systems, among others, are

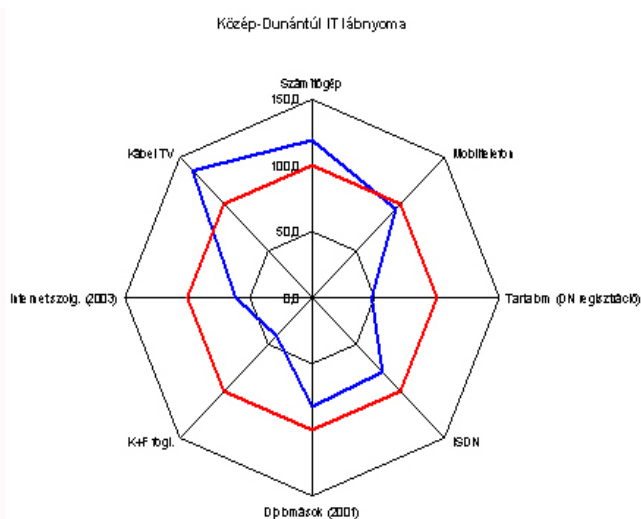
meant to make up for certain deficiencies of the schooling system, especially in the field of technical education, main characteristics of adult education options available in the Region do not differ from those of national conditions.

A survey on the year 2003 status<sup>1</sup> reported **altogether 317 cultural institutions in operation** in the Region, with hardly any active youth centers or children's centers mentioned. General community centers amounted to 28 altogether throughout the Region.

Within the Region, there are so-called 'community stages' in 43 settlements, and nearly half of cultural institutions ran **public libraries**, which is mostly characteristic of Veszprém County due to its large number of micro-villages. Less than 10% of cultural service-providers maintain **tele-houses**, with two-thirds of them found in Veszprém County. It has been found that involvement of cultural institutions in **training-course education** has declined continuously since the 90's, with less than 20% involvement in 2003.

**The IT infrastructure of the Region is characterized by inconsistency in terms of both technical and human resources.** As for technical resources, components of an up-to-date IT infrastructure network are available, but opportunities inherent therein are not utilized by the institutions involved in regional development efforts. As far as human resources are concerned, on the other hand, similar inconsistency exists in the computer skills of potential users. There is a shortage in the provision of equal access to information, which is an absolute necessity to ensure that instances of unequal opportunities, resulting from social and territorial disparities, are reduced. Additional factors of the information society in need of improvement and promotion include WEB-based applications, Internet usage, and on-line public administration services. Based on KSH data collected from all the nineteen counties and Budapest in 2003, the three KDR counties (i.e. Komárom-Esztergom, Veszprém, and Fejér in this order) were awarded the following ranks out of twenty available:

- In rate of businesses using computers – 3rd, 14th, 15th
- In rate of businesses using Internet – 2nd, 11th, 12th
- In rate of businesses with a home page each – 2nd, 4th, 6th



Source: Csaba Kiss, Difficulties in taking measurements of, and assessing, the information society. An IT footprint of Hungarian regions, 2004

The development of information society factors are not balanced in other regions either, with specific regional conditions often having a bearing on development dynamics. For instance, regions with major university education foci (such as the North Great Plain and South Great Plain) have R&D among their strengths, while target districts of working capital (i.e. Central Hungary and Central Transdanubia) take pride in outstanding indicators in such fields as endowment with cable TV's and PC's,

<sup>1</sup> Strategy to support Chapter 'Intraregional and Interregional Relations' of the Central Transdanubia Regional Operational Programme, National Development Plan II. By Ladányi Co., Ltd. (based on data supplied by cultural institutions), April 2006

domain name registration, and Internet service-providers (see figure).

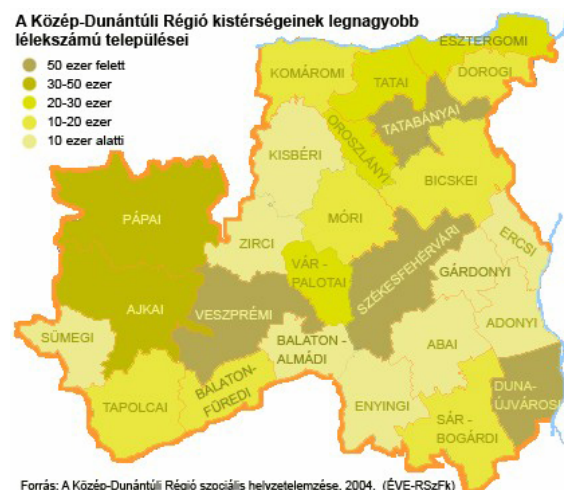
Közép-Dunántúl IT lábnyoma = IT footprint in Central Transdanubia; Számítógép = PC's; Mobile telefon = Mobile phones; Tartalom (DN regisztráció) = Content (DN registration); Diplomások = College / university graduates; K+F fogl. = Employees in R&D; Internetszolg. = Internet service providers; Kábel TV = Cable TV's

An important finding relevant to the expansion of employment as one of the main Lisbon goals, **the employment situation in the Region, though with significant internal unevenness, is better than the national average.** In particular, the rate of employment is 4.5%, and rate of activity 3.4%, higher than respective national average rates, though they are lower than respective EU25 averages by 1.3% and 5.7%, and the rate of unemployment is 0.6% lower than the national average (source: Eurostat 2004). Micro-regions of Kisbér, Sümeg, Várpalota, Pápa, Sárbogárd, Enying, and Aba show unemployment rates much worse than the regional average. Out of all people employed, the **rate of daily commuters is about 39%** in the Region, with strikingly high rates of commuters from villages in all the three counties. For both Komárom-Esztergom and Fejér Counties, **a draw of Budapest is readily perceptible** in commuting figures: the ratio of commuters to all people employed exceeds 60% in micro-regions of Bicske and Ercsi.

As compared to relevant national figures, **the population of the Region is in an outstanding situation in terms of average income**, with both the rate of increase, and size of average income since 2000, exceeding the national averages. However, there are internal disparities at regional level (with prevailing income levels in micro-regions of Aba, Enying, Sárbogárd, and Sümeg being as low as 65 to 74% of the regional average).

**In the Region, social welfare provision and infrastructure thereof are characterized by significant shortages and weaknesses.**

There are only 6 micro-regions in the Region which has got at least one settlement with more than 30,000 inhabitants and, hence, a full range of statutory social welfare services available. (9 out of 26 micro-regions have only got settlements with less than 10,000 inhabitants each, and there are another 7 micro-regions with settlements with a population below 20,000 each. As relevant law does not rule mandatory provision of several social welfare services in a settlement like that, access to such services are limited.)



**Settlements with the highest populations in micro-regions of Central Transdanubia;** 50 ezer felett = 50,000 plus; 20-50 ezer = 20,000-50,000; 10 ezer alatt = Below 10,000; Source: Situation report on social welfare in the Central Transdanubia Region, 2004 (by ÉVE-RSzfK)

Territorial social inequalities also manifest themselves in the rate of people receiving (primary) social welfare provision. In this respect, **Central Transdanubia has got the second lowest figure after Central Hungary.** Over the period 1996-2003, the number of

people involved in food service and housekeeping assistance provision schemes decreased by 11%. The rate of people receiving primary social welfare provision is the highest in Veszprém County out of the Region's three counties, while Fejér County has encountered the highest rate of decrease in the same respect.

The number of people working in the primary and daytime social welfare provision sector per 10,000 inhabitants is 13 on the average, which is lower than the respective national figure (15). The main trouble is, however, caused rather by differences by a factor as high as 2.5 encountered in micro-regions. Available *housekeeping assistance provision* capacities fall behind the national average. *Family assistance provision* is available in only two-thirds of all the settlements in Fejér and Komárom-Esztergom Counties. The rate of *people* above 60 receiving food service on a social welfare basis is the second lowest in Fejér County after Pest County. Availability of *village stewardship* is low in both Komárom-Esztergom and Fejér Counties, while Veszprém County takes pride in a well-established network. The Region is relatively well endowed in the field of specialist care provision for the aged, though less favoured micro-regions have encountered a decrease in the *holding capacities of old people's homes*.

Differing availabilities of and approaches to *children's welfare services* can be seen within the territory of the Region. In particular, while the numbers of children at risk in various districts are nearly the same, there are differences in the quantities of children's welfare services provided, numbers of children receiving services, and numbers of children placed under protection. There are half as many children's welfare service-providers in Komárom-Esztergom County as in either of the other two counties. Health-care and social welfare provision to *people with disabilities, addicts, and psychiatric patients* is a marked weakness of the Region, with a total lack of provision in certain fields, and only two *addicts' rehabilitation* institutions in operation with a total holding capacity of 32. Significant territorial differences can be seen in *specialist care of people with disabilities*. Komárom-Esztergom County has got a well-established specialist care system, while considerable shortages are encountered in Fejér County.

Primarily, *homelessness* is a phenomenon characteristic of (major) towns, and affected municipalities of the Region can mostly cope with the issue in accordance with statutory regulations.

**In the field of health care, CTR is characterized by significant disparities.** Strengths include emergency attendance provision in terms of the number of ambulance-car stations (though the number of ambulance officers is low), endowment with hospitals (though numbers of total and active beds are the lowest of all Hungarian regions, with but a high holding capacity for patients with chronic diseases), specialized home nursing provision, and certain fields of out-patients' specialist and non-specialist care. On the other hand, the Region falls behind national levels in terms of family doctor and family pediatrician care, and endowment with pharmacies is inadequate. On the whole, patients' migration is characterized by an outward trend rather than an inward one (the latter seen in the fields of chronic and

rehabilitation care, for instance), with the Region showing the highest levels of migration outwards into other regions for health care provision.

**An analysis of the population's lifestyle data shows that, in the Region, both the rate of obese men (20.8%) and that of obese women (20.0%) are the second highest all Hungarian regions**, while the second lowest rates are seen for both genders in terms of overweight people.

**In the Region, rates of regular smokers are above respective national averages for both genders**, with the Region's female smokers showing the highest rate (26%) all over the country. In KDR, the rate of women consuming 8U of *alcohol* weekly is above the national average with the situation being even worse in Central Hungary and South Transdanubia, while, on the whole, the **number of alcoholics per 10,000 inhabitants is the lowest of all**.

## 2.6 Economic Infrastructure and Potentials

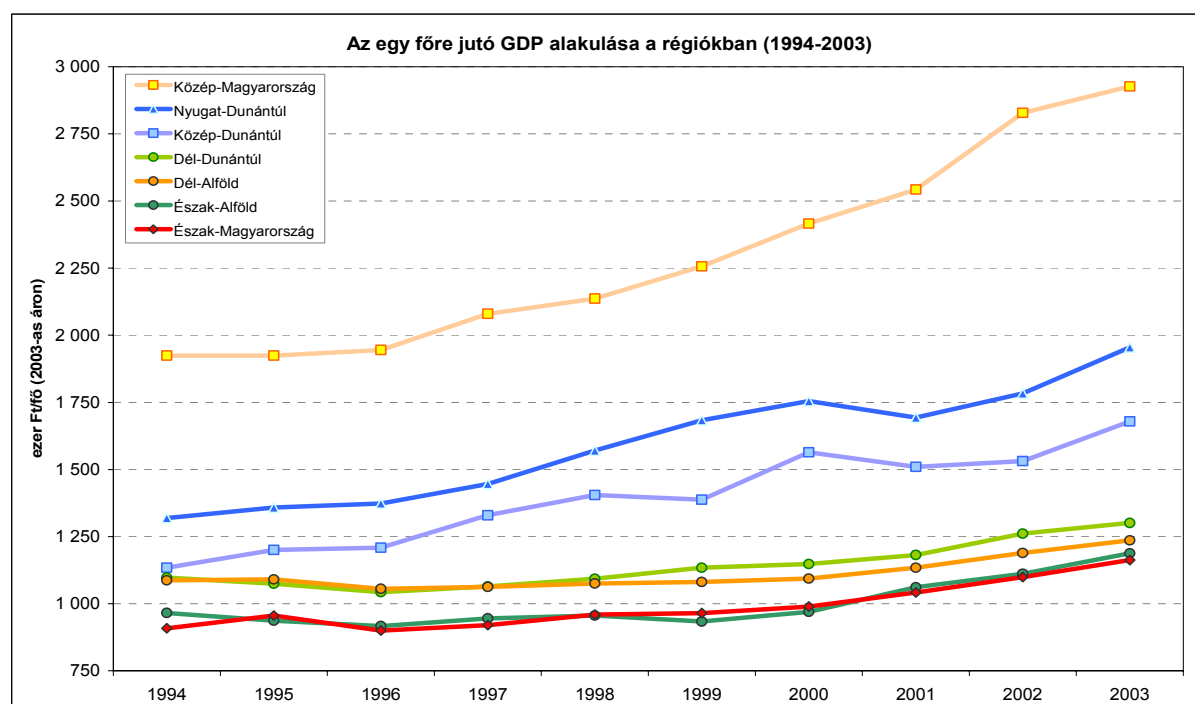
Since the early 90's, **the role played by the Central Transdanubia Region in the Hungarian economy has risen high above the level of importance which the Region would have been predestined to have by virtue of the size of its total area and population**. A sign of successful restructuring, the values of the Region's indicators, commonly used to measure standards of economic development and dynamics thereof, have been permanently higher than respective national averages, and combined with employment rates which are considered favourable even as compared to international figures.

**A few indicators characterizing the economy of the Region**

Parameter	Central Transdanubia Region	Hungary total	Budapest	Other six regions together	Rank (among seven regions)
<b>Employment</b>					
<i>Economic activity of population of age-group 15-74 (=100%) (2004)</i>					
- Employed	53.7%	50.5%	58.1%	48.2%	3rd highest
- Unemployed	3.2%	3.3%	2.7%	3.5%	3rd lowest
- Active in economy	56.9%	53.8%	60.8%	51.7%	3rd highest
- Inactive in economy	43.1%	46.2%	39.2%	48.3%	3rd lowest
<b>Rate of unemployment (2004)</b>	5.6%	6.5%	-	6.8%	3rd lowest
<b>Economy</b>					
<b>Territorial distribution of businesses in operation, 2004</b>	10.2%	100%	39.3% (KöM)	60.7%	4th
<b>Ratio of investments by the location (2005)</b>	11.3%	100%	50.1% (KöM)	49.9%	2nd highest

Source: Hungarian Regions Vademecum 2004, KSH 2005. Hungarian Statistics Vademecum 2005, KSH 2006

**In terms of per capita GDP, the Region takes a steady third place following Central Hungary and West Pannon** (with its figure nearly 20% higher than the national average less Budapest), while its per capita GDP was not even equal to one-third of the EU25 average in 2003.



Source: KSH, 2005

ezer Ft/fő (2003-as áron) = HUF'000 per capita (at 2003 price level); Közép-Magyarország = Central Hungary; Nyugat-Dunántúl = West Pannon; Közép-Dunántúl = Central Transdanubia; Dél-Dunántúl = South Transdanubia; Dél-Alföld = South Great Plain; Észak-Alföld = North Great Plain; Észak-Magyarország = North Hungary

**Gross Domestic Product (GDP), at ruling price 2003**

	EU25	EU15	10 new Member States	Hungary	Central Hungary	Central Transdanubia
€ million	9953329.3	9503520.8	449808.5	73538.3	32829.2	7537.4
€ per capita	21740.6	24770.4	6065.5	7259.8	11611.8	6770.2
Percentage € per capita on EU average	100	113.9	27.9	33.4	53.4	<b>31.1</b>
Million PPS*	9953329.3	9100568.3	852761	130635.3	58318.6	13389.7
PPS per capita	21740.6	23720.1	11499.1	12896.5	20627.5	12026.7
Percentage PPS per capita on EU average	100	109.1	52.9	59.3	94.9	<b>55.3</b>

Source: <http://www.epp.eurostat.ec.europa.eu> 2006

\*PPS = Purchasing Power Standard

The development of the Region rests on an economy with powerful up-to-date processing industries forming its basis, potentials in terms of business domiciles and logistics as offered by a favourable communication-geographic situation, and outstanding tourist features. These three factors create an adequate environment for local applicability of innovative development.





Source: Plotted by Central Transdanubia RDA

**It is its favourable overall features that have so far been at the back of the Region's dynamic socio-economic development.** By now, the economy has undergone restructuring, new technologies and new types of industry been established, employment expanded, and working capital been invested in new sectors. Based on a traditional industrial production culture, up-to-date new trades have settled at former industrial focus

points (especially those of electronics and automotive industry).

**Categories of economic environment in Central Transdanubia;** Régiószervező központ = Foci of regional organization power; Regionális decentrumok... = Regional sub-centres, foci of innovation and service provision; Karakterisztikus... = Areas with characteristic development potentials; Alapvetően... = Primarily tourism-oriented districts; Egykori ipari... = Stagnant areas along a former industrial axis; Döntően... = Mostly agricultural districts; Jelentős... = Major higher-education institution

Greenfield projects have also furthered an industrial reform and innovation-oriented development. With view to the **promotion of growth as one of the main Lisbon goals**, it should be noted that **economic development trends encountered after the turn of the millenary** are warning in several respects, **indicating that the momentum of growth ongoing since the middle of the 90's has broken.** In the last few years, **several foreign investors** (such as Mannesmann, IBM, and Kenwood) **have withdrawn their capital from the Region** due to discontinuance of comparative disadvantages (as in wage costs), which has made the situation in already less favoured areas (e.g. that of the Sárbogárd area) even worse, and caused a shock even in districts with strong and well-developed economies (like in Székesfehérvár). Though it may be considered consequence of a natural fluctuation of multinational companies or common phenomenon of an open market economy, it nevertheless points out limits of former development, notably the fact that **potentials of development based on mass production have been gradually exhausted**, which leads to the question how long regional economic development can be sustained in a like manner. Though, after a transitory recession in 2001, the per capita GDP started to rise again in 2002, the signs outlined above intimate vulnerability of the Region's economy, encouraging, at the same time, a shift towards business activities with higher added-values. Unfavorable tendencies are also attributable to the fact that **the economic structure of the Region is too much pre-dominated by the industrial sector, with the tertiary sector carrying too low a weight as compared to the overall national situation.** In the Region in 2003, 40.3% of the *Gross Value Added* were produced by industry, exceeding the national figure, while the share of the service-provision sector (50.9%) (source: KSH, 2003) fell significantly behind the respective national average, all in spite of the fact that a marked rise in the share of the service sector has recently been seen in parallel with a decrease of the agricultural share. The situation is also

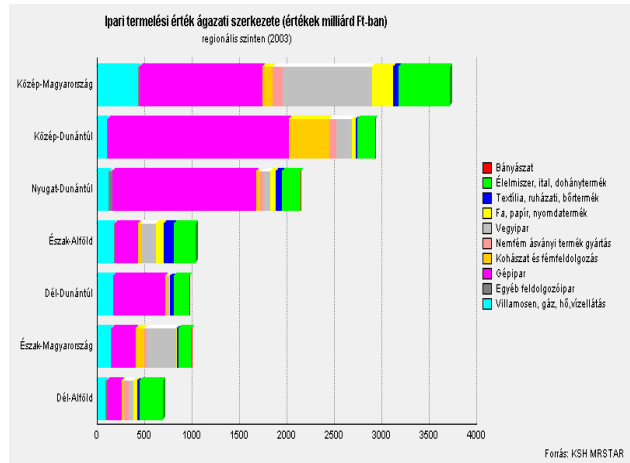
reflected in the development of employment rates, with still nearly 10 percentage points less people working in the tertiary sector in the Region than in EU member states.

Mezőgazdaság = Agriculture; Ipar = Industry; Szolgáltatás = Service provision; Konv. átlag = Conv. average

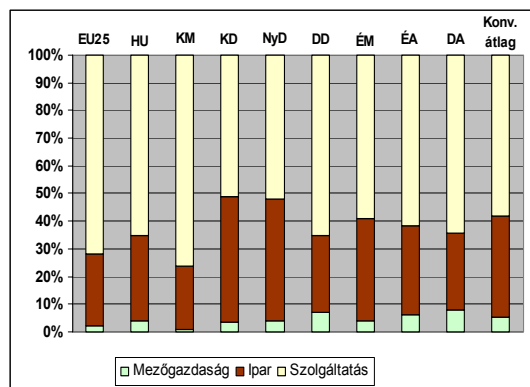
**Outstanding indicators of the Region's economic development are associated with industrial development exclusively.**

In parallel with an increasing focus on industry, the overall economic structure, including the industrial structure (with a former predominance of mining and heavy industry), underwent a considerable transformation in the 90's.

**Sectoral distribution of industrial production values** at regional level (in HUF billion); Közép-Magyarország = Central Hungary; Közép-Dunántúl = Central Transdanubia; Nyugat-Dunántúl = West



**Distribution of Gross Values Added by sector and region**



Source: KSH, 2003; VÁTI Kht.; plotted by STÉI

Pannon; Észak-Alföld = North Great Plain; Dél-Dunántúl = South Transdanubia; Észak-Magyarország = North Hungary; Dél-Alföld = South Great Plain; Bányászat = Mining; Élelmiszer, ital, dohánytermék = Food, drinks, tobacco products; Textilia, ruházati, bőrtermék = Textiles, clothing, leather products; Fa, papír, nyomdatermék = Woodworking, paper, printing; Vegyipar = Chemical industry; Nemfém ásványi termék gyártás = Non-metallic mineral products; Kohászat és fémfeldolgozás = Metallurgy and metalworking; Gépipar = Mechanical engineering; Egyéb feldolgozóipar = Miscellaneous processing industries; Villamosenergia, gáz, hő, vízellátás = Power, gas, heating, and water supplies; Source: KSH, MRSTAR

While traditional lines of heavy industry were driven back, mechanical engineering, including computer technology, manufacture of consumer telecommunications goods, and production of vehicles and vehicular parts above all, became the prime mover of industrial development, in which inward capital investments played a key role.

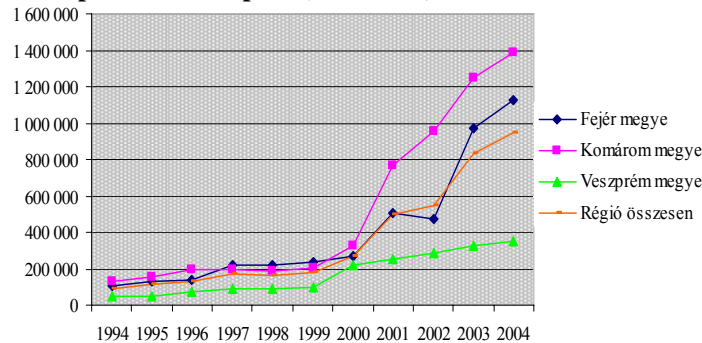
**The economic potential shows an uneven distribution within the Region**, with the highest proportions being concentrated in Fejér County (micro-regions of Székesfehérvár, Dunaújváros, and Mór) and Komárom-Esztergom County (micro-regions of Esztergom, Komárom, and Tatabánya) in terms of both production value and export volume. A redrawing of the map of intra-regional power relations has just begun. Fejér County is getting 'saturated', taking its place in the lowest third of the national county ranking as regards average rates of growth over the period 1998-2004 (in which re-mobilization of inward capital was instrumental), while Komárom-Esztergom County ranks first. In Veszprém County, unprofitable factories have been discontinued, but new high-tech projects have been getting along at a low pace despite an efficient industrial production. In 2004, Komárom-Esztergom County had an industrial output four times as high as that of Veszprém County, and, what is



more, the industrial productive efficiency has still been lower, re-structuring has not been finished yet, and there are still multiple low-tech production units, in the latter. It should be emphasised, however, that the service-provision sector and tourism play a more important role in Veszprém County than in the other two counties of the Region. Recently, the majority of developed micro-regions have been characterized by stagnation, while moderately developed ones by rapid growth, resulting in a shift towards homogeneity.

Fejér megye = Fejér County; Komárom megye = Komárom-Esztergom County (K-E County); Veszprém megye = Veszprém County; Régió összesen = Regional average

Per capita inward capital (1994-2004)



KSH, 2005

A finding capable of generalization, **Fejér and Komárom-Esztergom Counties have mostly been selected by plutocracy, while Veszprém County by foreign medium-size businesses, as venue for their investments.** It is also reflected in per capita inward capital figures, which show an increasing tendency in each of the three

counties, with but the *Veszprém County* data falling behind those of the other two counties. In this respect, the micro-region of *Esztergom* stands pre-eminent among the others, followed by the micro-region of Komárom, and that of Székesfehérvár. An additional micro-region with a figure exceeding the regional average is that of Mór, while micro-regions of *Sárbogárd*, *Sümege*, and *Enying* seem to be almost entirely neglected by inward capital, and the per capita figure of inward capital is less than one-tenth of the regional average in *Balatonfüred*.

A key factor in sustainable economic development is an efficient (co-)operation of regional foci and sub-foci of growth. **Fortifying competitiveness of the Region as a whole, co-foci of growth** (Székesfehérvár and Veszprém) and sub-foci (Tatabánya and Dunaújváros) constitute a *tetrahedron of major towns in a polycentric town network of the Region*, with each of these four towns playing a key part. This network functions to channel resources of development (such as innovation and capital) into their broad neighbourhood, thus attaching them to European global economic and innovation systems, and strengthening regional and national competitiveness and socio-economic cohesion. *Acting jointly as a pole of competitiveness, co-foci of growth play a key role* in employment efforts through their tertiary education / research functions and a concentration of businesses producing especially high added-values, while complementary sub-foci have joined to reinforce co-operation.

In addition to major towns, **medium-size towns with organic development and those with characteristic development potentials** can be found in the Region, with some of them having thematic economic functions of outstanding national or regional importance such as Pápa (with food-processing and electronic businesses, and acting as secondary schooling focus), Gárdony and Balatonalmádi (with tourism based on natural assets), Balatonfüred and Tata (with tourism based on both man-made and natural assets), Bicske (acting as logistic

focus), Esztergom (with tourism and automotive industry, and acting as church centre of national importance), Komárom (a place of crossing the Danube, and with developing electronic trade), Mór (a wine-district centre with bustling SME activities).

Findings on industrial towns along the former 'energetic axis' and those on mostly agricultural settlements are outlined above in *Clause 2.4 Geometry and Habitation Structure*.

A finding applicable especially to the pole of competitiveness constituted by *Székesfehérvár and Veszprém* due to its sectoral concentration, the dynamically developing sectors, whether traditional or new, which are capable of becoming cores of potential clusters, do exist in the Region (most emphatic ones being the software, microelectronic, and plastic trades in Székesfehérvár, and IT and environmental industries in Veszprém). Most of such **instances of sectoral co-operation are, however, still under-developed and formal, requiring improved management and expansion of joint efforts in terms of volume and efficiency**. In a survey<sup>2</sup>, though emphasizing the importance of inter-firm relations, only one out of ten interviewed businesses reported itself to belong to a regional cluster (unlike in economies based on developed business networks). Remarkably, the majority of cluster members are big businesses. The percent rate of companies capable of acting as integrators for SME's is low (with rare examples being VIDEOTON and SUZUKI) and, furthermore, the above-mentioned fluctuation of multinational companies implies a hazard to businesses which have already managed to join a supplier network. Low productivity of small and medium-size businesses is caused by the lack of a well-established supplier network on the one hand, and low efficiency of their business culture, organizations, and processes on the other hand.

In KDR, **the number of industrial parks (29) is the second highest, and total area thereof the highest, in all Hungarian regions** (source: [www.gkm.hu](http://www.gkm.hu)), and they exhibit up-to-date layout and dynamic development. 67% of the Region's total industrial output are generated by businesses set up in industrial parks (as compared to a national rate of 25%), and every third of all employees working in industrial parks throughout the country works in the Region, and industrial parks in the Region feature a 50% rate of occupancy<sup>3</sup>. While recognizing achievements attained so far, it should be noted that, similarly to industrial parks in operation in other parts of the country, and save for a few exceptions such as the Esztergom Industrial Park, **the industrial parks of the Region are still unequipped for acting as real organizers of regional economy**. The choice of services they offer, their co-working in a network and their utilization of energy are all in need of improvement to ensure that they are able to help, with adequate efficiency and efficacy, the businesses set up in them, and other SME's in the vicinity thereof, improve their respective competitiveness. **Incubation facilities**, enjoying nationwide recognition and being at an advanced stage of networking, are also present in the Region (notably in Székesfehérvár, Dunaújváros, Veszprém, and Komárom), and have by now developed management cultures of their own tailored to local needs. However, **local managed workspaces** for novice businesses **are still rare** in spite of the availability of unused background infrastructure for catalyzing 'brownfield' projects and being assigned new

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<sup>2</sup> Innovation needs in the Central Transdanubia Region. RVA, Székesfehérvár, September 2003

<sup>3</sup> Concept on industrial parks in the Central Transdanubia Region. Society of Industrial Parks, July 2006

functions. There are **hardly any micro-regional incubator houses**<sup>4</sup>, with existing ones wanting improvement of their infrastructure and means-dependent services badly.

**Comparative data on R&D expenditure by sector (2004)**

	EU25	EU15	10 new Member States	Hungary	Central Transdanubia
<b>Total R&amp;D, € mil</b>	194,076.3*	190,271.5	3,804.8	731.3	43
Percentage GDP	1.86%	1.92%	0.78%	0.89%	0.55%*
<b>Business sector, € mil</b>	124,664.8	122,904.4	1,760.4	296.6	20.2
Percentage GDP	1.2%	1.24%	0.36%	0.37%	0.26%*
<b>State sector, € mil</b>	24,836.3	23,745.9	1,090.4	213.1	9.5
Percentage GDP	0.24%	0.24%	0.22%	0.26%	0.12%*
<b>Tertiary education sector, € mil</b>	42,536.7	41,597.7	939	177.3	13.2
Percentage GDP	0.41%	0.42%	0.19%	0.22%	0.17%*
<b>Private non-profit sector, € mil</b>	2,038.5	2,023.5	15	-	-
Percentage GDP	0.02%	0.025%	0	-	-

Source: <http://www.epp.eurostat.ec.europa.eu> 2006

\*Estimated by Central Transdanubia RDA on the basis of KSH data on regional GDP figures in 2004, in lack of Eurostat data; reckoned at an exchange rate of HUF 275 / €

An innovative economic development has already begun in certain zones and major town foci of the Region, but the extent to which innovation is embedded in development processes is insufficient both horizontally and vertically. The study of sciences, tertiary and vocational education, and institutional and business relations between economic domains and sectors thereof, all require improvement, just like an SME sector, capable of

supporting a networkwise development and innovation, does. **As compared to Region's economic importance, the regional research & development (R&D) sector, so important for Central Transdanubia, is in a fairly poor condition, with indicators worse than respective national averages,** and an economic performance rated as outstanding in domestic circumstances has until now failed to support expansion of R&D capacities.

**A comparison with the European Union makes R&D underperformance in Central Transdanubia evident in all sectors** even when regional figures are compared with averages of new member states which lag well behind the EU15 countries. The least degree of backwardness is seen in the state-controlled domain, while the Region features only three academic research institutes (Agricultural Research Institute in Martonvásár, Limnological Research Institute in Tihany, and Central Transdanubian Research Team of RKK NYUTI in Székesfehérvár) which may but be worth building upon.

Owing to its Pannon University (successor of a former Chemical University and heir to its knowledge base, with four research teams under the control of the Hungarian Academy of Sciences), Veszprém County makes up for the Region's low mark to some extent, but for all that, the Region has to address a significant disadvantage.

In the last few years, however, some **good tendencies** have also been seen: a dynamic development of R&D activity in Central Transdanubia is indicated by the fact that, by 2004, the Region managed to get ahead of both the North Hungary and West Pannon Regions in terms of research locations (6.2%), persons employed in R&D positions (5.3%), and researchers with academic doctor's degree or candidate's degree (4.2%), and even leave South Transdanubia behind in terms of total R&D expenditure (6%) and number of research topics.

<sup>4</sup> Strategy to support Chapter 'Economic Competitiveness' of the Central Transdanubia Regional Operational Programme, National Development Plan II. By Central Transdanubia Regional Development Agency, Closed-End JSC, January 2006

In addition, **establishment of so-called 'knowledge parks' has begun** in the Region (for instance, Talentis Programme in the Zsámbék Basin has been being outlined, and Alba Innovation Park and Pannon Park of Science & Technology are about to be set up in Székesfehérvár and Veszprém, respectively).

Furthermore, an innovation zone, situated within a major region between Vienna and Budapest, and conceived to comprise multiple foci of innovation and growth (such as Székesfehérvár, Mór, Várpalota, Veszprém, Ajka, Esztergom, Tatabánya, Komárom, Dunaújváros, Pápa, Bicske, and Bábolna) and concentrate resources to ensure fulfillment of innovation needs, has already begun to take shape.

**Main regional R&D indicators in 2004**

District	Number of R&D locations	Number and percentage of R&D employees
1 Central HU	1,255 (49.4%)	14,741 (64.6%)
2 Central TD	158 (6.2%)	1,206 (5.3%)
3 West Pannon	194 (7.6%)	895 (3.9%)
4 South TD	227 (8.9%)	1,244 (5.4%)
5 North HU	145 (5.7%)	1,067 (4.7%)
6 N Great Plain	280 (11.0%)	1,763 (7.7%)
7 S Great Plain	282 (11.1%)	1,910 (8.4%)
Hungary total	2,541 (100%)	22,826 (100.0%)

Source: KSH, 2005

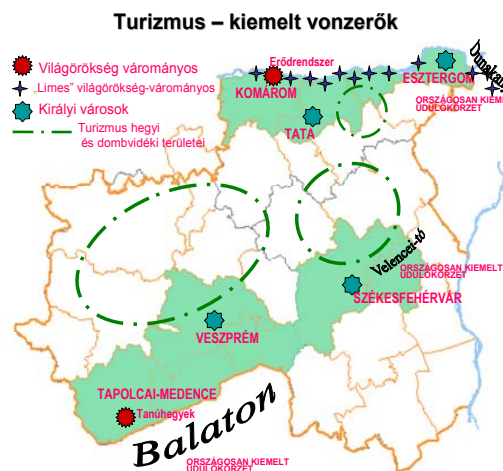
Just like similar enterprises in other parts of the country, most regional SME's have been suffering from shortage of capital since the fall of communism. Consequently, they do not demonstrate a need for innovation and ongoing reform, their entrepreneurial spirits are low, and they do not have access to proper information channels. For the time being, the competitive environment they operate within has failed to encourage them duly to adopt an innovative attitude.

Background organizations of innovation may become instrumental in motivating innovation activities, helping all players of the innovation game, i.e. designers, manufacturers, and users, find contact with one another, and getting innovative achievements utilized. Multiple of potential links designed to promote R&D activity, and facilitate generation of an innovative chain, i.e. support agencies providing innovative services, especially access to information, are already available in the Region, with the Central Transdanubia Regional Innovation Agency (hereinafter Central Transdanubia RIA) representing a good example of networking.

**The Region is endowed with excellent logistic features, but existing logistic centers show an uneven territorial distribution.** Out of units envisaged in a national programme for networking logistic centers with regional and national functions, the logistic centre in Székesfehérvár, designed for combined goods transport management, was the first to set up, and has still been in a process of development. Infrastructure development for this facility as National Logistic Services Centre (OLSZK) is supported within the framework of the Transport Operational Programme (hereinafter TOP) and Economic Development Operational Programme. The scope of the Székesfehérvár Logistics Centre expands from the north part of Lake Balaton through Veszprém till the axis of Tatabány-Oroszlány-Dunaújváros. It gives chance for the integration of air and water traffic with the development of the Port of Dunaújváros, Szentkirályszabadja and Börgönd Airports.

## 2.7 Tourism in the Region

As regards tourism, KDR is a key region of the country, constituting, together with the West Pannon Region, a target area of tourist traffic of the second highest level after Central Hungary with Budapest.



Source: Plotted by Central Transdanubia RDA

**Preferential tourist attractions;** Világörökség várományos = Expectant of World Heritage; "Limes" világörökség-várományos = 'Limes', expectant of World Heritage; Királyi városok = Royal towns; Turizmus hegyi és dombvidéki területei = Tourist destinations in hills / mountains; Országosan kiemelt üdülőkörzet = Preferential holiday resort district; Erődrendszer = Fortifications; Tanúhegyek = Remnant hills

A factor important for the development of the tourist sector, the Region takes pride in a **great variety of significant natural assets** (i.e. Lake Balaton and Balaton Highlands with the Balaton Highlands National Park, river Danube with the

Duna – Ipoly National Park, Lake Velence, Bakony, Gerecse, and Vértes Hills with the Vértes Nature Reserve), **man-made attractions** (so-called 'Birthplace of Hungary': royal and queenly towns including Székesfehérvár, Veszprém, Esztergom, and Tata; fortifications of Komárom; ancient Roman ruins of Gorsium; preferential castles including those in Dég, Fehérvárcsurgó, Nádasdladány, Lovasberény, Pápa, and Tata; Abbeys in Tihany and Zirc; monastery in Majkpuszta), and an increasing choice of cultural events (with those associated with the 'Valley of Arts and Crafts' being the most important). 7 out of 22 national historical wine-districts are situated within the Region (i.e. those of Ászár-Neszmély, Badacsony, Balatonfüred-Csopak, Balaton Highlands, Etyek-Buda, Mór, and Somló), and offer full-bodied sources of excitement, pleasure, and recreation to visitors. **However, innovative tourist products capable of satisfying comprehensive requirements are rare**, with the majority of items in the regional tourist choice mostly giving short visits a preference. The tourist marketing activity fails to rely on a characteristic regional tourist image, and the Region is lacking in well-defined and, hence, easy-to-promote reception areas, **except Lakes Balaton and Velence as holiday resort districts**, and products or events. It should be noted that even the tourist strategy developed for Central Transdanubia classifies the Region as 'complex' in terms of tourist supply, while the available choice of tourist products is monotonous, market positioning poor, and capacities of tourist service provision obsolete and inadequately co-ordinated.

Considering tourist indicators, it is remarkable that **nearly one-fifth of all national commercial accommodation capacities are located within the Region, with but limited availability of certain special types of accommodation (e.g. spa-hotels)**. The Region features a concentrated location of both accommodation capacities and tourist traffic. The share of Veszprém County in each respect is about 60%, with both capacities and traffic being heavily Lake Balaton-centered. In addition, Gárdony and Velence by Lake Velence and the

county seats possess considerable accommodation capacities, while certain micro-regions (such as those of Kisbér, Oroszlány, Sárbogárd, Sümeg, and Várpalota) can be considered tourist 'blank spots' in this respect. The **utilization rate of accommodation capacities is rather low in KDR**, with the regional figure relating to commercial accommodation having been as low as **11.3% in 2004**. On one hand the reason is that numerous 3\*-hotels with high capacity can be found, based on waterside mass tourism, which don't meet today's requirements. On the other hand the complex tourist products and programmes inspiring longer staying are missing. (The highest rates are seen in Komárom-Esztergom County.) The **average time of sojourn** in KD accommodation facilities **dropped down to 3.5 nights in 2004** (with the respective Veszprém County figure being nearly 1 night higher than the regional average). **As regards total revenues from tourism, only Komárom-Esztergom County can claim real growth in the Region**, while each of the other two counties and the Region as a whole are marked by a decrease.

**Development of revenues from room charges of commercial accommodation facilities in KDR, 1994-2004, KSH**

	Total revenues (HUF'000)	Inward revenues (HUF'000)	Domestic revenues (HUF'000)	Revenues per visitor (HUF)	Revenues per foreign visitor (HUF)	Revenues per domestic visitor (HUF)	Revenues per visitor-night (HUF)	Revenues per foreign visitor-night (HUF)	Revenues per domestic visitor-night (HUF)
1994	2,506,278	1,926,209	578,264	4,752	6,838	2,357	1,144	1,236	918
2004	7,651,422	3,821,592	3,829,830	11,221	16,533	8,497	3,246	3,349	3,150
Nominal change	205.5	98.4	562.3	136.2	141.8	260.6	183.7	170.9	243.3
Real change	-8.2	-40.4	99.1	-29.0	-27.3	8.4	-14.7	-18.6	3.2

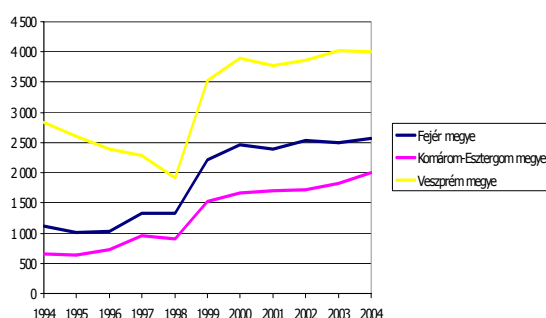
**Data on capacities and times of sojourn in Central Transdanubia**

	Utilization of holding capacities		Average time of sojourn	
	Commercial accommodation	Private accommodation	Commercial accommodation	Private accommodation
1994/1999*	13.5%	5.9%*	4.2	6.7*
2004	11.3%	2.3%	3.5	4.6
Change	-2.2%	-3.6%	-16.7%	-31.1%

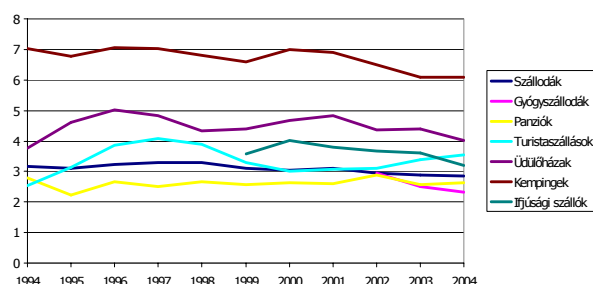
\* Data available since 1999. – Source: KSH 2004

In the Region, the **number of people working in the accommodation provision and catering sector doubled** from 4,618 to 8,559 over the period 1994 to 2004. This increase is **partly attributable to the fact that data surveys before 1998 covered enterprises with more than 20 employees only**, while those since 1999 have included every enterprise with more than 4 employees.

**Number of people employed in tourism, 1994-2004 (KSH)**



**Average time of sojourn by the type of accommodation, 1994-2004 (KSH)**



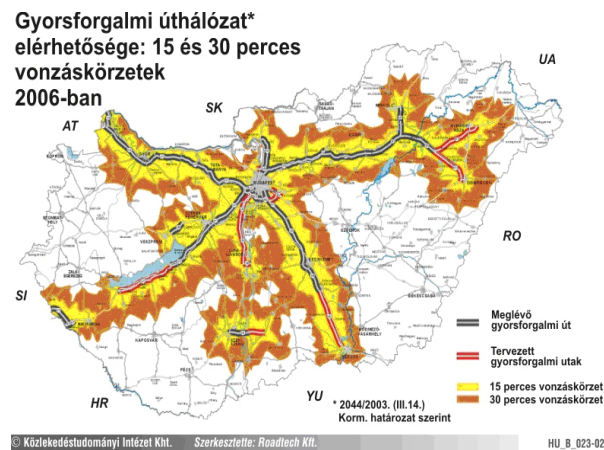


Fejér megye = Fejér County; Komárom-Esztergom megye = Komárom-Esztergom County (K-E County); Veszprémmegye = Veszprém County; Szállodák = Hotels; Gyógyszállodák = Spa-hotels; Panziók = Guest-houses; Turistaszállás = Tourist hostels; Ütilőházak = Holiday homes; Kempingek = Campsites; Igyúsági szálló = Youth hostels

On the whole, KDR has got tourist **reception areas** which are of **outstanding** importance nationally and moderate significance internationally. However, it is mostly involved in excursionist and transit tourism only, associated with a relatively **indistinctive image**, possesses an underutilized stock of tourist products, and features a **stagnant to declining demand**.

## 2.8 Transport and Communal Infrastructure

**Accessibility of the expressway system: 15 and 30-minute ranges of access in 2006;** Meglévő gyorsforgalmi út = Expressways existing; Tervezett gyorsforgalmi utak = Expressways planned; 15 perces / 30 perces vonzásokörzet = 15-minute / 30-minute ranges of access; \*According to Government Decree No. 2044/2003 (III.14.); Közlekedéstudományi Intézet Kht. = Communications Engineering Institute Non-Profit Co.; Szerkesztette = Plotted by Roadtech Co., Ltd.



As regards accessibility, Central Transdanubia is one of the regions in the most favourable situation in Hungary. It features a close-set main road network, well-organized railway trunk lines, and an availability rate of roads exceeding the national average (except in Veszprém County). However, there are deficiencies in communication means of regional and local significance which hinder a uniform regional development and are detrimental to

the competitiveness of certain settlements. Such deficiencies are **mostly seen in North to South communication links, poor accessibility of peripheral areas** off main roads, a total of 53 **dead-end villages** existing in the Region (including 18 in Fejér County, 8 in Komárom-Esztergom County, and 27 in Veszprém County), and **deterioration of municipal roads**. It is partly due to such deficiencies of the communication / transport network that the dynamic economic development which manifests itself in business foci of the Region and preferential tourist districts around Lake Balaton, can hardly, or cannot at all, spread over to peripheral areas located mainly along regional borders.

Similarly to the whole of the country, construction of a **cycle track network** appears to be a very slow process in the Region, with current **availability satisfying only a minimum requirement as compared to European standards**. By year 2000 data, Veszprém County has got a 4.2% share, Komárom-Esztergom County a 1.8% share, and Fejér County as low as a 1.2% share, in the entire national cycle track network. Apart from an international cycle

track network (EUROVELO 6) running along its borders, the Region is lacking in unbroken cycle track systems (except in the Lake Balaton district) or such local cycle paths as may lend themselves to networking.

**Apart from the Danube**, there is no other **waterway** navigable for goods transport in the Region. Though river Danube has been declared a Helsinki corridor, Dunaújváros is the only regional town along the banks along the river that features a river-harbour meeting European standards. On the other hand, harbours existing by Komárom and Esztergom want development to ensure that the Region has a higher potential involvement in river transport of goods. Neither river Danube, nor Lake Balaton is linked adequately with regional tourist attractions, and integration of 'linear' tourist products is rare, with river navigation equipped with but insufficient infrastructure available for such purpose.

**Railroad transport on trunk lines is well organized in the Region**, but railway transport off trunk lines offers travel times multiple times as long as those road transport does. **At the same time, railway communications between key towns of the Region are inadequate**, and feasible only via Budapest in many cases because of non-existent sections of railroad track. Regional findings on availability of railway transport, and technical and safety condition of railroad infrastructure and means, are detailed in the situation analysis chapter of TOP because these areas of interest are outside the scope of this CETOP (except for the situation of railway branch-lines which CETOP does not envisage any action for and is, consequently, not discussed herein).

For people living in settlements not covered by the railway network, bus services are available for travelling from one place to another. Though public road transport features 100% coverage of the Region, communication means along various routes are not co-ordinated adequately, and necessary intermodal links, hence proper accessibility or optimum / cost-effective utilization of public transport vehicles, not provided. The lack of adequate co-ordination between local and point-to-point bus-routes is a weakness, in both technical and infrastructure terms, in major towns and micro-regional centers (e.g. Székesfehérvár, Veszprém, and Zirc), just like the fact that few items of the available vehicle fleet meet relevant environmental requirements.

KDR has undergone **a fairly dynamic development in the fields of housing and supply of public utilities** since 1990. The housing stock has increased by 4.3% over the last 10 years. (The housing stock in the Region amounted to 422,000 in 2001, including 396,000 units inhabited, and 26,000 unoccupied. – Source: KSH, on the basis of year 2001 census). Higher levels of increase are present in towns and urban agglomerations, while home-building activity in ageing villages is characterized by stagnation. A survey in 2002 showed that the highest percentage of homes (exceeding 40%) with high rates of amenities were found in the Central Transdanubia and West Pannon Regions, and the majority of inhabitants (70%) of these very same regions were living in settlements endowed with high levels of amenities. Fundamentally, such favourable situation in these regions is attributable to the high level of urbanization. Figures such as the rate of homes without amenities (currently 7.0-7.5% on the



average) and number of inhabitants per 100 households (250 to 290 at present) have been decreasing gradually. On the whole, per household indicators are improving as the housing stock increases, and population decreases, in the Region. A negligible rate of all housing units can be found in the outskirts of settlements, and the regional rate of homes classified 'townish' or 'of housing estate', as going hand in hand with urbanization, practically equals the national average (36.5-33.5%), with the respective figure exceeding 42% in Komárom-Esztergom County which has got the highest level of urbanization (source: KSH, 2004). Even the home-building boom encountered in the last few years can, however, not have affected the lifetime structure of the whole housing stock significantly, or made its effects felt by people living under the worst circumstances either, with the result that considerable disparities have appeared in statistical classification of the society. Deterioration of apartments in prefabricated buildings and that of residential buildings located in urban areas threatened or affected by segregation, is a problem equally serious region- and nation-wide. Though, statistically, the apartments in prefabricated buildings of housing estates, constructed during the socialist era (especially in the period 1970 to 1980), are considered to be equipped with the highest level of amenities, the fact that sanitary renovation of all them has become necessary nearly at the same time after a lapse of 30 years of service life, is a serious issue of the day. The regional percentage of such apartments is well, i.e. nearly 10 percentage points, above the national average (13.9%). 5,700 out of all residential buildings (amounting to 270,000) have got walling made from concrete blocks, concrete panels, or cast concrete (source: KSH, based on year 2001 census data).

Implying a hardest task of maintenance and modernization classified 'top priority' with view to housing policy considerations, the above-mentioned apartments are distributed rather unevenly across the habitation structure of the Region. Most of them are concentrated in large towns, towns of county rank, towns with a considerable industrial sector, and medium-size towns along the former so-called 'mining / energetic axis' (for details, refer to *Clause 2.4* above). Moreover, deterioration of prefabricated apartments may lead to a concentration of low-paid social groups, with serious social welfare problems, in housing estates of certain large towns.<sup>5</sup>

Besides individual renovation efforts, a complex rehabilitation of entire city centres and other urban districts, and conservation of items of the architectural heritage, are considered another priority. Local public-place facilities also need considerable improvement as well as local institutions want additions and modernization to meet current needs. Featuring a low mobility rate, the domestic housing system has got a wide perspective of growth.

Enumerating expectations in relation of urban policies, the new Community Strategic Guidelines (hereinafter CSG) attached to the Cohesion Policy, and a document entitled 'Cohesion Policy and Towns: Urban Contribution to Regional Growth and Employment' annexed thereto, lay equally great stress on urban development and enhancement of the competitiveness of towns as well as creation and maintenance of an environment easy to live

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<sup>5</sup> Strategy to support Chapter 'Environment and Infrastructure' of the Central Transdanubia Regional Operational Programme, National Development Plan II. Partner Engineering Agency Co., Ltd., April 2006

in, and addressing of issues presenting themselves in urban areas in a more and more striking manner.

The existing urban development conceptions and long-term development plans, which are meant to be coherent and integrated, based on synergic considerations, and produced with local involvement, all have their shortcomings, especially if one assumes that plans like those may be instrumental in mobilizing investments for the rehabilitation of areas experiencing deterioration, and promoting co-operation between the community and the private sector.

**Water supply in the Region is sound**, with drink water drawn from underground resources to 100% in Fejér and Komárom-Esztergom Counties, and 87% in Veszprém County. Surface water stocks are utilized throughout the holiday resort area around Lake Balaton. In 14 settlements in Veszprém County, 10 settlements in Fejér County, and 4 settlements in Komárom-Esztergom County, there are, however, issues relating to the quality assurance of drinking water (i.e. fluoride, nitrite, arsenic, or ammonium contents above upper allowable limits) which shall be addressed till 2006 or 2009. Drinking water of the best quality can be recovered from water resources situated in the karstlands of Transdanubia.

With view to sewage disposal, the sensitiveness classification of settlements in the Region is of extraordinary importance. **55.1% of regional settlements** can be found in areas classified '**sensitive**', and **43.89%** in areas classified '**highly sensitive**'. Sensitive areas of the Region are discussed in Clause 2.3 *Topographic / Natural Features, and Environmental Status* above.

Pursuant to effective regulations on territorial limits of wastewater discharge into surface waters, the water catchment areas of Lakes Balaton and Velence come under the 'sensitive area' category. With the purpose to protect drink water resources, areas with high groundwater levels, surface watercourses, and lakes in the Region, the treatment of wastewaters generated locally is considered to be a responsibility of utmost significance. A complex development programme for wastewater treatment in the Region was worked out in 1999, which prioritized localities and scheduled development stages accordingly. **The total length of the public sewer system in the Region increased by a factor of 1.6 over the period 1999 to 2004**, though significant rates of increase were perceptible only in the Northern part of the Region, and settlements belonging to the preferential holiday resort area around Lake Balaton.

Improvement efforts have been focused on sensitive districts, areas containing vulnerable water stocks, and, to protect water quality of lakes, especially Lake Balaton, settlements along the coastlines. Sewerage construction has been in progress in an increasing number of settlements with 2000 to 5000 inhabitants. Within the water catchment basin of Lake Balaton, there are 17 settlements with a population below 1000 in which there is no sewage disposal system either in operation or under construction. The total population affected amounts to 5047. The rate of homes connected up to the public sewer system has increased from 41.8% up to 69.2% in the space of 10 years. About 80% of local inhabitants on an average get their homes connected up to an existing public sewer, and, with the right incentives, that rate could be increased up to as high as 90 to 95%.

The agricultural settles (i.e. inadequate dung treatment) and industrial activities (i.e. red silt container, cinder container of power station), inadequate solid and liquid landfills play much role in the deterioration of water quality besides the settlements' pollution (lack of sewage system, communal landfills).

**The Region runs 98 sewage clarification plants** with a total hydraulic capacity below the planned figure, but **not even this available capacity is fully utilized**. In the Region, nearly 100% of all wastewaters received are routed into reservoirs upon mechanical and biological treatment.

**Collection of non-hazardous communal solid wastes is under full control throughout the Region.** Few up-to-date *waste disposal facilities* have been set up in KDR so far (rare examples including those by Polgárdi, Tatabánya, Oroszlány, and Bicske). Regional findings on the infrastructure and awareness status of waste management are given in detail in the situation analysis chapter of the Environment and Energy Operational Programme (hereinafter ENVENOP), while these fields are outside the scope of this CETOP.

Generally, it is in large towns and neighbourhoods thereof that **air quality** is impaired by a series of stationary and mobile sources of pollution in the Region. **SO<sub>2</sub> concentrations are relatively high, those of NO<sub>2</sub> show a rising trend** but do not exceed permissible limits, **and emission levels of settling and loose dusts exceed upper limits in several places**. The highest levels of pollution stress originate in Komárom-Esztergom County. Primary pollution issues of the Region include power-plant emissions, and pollutant emissions from heating installations and vehicles.

In the Region, the setback of heavy industries and mining activity has been accompanied by an improvement of air quality parameters and that of the quality and capacity of watercourses, but still there are **multiple landscape damages left behind by previous opencast mining** operations. It is especially in certain industrial districts (such as around Ajka, Almásfüzitő, Dorog, Gánt, Iszkaszentgyörgy, Oroszlány, Tatabánya, Várpalota, and Zalahaláp) that landscape damages, still visible due to a lack of land reclamation efforts, are a pending issue.

**The Region encounters no power supply problem, as power supply can be considered full.** Through implementation of a **public gas supply** development programme launched in the early 90's, pipeline gas supply has by now been made available to practically all micro-regions of the Region. However, the ratio of household gas consumers to the total housing stock is still low in micro-villaged areas of Veszprém County. Speaking generally about energy consumption, the **mobilization of alternative energy sources and use of state-of-the-art energy-saving sanitary installations are of low levels, and heat-insulation and heating systems in buildings are out-of-date and, hence, fail to meet requirements of the day in terms of energy efficiency**. An economical upkeep of public transport is imperative with a view to environment protection. Typically to the Region, rates of power consumption by the productive domain are decreasing, while both the rates and absolute volumes of public energy consumption are increasing continuously.

**Renewable energy sources** are used at increasing rates in the Region. **Biomass as well as solar, hydraulic, wind, and geothermal power may find important uses.** Findings on utilization of power resources (and use of renewable energy) are given in the situation analysis chapter of ENVENOP because these fields are outside the scope of this CETOP.

## **2.9 Central Transdanubian Lessons from the Regional Operational Programme under National Development Plan I (2004-2006)**

Through its accession to the European Union in 2004, Hungary was given an opportunity of introducing EU compliant operational programmes in its planning practices first within the framework of National Development Plan I (hereinafter NDP1) adjusted to the EU plan period 2000-2006. As a matter of course, sectoral operational programmes (SOP's) as well as regional operational programmes (ROP's), the latter reflecting a regional approach, were allowed to make their way in the programming cycle starting with the year of accession, i.e. 2004, and ending with 2006. Due to an aggregate of multiple factors, a single uniform regional operational programme was developed for all regions of the country, with goals identified along so-called 'priority axes' as follow: *Enhancement of tourist potentials; Development of regional infrastructure and local environments; Improvement of regional human resources; and Technical assistance.*

### **Peculiarities of the Planning Process**

A rather limited time span was available for development of NDP1. In addition, plan co-ordination procedures were incomplete, execution of planning tasks centralized, and responsibilities of regional organizations involved in the planning process variable. All these factors added up to serious difficulties in the enforcement of regional interests.

A consequential low-level representation of regional interests led to the result that it was mainly items having been omitted from SOP's that were, in their turn, used to compile an ROP (an instance of residual degradation), making almost impracticable the local enforcement of real regional interests and generation of a coherent regional programme and development policy.

Even though SOP's and the ROP were being planned simultaneously, this very planning approach separated sectoral aspects from territorial ones, iterative co-ordination of programme contents was insufficient, and a substantial reporting on SOP's from regional points of view did not take place at all, which jointly resulted in reduced programme efficacies, low synergism of various programmes and, later, projects, and hardly any chance to implement regional development plans in an integrated manner. As an ultimate result, regional organizations were not at all involved in implementation of sectoral programmes.

Apart from a network of Regional Development Agencies set up, no form or model of regional involvement (in planning / programming and implementation) was created over the period 2004-2006. Regional Development Councils (RDC's) were not granted finances for their own involvement in planning efforts made for NDP1.

Despite existing intention, the principle of partnership, and especially that of regional partnership, suffered damage from the very beginning of the process in which NDP1 and operational programmes (hereinafter OP's) were worked out. In particular, few regional proposals or comments arising were fed back, opinions had to be expressed of documents not yet finalized, and plans were not at all submitted to a second round of public consultation.

On the whole, regions were granted low levels of involvement, regional opinion carried little weight, and regional interests were hardly taken into consideration in sectoral plans, throughout the entire process of planning and implementation of NDP1. Deficiencies of, and lack of well-defined procedures for, the consultation-in-partnership process, and conflicts between sectoral and regional interests, precluded an adequate level of synergism. As a direct result, finances granted to SOP's were increased significantly on an ongoing basis to the debit of financial resources allocated to the ROP. Ultimately, the ROP had a share as low as about 16% of total NDP1 funds, which was significantly lower than the weight regional operational programmes in other countries usually carried.

### **Central Transdanubian Lessons**

KDR started to use Structural Funds to implement the Regional (Development) Operational Programme Programme within the framework of National Development Plan I in the plan period 2004-2006. The overall ROP budget amounted to HUF 107.14 billion, with HUF 9.5 billion (8.86%) allocated for use by the Central Transdanubia Region over a period of three years.

Implementation of ROP 2004-2006 commenced on 18th February, 2004. During the first year, there were altogether 9 calls for application available, with 8 of them inviting proposals in an ongoing arrangement. In 2005, a single call was re-launched, and 3 government programmes launched. As regards absorption, ROP could be considered successful as, out of ongoing calls, 5 were suspended in 9 months upon commencement in 2004, 2 more in March 2005, and the remaining 1 in April 2006.

Until 5th April 2006, altogether 148 proposals were submitted to Intermediate Bodies (hereinafter IB's). The Managing Authority (hereinafter MA) made its decisions about 79 proposals till 8th June 2006, and in favour of 71 of them, granting funds of nearly HUF 8.8 billion altogether. Until now, 31 bilateral Grant Contracts have been signed, and conclusion of Grant Contract for 11 more proposals for available sources has been in progress. The ratio of total projects assisted to the 3-year OP budget plus central action funds is 93.12%, and the total investment volume of altogether 42 projects assisted amounts to HUF 11.628 billion.

According to forecasts based on the period closing at the end of 2006, the following successful actions and operations are likely to be carried on in the next period 2007-2013:

The three most popular calls included ROP Action 2.3: *Infrastructure Development for Nursery Schools and Primary Educational Institutions*, ROP Action 3.2: *Promotion of Local Employment Initiatives*, and ROP Action 1.2: *Improvement of Tourist Receptiveness*. In line with consultation with sectors, both the infrastructure development action and the tourist

action will again be included in self-contained ROP's, while the promotion of local employment initiatives will become partially sectoral and partially regional responsibility within the scope of the Social Renewal Operational Programme (hereinafter SOCOP) and CETOP.

There was no result in the measure of improving tourism accommodation capacity in 2004, because the centrally determined criteria proved to be too strict in the Central-Transdanubian Region, and the call for proposal didn't contain the conditions appropriate for the real demand. After several indications of the Region the call for proposal of the year 2005. changed, so much more applicants met requirements (possibility of improving accommodation capacity for 4\*. ) The demand of projects handed in during a half year for the touristic priority was twice as much as the allocated sum for the Region for 3 years. This frame was entirely used and thus it was possible to support altogether 6 project execution in Central-Transdanubia. Since August 2004 it was practically impossible to run for developing touristic attractions, so we find strategically very important the continuation of this priority – as tourism is considered as leading sector in the region – because of the execution of non-realised and meanwhile arised developments.

Neither the sources, nor the activities of the town rehabilitation and the rehabilitation of brown field areas resulted in realization of significant and integrated developments. 3 individual projects were supported. Recognizing that according to the experinces (NDP I., Urban initiatives) the key of success is the integrated approach and we consider that the interventions aim the social and economic cohesion.

Over the programming period 2007-2013, the open competition approach shall remain applicable to actions to be carried on.

By way of criticism of NDP1 over the period 2004-2006, the following main issues relating to implementation of the ambiguously regional ROP have been identified:

- The uniform ROP had difficulty in asserting all, sometimes significantly dissimilar, development needs of regions with differing social / economic / environmental conditions / features.
- The final decision-making function of the central MA and division of tasks associated with programme implementation resulted in little regional power to enforce interests. A functional division of management responsibilities between two Intermediate Bodies (i.e. a Regional Development Agency [hereinafter RDA] and Váti Non-Profit Co.) caused troubles to both applicants and MA and IB's in communication, time limits, and provision of information. For the next plan period, it is recommended that a single regional IB is appointed to discharge all management tasks for each ROP ('one-stop shop' arrangement).
- With development items to be co-financed from the European Regional Development Fund (hereinafter ERDF), there were a large number of proposals submitted and not granted assistance. The primary reason for refusal was non-conformity in terms of form and/or eligibility. Owing to the ongoing calls for application arrangement, there

was a theoretical possibility to submit again, and obtain assistance to, a proposal which had already been refused once for reasons of form or eligibility. In practice, however, few applicants could manage to submit revised proposals again because of a rapid depletion of financial sources. This fact is indicative of overemphasis on formal conformity.

- Numerous proposals making reference to non-eligible operations were refused because some ROP calls for application had failed to define clearly the range of operations eligible for assistance. Consequently, a clear definition of terms will be necessary in the plan period 2007-2013.
- There was an enormous pressure of administrative tasks on both applicants and organizations receiving the proposals. For a more efficient, simpler, and quicker programme implementation, it is imperative that such pressure is eased in the next plan period.
- To prevent a low participation spirit in certain fields of interest, the simultaneous issue of multiple simple / favourable calls with similar topic, as was the case with ROP and HRDOP (i.e. Human Resources Development Operational Programme) actions in the field of higher-education development, should be avoided on the one hand. On the other hand, either the existing regional project channel or available local advisory networks should be used to instruct, timely / in advance, potential circles of applicants in such calls for proposal as may require novel forms of co-operation or thorough examination.
- One of the motives behind submission of so many proposals open to criticism in the period 2004-2006 was a race for available finances rather than ambition to satisfy real needs. To avoid over-application and concomitant disappointment, requirements to be satisfied by all means include adequate project channel management, a project development function aimed at generating demand-oriented quality projects, and provision of sufficient information and advice.
- The ongoing calls for application approach did not favour applicants who were too late to submit their nevertheless high-standard proposals, with the result that sometimes proposals of not the highest quality happened to be awarded financial assistance. Promptness often overwhelmed quality considerations. For fair decision-making, the introduction of an intermittent calls for application approach may become necessary for the next plan period.
- Where a field of interest is associated with a narrow range of potential applicants (as may be the case with peripheral road repairs, for instance), open competition may not be an efficient call approach, but should be replaced with a project selection process.

It follows from observations described above that, in line with the Government's striving after de-centralization, regional and local considerations should be asserted to a higher extent in the development plan period 2007-2013. To this end, the control and decision-making power of

RDC's, and executive power of task forces thereof, should be augmented. Anyway, the lessons learned in programming and implementation from the previous plan period may make the development of ROP's 2007-2013 a much easier job.

## **2.10 Necessity of Innovative and Experimental Approach**

Innovative and experimental approach management is a definite expectation by the EU Commission, as reflected in its programming aid<sup>6</sup> as well as methodological documents<sup>8</sup> worked out in preparation for the new development cycle. These recommendations have made mention of multiple general technical reasons.

As regards CETOP, specific factors offer additional grounds for adoption of an approach like that. NHDP 2007-2013 classifies multiple development areas as those falling within the scope of regional responsibilities which are new and unprecedented at that level, and which require tailoring to specific regional conditions, or a novel approach, for implementation (such as regional economic development, tourism development efforts, improvement of regional public services, and integrated urban development, with the latter having few examples even in Europe). Besides the above experimentation actions can follow similar initiatives carried out in the past (RIS - Regional Innovation Strategy, national innovation support programmes managed by regional development agencies). The objective is to test projects and approaches and identify those which are successful which can be implemented on a more extensive basis in later years of the Operational Programme. Successful projects will be innovative (ie. new), useful (ie. can answer a demand) and feasible (ie. can absorb the funds in a sound and timely manner).

The agenda itself shown in NHDP, including action plans and open-competition arrangements, with additional central projects and two-round selection systems gaining ground, and potential raising of regional credit, guarantee, and assistance funds, represents a basically new approach.

Experimentation is a working method. It starts with the generation of new ideas in the framework of a regional innovation strategy through discussions involving all relevant stakeholders. Then, these new ideas are tested through pilot projects with a small size and a short duration. The results of these pilot actions will be analysed and, once the results are known, the successful actions will be developed further in the context of the priorities of the OP. Less successful actions will not be continued but analysis of the difficulties encountered will ensure that useful learning is generated in the region. Experience gained from short-cycle experimental actions should be used to facilitate successful implementation of Hungarian ROP's which abound in novelties. Less successful actions will not be continued but analysis of the difficulties encountered will ensure that useful learning is generated in the region.

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<sup>6</sup> EC (2006): Programming Period 2007-2013: Aide-mémoire for the Desk Officers

<sup>8</sup> EC DG REGIO: Innovative strategies and actions: Results from 15 Years of Regional Experimentation, Brussels, <http://www.innovating-regions.org/index.cmf>. A publication



### 3 SWOT Analysis

<b>Strengths</b>	<b>Weaknesses</b>
<p><b>ECONOMY</b></p> <ul style="list-style-type: none"> <li>- Propulsive industries of the Region, such as IT, mechatronic and automotive, electronic, building construction, woodworking and furniture manufacture, and food processing industries, are dynamic.</li> <li>- Existing regional advanced industries with high productivity levels may be instrumental in innovation-oriented improvement and expansion of the higher-education institutions network.</li> <li>- The Region takes pride in an excellent ranking nation-wide in terms of the number and total area of, and number of businesses in operation in, industrial parks.</li> <li>- A clustering process has begun in multiple industries (e.g. electronic, IT, automotive, woodworking and furniture manufacture, building construction, and meat-packing industries).</li> <li>- Most of regional innovation management organizations and agencies are committed to maintenance of regional innovation systems.</li> </ul> <p><b>TOURISM</b></p> <ul style="list-style-type: none"> <li>- There are districts with considerable reception capacity in the Region (e.g. Lakes Balaton and Velence).</li> <li>- The Region features a rich natural heritage, outstanding topographic / natural assets and ecological systems, and diversified flora and fauna.</li> <li>- Areas and towns with rich historical and cultural traditions are present ('Birthplace of Hungary', royal and queenly towns, abundance of cultural and clerical traditions).</li> </ul> <p><b>SETTLEMENTS</b></p> <ul style="list-style-type: none"> <li>- The Region features large towns at an advanced stage of agglomeration, generation of organic local aggregates, and micro-regions with medium size town as their centres and characteristic development potentials, especially along main roads (e.g. those of Mór, Bicske, Ajka, Pápa, Komárom, and Tata).</li> </ul> <p><b>ENVIRONMENT AND TRANSPORT INFRASTRUCTURE</b></p> <ul style="list-style-type: none"> <li>- Reservoirs receive sewage upon mechanical and biological clarification.</li> <li>- Availability of transport infrastructure is higher than the national average.</li> </ul>	<p><b>ECONOMY</b></p> <ul style="list-style-type: none"> <li>- Economic potentials and infrastructure are characterized by an uneven territorial distribution, and heavily concentrated in micro-regions of Székesfehérvár, Esztergom, Komárom, Mór, Tatabánya, and Dunaújváros.</li> <li>- Industrial parks stand in need of improvement in terms of their choice of services, networking, and thematic segmentation.</li> <li>- Local managed workspaces for business start-ups are rare, with a fundamental shortage of micro-regional centers.</li> <li>- Relationships between domains and sectors (such as those between research and economy, or innovative big businesses and local SME's) are insufficient / inadequate.</li> </ul> <p><b>TOURISM</b></p> <ul style="list-style-type: none"> <li>- The Region is lacking in innovative tourist products for a marked image, and flexible tourist package offers, and famous for coastline tourism almost exclusively.</li> <li>- Service-provision facilities are concentrated and distributed unevenly, with a few areas totally lacking tourist services.</li> <li>- Tourist co-operation within the Region is occasional, marketing co-ordination poor, and co-operation between regional actors in their marketing activities non-existent (especially at micro-regional level).</li> <li>- Certain types of accommodation (e.g. spa-hotels) have limited holding capacity, while others feature very low levels of utilization.</li> </ul> <p><b>SETTLEMENTS</b></p> <ul style="list-style-type: none"> <li>- Complex (physical / social / social welfare) rehabilitation programmes are rare.</li> <li>- Settlements abound in public places in a bad shape and functionless buildings / centres / sub-centres of high architectural value.</li> <li>- Cores of 'modern' towns want customized architectural renewal and overall renovation.</li> <li>- There is a mass need for reconstruction of prefabricated residential buildings, and local districts experiencing deterioration have been becoming segregated socio-economically.</li> <li>- There is an abundance in buildings experiencing deterioration, but utilizable, in brownfield sites along the former 'energetic axis'. Urbanization has been increasing at a high pace.</li> <li>- Deteriorated settlements, institutions and public squares with outmoded equipments</li> </ul> <p><b>ENVIRONMENT AND TRANSPORT INFRASTRUCTURE</b></p> <ul style="list-style-type: none"> <li>- There is a shortage in availability of a North-South public road network, and communication links within / to urban centers, urban agglomerations, and peripheral areas are underdeveloped.</li> <li>- Availability of a cycle track network is low, and infrastructure connected thereto poor.</li> </ul>

<p>HUMAN INFRASTRUCTURE</p> <ul style="list-style-type: none"> <li>- The age-group distribution of the regional population is favourable as compared to national figures, with rates of juvenile and active age-groups being higher than respective national averages.</li> <li>- On the whole, the health status of regional inhabitants is better than the national average.</li> <li>- The Region features a public education network and other educational institutions with fairly good endowments.</li> </ul>	<ul style="list-style-type: none"> <li>- Modes, means, and links of public transport are in a bad need of co-ordination at both local and regional levels.</li> <li>- Regional water supply is mostly provided from underground water resources which are vulnerable for the most part. Micro-villaged areas (a characteristic of Veszprém County) feature low-level availability of wastewater treatment and related environmental awareness (in terms of willingness to get homes connected up to a public sewer system).</li> <li>- Risk of landslip by elevated watersides (along the shores of Lake Balaton and banks of river Danube) is high in the Region as compared to national levels.</li> <li>- Utilization of alternative power sources is of low level.</li> </ul> <p>HUMAN INFRASTRUCTURE</p> <ul style="list-style-type: none"> <li>- The local educational infrastructure is in a bad shape in multiple settlements.</li> <li>- Social welfare and health provision and infrastructure thereof are inadequate, insufficient, and low-efficiency in most areas. Making the problem worse, unbroken areas being short of provision have evolved.</li> <li>- Availability of information and communication technologies (hereinafter ICT) in terms of infrastructure shows significant unevenness. Obstacle clearance of municipal service-providers in information / communications and physical terms is at a rudimentary stage.</li> <li>- Clearance of the majority of public institutions hasn't been solved</li> </ul>
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<b>Opportunities</b>	<b>Threats</b>
<p>ECONOMY</p> <ul style="list-style-type: none"> <li>- A headway tendency of the tertiary sector may lessen imbalance of the regional economic structure which is currently predominated by industry.</li> <li>- Up-to-date economic development strategies attach an increasing value to efforts based on networking, innovation, and knowledge.</li> </ul> <p>TOURISM</p> <ul style="list-style-type: none"> <li>- Use of the natural environment in up-to-date alternative ways is becoming common.</li> <li>- Increasing value is attached to local traditions and local products based thereupon.</li> </ul> <p>SETTLEMENTS</p> <ul style="list-style-type: none"> <li>- Improvement of relations within large towns at an advanced stage of agglomeration, or within organic local aggregates. Successful implementation of the development pole / axis programme (Veszprém – Székesfehérvár; Tata – Tatabánya; settlements along the coastline of Lake Balaton; Komárom – Esztergom by river Danube).</li> <li>- Increasing value attached to co-operation (or partnership) between the public and private domains and mobilization of considerable local development resources, as a result of relevant EU policies.</li> </ul> <p>ENVIRONMENT AND TRANSPORT INFRASTRUCTURE</p> <ul style="list-style-type: none"> <li>- Networking of power generators, power providers, and manufacturers and distributors of energy-effective equipment.</li> <li>- Utilization level of transport systems increases because of new efficient means of suburban and local transport becoming</li> </ul>	<p>ECONOMY</p> <ul style="list-style-type: none"> <li>- Exhaustion of economic development potentials based on relatively low-cost job-work is not followed by influx of inward working capital representing higher added-values.</li> <li>- If improvement in co-ordination between the labour market supply (vocational training and tertiary education) and real economic needs fails to take place, it will hinder economic development.</li> </ul> <p>TOURISM</p> <ul style="list-style-type: none"> <li>- In parallel with a rapid change of consumer needs (fashion), demand of services increases rapidly, which supply cannot respond to adequately.</li> </ul> <p>SETTLEMENTS</p> <ul style="list-style-type: none"> <li>- Urban environments encounter increasing stress due to road development efforts and (resultant) radical increase of public road transport.</li> <li>- Sustainability and standards of municipal institutions will suffer a drastic decline due to municipal resource gap.</li> </ul> <p>ENVIRONMENT AND TRANSPORT INFRASTRUCTURE</p> <ul style="list-style-type: none"> <li>- Conflicting interests in the power generation trade. Energy-saving products and technologies gaining ground slowly.</li> <li>- Implementation of measures to provide alternative means of access</li> </ul>

<p>available and environment awareness of the community becoming common.</p> <p>HUMAN INFRASTRUCTURE</p> <ul style="list-style-type: none"> <li>- Settlement and permanent staying of immigrating population of active age-groups.</li> <li>- Increasing need for human resources skilled in advanced technologies and techniques.</li> <li>- Change of attitude as regards addressing of labour market issues related to disadvantaged people.</li> </ul>	<p>is slow, and transport management efforts fail to keep up with the needs of the community and economy.</p> <ul style="list-style-type: none"> <li>- Railroad transport loses weight, and infrastructure, services, and links thereof degrade.</li> </ul> <p>HUMAN INFRASTRUCTURE</p> <ul style="list-style-type: none"> <li>- Shortage of trades and trade categories neglected by the Regional Integrated Vocational Education Centre (hereinafter TISZK).</li> </ul> <p>Would-be privatization of the health-care provision trade may result in unbalanced territorial distribution of provision and availability of high-standard health care.</p>
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## 4 Strategy

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### 4.1 Long-Term Vision of the Central Transdanubia Region

During its 8 years' long history prior to the plan period 2007-2013, the Central Transdanubian strategic planning function has, in multiple principal documents, declared and confirmed a long-term vision of the Region, applicable to this medium-term Operational Programme too, as written below:

**The long-term vision for the Central Transdanubia Region is reflected by that of a region which has become a melting-pot of innovative and sustainable solutions; a noteworthy one which makes an efficient use of its inherent resources to increase its competitiveness on an ongoing basis, and plays a recognized role in an overall modernization of Hungary.**

In the process of implementing this vision, Central Transdanubia may become a region...

- that features a networked system, formed by Székesfehérvár as regional centre, regional sub-centres, other socio-economic foci of power (such as key small and medium-size towns), and outstanding socio-economic organizations, which has come into existence owing to good adaptability and reserves of human resources, and which is capable of copying with, and meeting with success and recognition in, the European economic environment;
- where conservation of natural and cultural assets is ensured through a socio-economic development based on an unquestioning enforcement of the sustainable development principle;
- where a real chance is granted to less favoured areas to close up, groups of disadvantaged people to find employment, and all inhabitants to enjoy equal opportunities and access to services.

With combined effects from actions of SOP's affecting the Region added, all the goals and means outlined in this Operational Programme are supposed to support implementation of the vision above.

### 4.2 Strategic Development Objective and Specific Goals for the Central Transdanubia Region

#### 4.2.1 Strategic Objective

The objective of the revised Lisbon Strategy is to ensure that, through promotion of growth and expansion of employment, Europe becomes a locality with the most competitive and dynamic knowledge-based economy all over the world by 2010. At the same time, the Strategy continues to list the strengthening of socio-economic cohesion among key considerations. Furthermore, the European Union approved a revised Sustainable

Development Strategy, worked out by revision of the Goteborg Strategy, on the 15-16<sup>th</sup> of June 2006. Sustainable development is a long-term EU objective laid down in the Treaty; a comprehensive conception insisting that economic, environmental, and social welfare policies are designed and implemented in a synergistic manner. Interventions realised during the implementation of CETOP – harmonizing with the 17. article of chapter IV. of general order 1083/2006, horizontal objectives of NHDP, the main challenges of the renewed Sustainable Development Strategy – support sustainable development, environmental protection and objectives in connection with the protection and conditional improvement of environment, within it the restriction of climate change. Taking account of the objectives laid down in relevant national plan documents (i.e. the National Development Concept [hereinafter NDC], National Regional Development Concept [hereinafter NRDC], New Hungary Development Plan [NHDP] (which is the National Strategic Reference Framework of Hungary), and National reform programme [hereinafter NRP]), which have, in their turn, been designed to be in line with the above-mentioned EU conception, as well as the current socio-economic situation in Central Transdanubia and opportunities available in the plan period 2007-2013, and relying on the vision which previous regional strategic documents have set as a long-term objective to attain, this Operational Programme formulates its strategic objective as follows:

**Designed to help attain the vision, the strategic development objective is that, making an efficient use of sources of socio-economic innovation and relying on ongoing revival efforts, the Central Transdanubia Region maintains its economic position and revenue-generation ability equally outstanding among Hungarian regions.**

#### **4.2.2 Specific Development Goals for the Central Transdanubia Region**

Achievement of the Central Transdanubian strategic development objective is envisaged through that of five specific development goals as follows:

- ❖ Create an innovative and competitive economic environment
- ❖ Improve the tourist potential of the Region
- ❖ Provide for sustainable development of the settlement network in the Region
- ❖ Amplify regional cohesion through investments in infrastructure of environment and transport
- ❖ Develop efficient and renewable human resource background

##### *1) Create an innovative and competitive economic environment*

It is big businesses relying on local resources as well as an innovative regional economy relying on SME's which are competitive both nationally and internationally, that may form a firm basis for KDR development. Data and reasons outlined in the Situation Report chapter above show that an innovation-oriented development of local economy is essential to ensure that the competitiveness of the Region which is considered a key zone of Hungarian economic

development, but now ripe for correction of its main course of action, is maintained and improved. Such innovation-oriented development should cover industrial and service-provision activities with a high demand of knowledge base as well as complex innovation efforts. The latter imply innovation items adapted to regional conditions, and the specific focal innovation and adaptation capability should be accompanied by a focal intermediary function designed to relay innovative development further on. We plan the expansion of the range of services conducting production and operation including the development of innovation activities and technologies for the interest of augmenting the competitive service level of industrial-parks and areas. For regional economic development, it is imperative that the growth-generating action of the Székesfehérvár – Veszprém axis of development is felt throughout the Region. In other words, a forward linkage effect of innovative development should help less favoured areas close up through networking of sub-centers and medium-size towns of the Region.

An innovation-oriented and competitive economy requires competitive SME's which are capable of both satisfying ever-changing needs of big companies in a flexible way and standing the test on their own in their respective lines of trade. Innovation-oriented economy promotes networking in general, with working co-operation of networked businesses at focus. One of the key forms of networking in need of development is clusters. There are examples of businesses at some stage of clustering in several industries, and it is especially important that assistance is given to facilitate clustering of existing sectoral foci along the development axis of Székesfehérvár – Veszprém.

Furthermore, improvement of the institutional R&D basis, and that of services provided by liaison agencies, are a key requirement in the Region. Facilitation of an education system well-adjusted to real economic needs is also a job of high importance. In this field, specialized training curricula, and adult education capable of affecting the would-be competitiveness of regional human resources significantly, are top priorities.

Development actions should make allowance for the environment. Support should only be granted to development efforts which do not do any harm either to the natural or socio-economic environment, and enhance regional economic competitiveness in a sustainable manner.

It is through lower-scale development efforts making use of local and regional resources that, adjusted to the budget estimate for this ROP, the specific development goal outlined above aims at producing effects in line with items of the **Lisbon Strategy**, and those of the **Community Strategic Guidelines** and the Göteborg Sustainable Strategy based thereupon, as listed below:

- **Knowledge and innovation** – Improve prime movers of sustainable development through encouraging innovation and entrepreneurial spirit, promoting growth of a knowledge-based economy, and improving SME ability to adopt ICT and R&D means.

- **More and better jobs** – Improve adaptability of employees and businesses and flexibility of the labour market, and further investment in human capacity, via better education and technical training.
- **Göteborg objectives** – Material and energysaving economy

Furthermore, the specific development goal discussed in this section is closely related to the following actions laid down in **NRP**, a national planning document which, discussing ways to attainment of Lisbon objectives for a period ending with 2008, forms a basis for **NHDP**: *enhance competitive advantages of the industrial sector; disseminate entrepreneurial culture and create a business environment supporting SME's; improve adaptability of employees and businesses; and improve efficiency of human resources through provision of better education and training.*

## 2) Improve the tourist potential of the Region

The tourist sector, founded on outstanding historical and natural assets, is one of the propulsive industries in KDR which requires structural adjustment inevitably due to the Region's unbalanced and fairly poor image, re-interpretation of attractions, change in visitor base, and a stagnant to declining demand for traditional tourist products. Innovation-oriented development of the sector implies a shift from mass tourism towards diversified high-quality tourist options, and expansion of domestic tourism. With these ends in view, innovative, integrated, and regional tourist products and services which are capable of satisfying diverse needs and embedded in local socio-economic conditions, should be introduced, the tourist infrastructure improved, and efficient / purposeful management and marketing functions maintained.

The implementation of the specific goal discussed in the section should allow for considerations of environmental and social sustainability. Support should only be granted to development efforts which do not do any harm to natural or socio-cultural assets, and allow for the stressing capacity, of target areas.

It is through integrated development efforts making use of local and regional resources that the specific development goal outlined above aims at producing effects in line with tourism-related items of the **Lisbon Strategy**, and those of the **Community Strategic Guidelines** based thereupon, and items of the **Goteborg Sustainability Strategy**, as listed below:

- **Augment the attractive force of Member States, regions, and towns:** Enhance co-operation between environmental protection function and growth.
- **More and better jobs:** Improve adaptability of employees and businesses, and flexibility of the labour market.
- **Territorial aspect of the cohesion policy:** Make towns contribute to growth and employment. Foster economic diversity of rural areas.
- **Goteborg goals:** Ensure conservation and management of natural resources.

Furthermore, the specific development goal discussed in this section is closely related to the following actions laid down in **NRP: Part 3 Macro-economy – Allocation of resources to further growth and employment; disseminate entrepreneurial culture and create a business environment supporting SME's; improve adaptability of employees and businesses.**

*3) Provide for sustainable development of the settlement network in the Region*

The special objective promoting the settlement development differentiates on the type of settlement aim for the interest of common development of settlement infrastructure and facilities from the expansion of settlement functions, the development of more liveable environment, the preservation of built environment and values of heritage, the improvement of institution network to the realization of complex rehabilitation programmes, considering the different development demands originating from settlement function and regional role.

The development of regional towns requires special networking approaches, including an integrated approach to development efforts in various areas, comprehensive consideration of impacts, and improved enforcement of territorial considerations and sectoral / territorial correlations. The augmentation of the towns' regional management power and spin-off effect on competitiveness is a top priority where Székesfehérvár and Veszprém (jointly playing the role of a development pole) as well as regional sub-foci, and small and medium-size towns and agglomerations thereof, are all venues of integrated sustainable urban development.

To strengthen the regional role, and utilize the regional management power, of towns with historical traditions and medium-size towns with characteristic development potential, it is imperative that redevelopment arrangements are made for, and new public functions attached to, former industrial 'brownfield' sites, while central areas are renewed in physical, technical, and socio-economical terms.

Also importantly, local districts experiencing or threatened by deterioration (in Ajka, Dunaújváros, Oroszlány, Várpalota, and Tatabánya, for instance), mostly inhabited by people at disadvantage, should undergo physical renovation, and the affected population be given improved life opportunities through a better environment and accommodation, and wider choice of available services.

Implementation of the specific goal discussed in the section should allow for considerations of environmental and social sustainability. Support should only be granted to development efforts which do not do any harm to natural or socio-cultural assets in, and allow for the stressing capacity, of target areas of rehabilitation efforts, or are aimed at revitalization of 'brownfield' sites.

A key to success of urban development actions is integrated approach by means of strategies and plans developed in the spirit of partnership, with actions aiming at reinforced socio-economic cohesion jointly.

Orientating to the settlement network specialities and different development demands, improving rural life quality, increasing rural attraction, strengthening service role and defending rural heritage are also emphatic.



It is through integrated urban development efforts adjusted to the polycentric town network of the Region and smaller individual regional development implementations, that the specific development goal outlined above aims at producing effects in line with urban development-related items of the **Lisbon Strategy**, and those of the **Community Strategic Guidelines** based thereupon, and relevant items of the **Goteborg Sustainability Strategy**, as listed below:

- ***Augment the attractive force of Member States, regions, and towns:*** Expand and develop the transport infrastructure.
- ***Territorial aspect of the cohesion policy:*** Make towns contribute to growth and employment. Foster economic diversity of rural areas, fishing grounds, and areas at a geographical disadvantage.
- ***Goteborg goals:*** Goals related to sustainable regional development and transport, energy saving,- efficiency, restriction of climate changing social exclusion, demography, and migration.

*4) Amplify regional cohesion through investments in environment and transport infrastructure*

For the interest of strengthening regional cohesion this special objective puts together development areas suitable for decreasing territorial distinctions and development areas being in close relations with each other: transport infrastructure development, implementations for environment and increasing environmental safety.

Transport development efforts should result in improved services to economy, logistics, and tourism, help the principle of equal accessibilities become practice, and encourage environmentally friendly ways of transport, with such efforts comprising notably those aimed at improvement of transport between county seats, provision of integrated transport arrangements at micro-regional level, and addressing of the accessibility issue which dead-end villages are faced with. Furthermore, the current needs make it necessary to grant resources for the generation of public transport networks.

Performance of tasks in relation of communal wastewater treatment, recultivation of closed, or inadequate established landfills which are crucial to the environmental qualities of life, and accompanying enhancement of environment awareness, are extremely important to ensure safety of cavern water stocks of national importance and other drink water resources. Similarly, water supply systems with local or regional impact should be reconstructed to maintain water bases in good condition and water banks susceptible to landslip reinforced to reduce risks threatening local areas, existing linear installations of infrastructure, and public institutions.

Implementation of the specific goal discussed in the section should allow for considerations of environmental and social sustainability. Support should only be granted to development efforts which do not do any harm to natural or socio-cultural assets, and allow for the stressing capacity, of target areas.

It is through development efforts tailored to characteristics of the regional habitation structure that the specific development goal outlined above aims at producing effects in line with local infrastructure development-related items of the **Lisbon Strategy** and those of the **Community Strategic Guidelines** and Göteborg Sustainable Strategy based thereupon, as listed below:

- ***Augment the attractive force of Member States, regions, and towns:*** Expand and improve the transport / communication infrastructure.
- ***Territorial dimension of cohesion policy: contributions of towns to growth, employment, support rural territories, fishing areas, economic variety of territories with natural disadvantage.***
- ***Göteborg objectives:*** sustainable settlement development and transport, public health , restriction of climate changing social exclusion, demography, and migration.

#### *5, Establish efficient and renewable human resource background*

This specific goal is meant to cover modernization of the Region's educational infrastructure as well as integration of social welfare and health care provisions, with additional development efforts aimed at local and transport infrastructures to enhance cohesion.

As regards social welfare provision, it is imperative that each and every inhabitant and settlement of the Region is granted a chance to develop and close up through region-specific innovation-oriented social welfare / health care development policies which are capable of entailing maintenance of regional competitiveness and overall improvement in qualities of life. With the ends listed above in mind, the requirement to facilitate the evolvement of an institutional structure which is capable of addressing inequalities and providing services to the majority of people in need, is declared herein as a fundamental principle. Furthermore, a proactive improvement of the cultural sector may also facilitate a social revitalization of the Region.

Ensuring the chance of development has key role in the field of social supply and employment for every inhabitant of the region, settlements with the help of regional-specific, innovation-orientated employment-, social-, healthcare development which result in sustaining competitive ability in Central Transdanubia and improving quality of life. Supporting the evaluation of supplying and institutional structure which serve large number of poors considering disparity is a basic principle in connection with fields mentioned above.

Specific objective above wants to achieve those effects orientating to the speciality of the regional settlement network, which harmonize with the infrastructure development-related items of **Lisbon Strategy** and **Community Strategic Guidelines** and **Göteborg Sustainable Strategy** based there upon as listed below:

- ***More and better jobs:*** Get more people involved and retained in employment, and modernize social protection schemes; improve adaptability of employees and businesses and flexibility of the labour market, and further investment in human

capacity via better education and technical training; give assistance to the maintenance of a healthy work force.

- **Regional aspect of the cohesion policy:** Make towns contribute to growth and employment. Foster the economic diversity of rural areas, fishing grounds, and areas at a geographical disadvantage.
- **Goteborg goals:** Sustainable transport. Goals related to settlement development, public health, restriction of climate changing, struggle against social exclusion, demography, and improving migration situation.

### 4.2.3 Horizontal Principles

#### General considerations related to the principle of equal opportunities

According to Article 16 of the Regulation (EC) No. 1083/2006. the Central Transdanubian Operational Programme (CETOP) ensures that the principle of equal opportunities to men and women is attained the planning, execution, monitoring and evaluation phases of the CETOP. Besides the OP prevents discrimination based on sex, race, ethnic ancestry, religion, persuasion, disability, age or sexual orientation especially regarding access to Funds.

The change bringing significant social and economic advantages can only be achieved if these principles are kept and promoted in all fields of development policy in a comprehensive way. The minimum requirements of equal opportunities will be formed in the basis of the principles, methods and target groups (including people suffering from discrimination in sex, race, ethnic ancestry, religion, persuasion, disability, age or sexual orientation) described in the operative Equal Treatment Act<sup>7</sup>. It is a general requirement that every organisation that wants to obtain support shall strive for the introduction and implementation of considerations related to equal opportunities as completely as possible related to their project. The program achieves the target by the implementation of the so called minimum principle of equal opportunities which is aimed at making applicants deal with the issue of equal opportunities and make steps towards realizing equal opportunities on organizational level.

A special criterion in relation of equal opportunities, to be met horizontally within the framework of all priority axes, is provision of obstacle clearance in respects depending on the character of the specific project, in particular:

- Physical clearance (through adoption of solutions making access easy for people with disabilities or reduced mobility);
- Information / communications clearance (through making services of municipalities, NGO's, and private providers known and accessible to people with disabilities);
- Clearance of public transport (through adoption of solutions making access easy for people with disabilities or reduced mobility).

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<sup>7</sup> CXXV. Law / 2003. about the Equal treatment and subservience of equal opportunities (<http://www.egyenlobanasmod.hu/data/Ebkrv.pdf>)

### **Detailed considerations related to equal opportunities**

In the fields of employment and education, the encouragement of local employment initiatives, and re-integration of social groups permanently marginalized in relation of the labour market or threatened to be so, are means with equally high importance attached. A well-organized and equipped educational institution will discharge its educational / training duties as well as ensure equal opportunities to the whole local population within its zone of gravitation in terms of access to educational services. Similarly, improvement and increased efficiency of health care and social welfare systems will have a beneficial effect on equal opportunities, especially at micro-regional level.

Horizontal targets in relation of equal opportunities also benefit from complex, and nevertheless diversified, programmes focused on the expansion and modernization of local functions, improvement of the local man-made environment, and development of housing and municipal institutions.

Efforts to expand and improve transport options play a key role in generation of equal opportunities, through resulting in easier and quicker attainment of one's destination on the one hand, and being made with strict enforcement of the clearance requirement on the other.

Leading to improvement of physical conditions, physical development efforts involve better living conditions for all members of the society. A clean environment obtained through reduction of pollution has a beneficial effect on people's general health condition, and overall quality of life, thus contributing to equal opportunities.

Projects and development efforts accomplished in underdeveloped areas or less favoured micro-regions may be instrumental in reduction of regional disparities. The degree to which the principle of equal treatment is felt, should be assessed at both project and programme levels.

### **General considerations related to the principle of sustainability**

Accordance in Article 3 of the Regulation (EC) No. 1083/2006. sustainability is a prerequisite of medium and long-term development in economic, social, and environmental terms alike. Therefore, a fundamental principle by which a project is judged should be sustainability, or a minimized level of internal and external risks endangering sustainability.

Following from the principle of **sustainability**, this Programme insists throughout the process of planning, implementation, evaluation, and follow-up that all development efforts satisfy **the** requirement of cost-effectiveness as well as allow for natural and man-made environments, involve the least possible environmental stress, and bear the needs of local inhabitants and overall interests of the society in mind.

During the planning and implementation phases of specific development actions, such potential internal and external risks as may endanger sustainability of social, economic, and environmental processes, should be assessed and minimized.

### **Detailed considerations related to sustainability**

The solutions which reduce energy intensity, solve energy savings and efficient energy handling and/or utilize revolving source of energy have to be favoured in every development, especially the infrastructural investments. We have to strain the use of the most advantageous technologies and procedures, emphasized on the best available technics (BAT) and technologies for utilizing revolving source of energy and improving energy efficiency. These aspects have to be enforced in the course of selection, control/monitoring.

Sustainability will benefit from the full utilization of existing components of infrastructure, and a sound diversification of activities based on co-operation and networking.

Channeling investments towards underdeveloped areas may contribute to reduction of regional disparities and abatement of harmful effects on the environment deriving from excessive concentration of industrial operations. A main ambition of regional economic development should be to promote a shift towards an industrial structure with ever-decreasing operations involving high levels of pollution and an increasing number of environmentally sound businesses. Preference should be given to development efforts aimed at the saving of material and energy, and minimized waste generation.

Furthermore, complex long-term development programmes based on extensive partnership and implemented with involvement of a wide range of social and economic agents, will also be instrumental in the enforcement of the sustainability principle. Such programmes may comprise development efforts aimed at conservation of local environments, man-made environments, and items of the national heritage; means to be used for reclamation upon damage caused by former or current industrial activity; and development actions seeking to satisfy needs of the private and public sectors simultaneously.

In the field of transport improvement, the principle of sustainability can be enforced through reduced levels of air pollution, and noise and vibration stress, and increased transport safety, which are brought about as side-effects of overall road repairs, and promotion of public transport and cycling.

Keeping requirements of sustainable environment and rural development in view, the Programme supports environmental projects which may facilitate reduction of pollutant emissions, offer opportunity to do away with environmental damages, and propagate an environment-conscious attitude.

Additional areas, though not self-contained courses, of sustainable environmental development include actions to disseminate proper power management practices, oust prodigal consumption of energy, and create a healthy and safe environment, through building renovation, reconstruction, adoption of energy-saving solutions, and possible asbestos abatement.

Each implementation realised in the CETOP – especially the urban development measures – in connection with the EC Guideline 2006/32, 6. priority of the EU Energy efficient Action Plan and the 7. article of ERDF Regulation 1080/2006 - especially support energy efficiency-

and saving investments, town houses with more families, houses with low income owned by authorities and non-profit services, or renewing places for people with special demands.

### **How to utilize synergism**

Impact of actions planned within the framework of priority axes will be multiplied, or potential synergism of actions utilized, only if these actions are in line with both those of SOP's and Operational Programmes for other regions affected. Co-ordination of actions is essential with the South Transdanubia and West Pannon Regions for development efforts affecting the Lake Balaton area and with affected Regions for interregional development.

Any project to be accomplished within the Preferential Holiday Resort Area of Lake Balaton can be awarded assistance only if it is in tune with provisions laid down in the currently effective Lake Balaton Development Strategy document approved by the Lake Balaton Development Council (hereinafter BFT).

### **Territoriality and enforcement of territorial considerations for amplification of regional cohesion**

For amplification of regional cohesion, the adoption of a regional approach and territorial attitude is of high significance throughout, and at all levels of, planning, implementation, project development, monitoring, and follow-up. In this respect, a part greater than that of SOP's to play is incumbent on ROP's owing to their inherent regional approach. In implementation of this CETOP, utmost attention should be paid to the enforcement of (1) goals related to regional cohesion, and (2) the horizontal principle of territoriality (territorial attitude, regional foci, regional integration, and principles of space use) in accordance with the horizontal policy of NHDP. Accordingly, this CETOP asserts the goal of regional cohesion and principle of territoriality, as laid down in NHDP, horizontally, takes relevant messages from NHDP, and emphasizes, and make specific additions to, such NHDP items as may be relevant to its own approach to action.

The enforcement of the territoriality principle implies that, throughout the planning, implementation, evaluation, and follow-up phases for this OP and priority axes, actions, and projects outlined therein, utmost attention should be given to territoriality. In particular, the principle of territoriality can be enforced through provision of proper expertise; arrangements for data collection necessary for measurement; practical adoption of the principle in development, follow-up, and evaluation processes for specific action plans, and reporting on such adoption; practical adoption of the principle in development, evaluation, and impact assessment processes for specific projects, and reporting on such adoption; and representation of regional goals and principles in the institutional system and monitoring function of programme implementation.

CETOP development actions should be adjusted to the goals of the Government's regional policy as laid down in NHDP, and tailored to regional and local conditions. In particular, CETOP development actions to be implemented in any convergence target area should be adjusted to the following series of criteria:

- Decentralization to generate economic, innovation, and educational / cultural centers of interest in any convergence target area;
- Close-up of least favoured districts and improvement of unfavorable socio-economic indicators thereof, in any convergence target area;
- Evolution of town network linkages; emergence of urban functions to serve their neighborhood; and addressing of urban socio-environmental issues;
- Introduction / evolution of new characteristic and sustainable functions in provincial areas;
- Enforcement of territorial priorities inherent in certain sectors.

It is co-centers of growth (Székesfehérvár and Veszprém), other towns of county rank acting as regional sub-centers (Tatabánya and Dunaújváros), and medium-size towns the most readily lending themselves to innovation, that are placed in focus of regional and urban development in KDR.

At micro-regional level, preferential target areas of development include:

- areas wrestling with an economic, social, and environmental heritage from the era of socialist industrialization;
- backward or stagnant areas with mostly agricultural traditions and, in some localities, a micro-villaged habitation structure;
- preferential districts in terms of development at national level, and areas with special natural / topographic features or high economic growth potential (such as districts around Lakes Balaton and Velence and that of the Danube Bend; districts along the range of medium-height mountains including Bakony, Vértes, and Gerecse; areas neighboring Main Road No. 8).

Adoption of ROP principles of space use should guarantee safe and efficient space utilization and management in a manner ensuring conservation of assets and equal opportunities. Consequently, development actions should foster...

- the use of brownfield sites;
- accessibility, availability, and clearance of natural and cultural assets in public ownership, and those of public services;
- equal opportunities, sustainability, the conservation of assets, and the selection of venues, and local administration / public services management asserting safety;
- efficient and sustainable utilization of local resources;
- intensification of local environment awareness, and that of sense of responsibility for natural assets;

reduction of total time spent on daily travelling, best use of travelling times, safety and sustainability of travelling, reduction of individual automotive transport, and minimization of environmental, technical, and public-security risks imposed by passenger and goods transport.

The complex realization of developments of the operative programmes strengthening each other improve the efficiency of the implementation of CETOP, which elements are planned as integrated project called flag ship projects. The flag ship programmes are seeded development fields, which give answers for problems related to especially important branches, regional or social groups. These programmes are important for appearance for target groups, not for

expansion and financial extent. The flag ship programmes give answers for complex problems. Individual complex framework documents has to be elaborate for necessary implementations. The implementations determined in this way are planned as important part of the operative programmes. The coherent realization of complex programme elements, projects of flag ship programmes are ensured by special criteria (advantages, guarantee) determined in Action Plans which are made for realizing operative programmes. The connective elements, projects of flag ship programmes will be realized within the framework of CETOP and the institutional system (managing authority, intermediate body).

The efficiency of the implementations of operative programmes, the integrated realizations of developments strengthening each other as flag ship projects e.g.:

- 21st Century School
- Chances for children programme
- Barrier-free Hungary programme
- Development Poles
- 12 months of Balaton programme
- European thermal basin programme

### **The European Territorial Co-operation**

The goals of the OP are promoted by the operative programmes aiming for the development of borderlands in collaboration with the neighbouring countries and will be implemented between 2007-2015 in the framework of the initiative „European Territorial Co-operation”. The complementarity between the OP and ETC OPs is based on ETC OPs having a strong cross border impact. For example, a road reconstruction can be granted if it crosses the border, and the participation of a partner from a neighbouring country in the projects is an essential eligibility criterion. The co-ordination between the regional OPs and the ETC OPs is ensured by the Regional Development Council and its work organisation contributing significantly to the elaboration of both Ops. The collaboration between the Managing Authority of the regional OPs and the Department of the International Cooperation Programmes co-ordinating the ETC OPs in the framework of the National Development Agency will also ensure the co-operation process.

Relevant ETC Ops is the HU-SK OP.

### **Promotion of innovative attitude and solutions, and that of innovative and experimental approaches**

Results from an evaluation of the Lisbon Strategy show that a major challenge to attainment of goals may be the management of the territorial dimension of innovation or the stimulation



of regional innovation activity. Therefore, all environmental, social, and economic activities financed from CETOP sources should further innovation.

Innovation activities include:

- adaptation of experimental development techniques, means, and good practices;
- experimental co-operation in the fields of management, networking, partnership, and dissemination.
- international partnership building between cities on topic of economic development and innovation using new methods, techniques, etc..

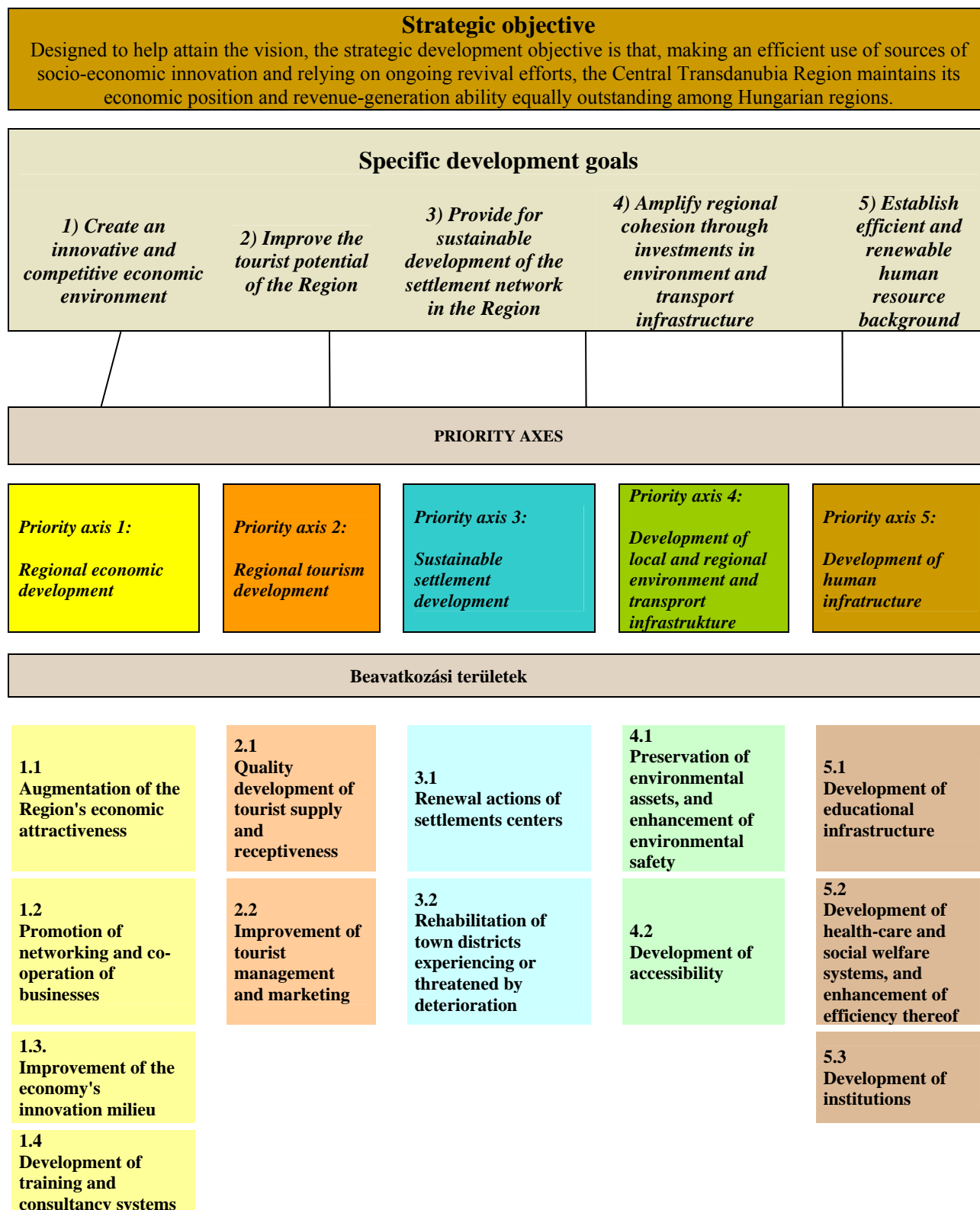
Foci of general innovation, those of innovative and experimental approaches, and development areas affected thereby, are described as indicative types of operation in Chapter 5 *Priority Axes* below. Based on regional features and character of development ideas, a choice of unprecedented fields of regional development policy has mostly been made.

### **Regions for Economic Change**

In the framework of the Regions for Economic Change initiative **launched by the European Commission in 2006** the Managing Authority commits itself, **if it is relevant**, to:

- a) Make the necessary arrangements to welcome into the mainstream programming process innovative operations related to the results of the networks in which the region is involved;
- b) Inform in the Annual Report on the implementation of the regional actions **started as involving the experiences of the network's activities** in the Regions for Economic Change initiative.

**Logical correlations of goals and priority axes**



### 4.3 Indicators Associated with Goals of the Operational Programme

*Indicators proposed at strategic objective level:*

Objective	Type of indicator	Indicators	Benchmark	Target 2015	Data source	Frequency
Making an efficient use of sources of socio-economic innovation and relying on ongoing revival efforts, the Central Transdanubia Region maintains its economic position and revenue-generation ability equally outstanding among Hungarian regions.	Impact	Increase of per capita GDP in the Region (in HUF'000)	1,933 (in 2004)	2,976 (at current price)	KSH	Annually
	Impact	Rate of employment in the region (age 15-64) % (times 1000)	60,3 (in 2004)	61,3	KSH	Annually

*Indicators proposed for specific goals, and priority axes derived therefrom, of the Operational Programme:*

Goals	Type of indicator	Indicators	Benchmark	Target 2015	Data source	Frequency
Specific goal: Create an innovative and competitive economic environment  Priority axis: Regional economic development	Impact	Increase of Gross Value Added (GVA) generated by enterprise sector as a result of these ROP actions (in HUF million)	0	54,000 (increase)	Beneficiary	Annually
	Core	Number of new full-time jobs created as a result of support effect <sup>8</sup>	0	260	MA / IB's	Annually
	Core	Measure of induced investments by support (in HUF million)	0	9,600	Beneficiary	Annually
Specific goal: Improve the tourist potential of the Region  Priority axis: Regional tourism development	Impact	Increase of the Gross Value Added (GVA) generated by the accommodation and catering sector as a result of ROP actions (in HUF million)	29.763 million HUF (in 2004) (at current price)	2,976 (increase)	Beneficiary	Annually
	Core	Number of new full-time jobs created as a result of support effect	0	320	MA / KSH	Annually
	Result	Increase in number of visitor-nights per 1000 permanent residents in commercial accommodations	2,212 (in 2004)	221 (increase)	KSH	Annually

<sup>8</sup> Broken down by target groups in relation of equal opportunities, as obtained in any monitoring phase

Goals	Type of indicator	Indicators	Benchmark	Target	Data source	Frequency
Specific goal: Provide for sustainable development of the settlement network in the Region  Priority axis: Sustainable settlement development in Central Transdanubia	Impact	Approach of rehabilitated area's complex activity indicator to settlement average	in annual report of 2007	75 %	KSH/MA/ Local municipality	Annually
	Core	Number of new full-time jobs created as a result of support effect	0	230	MA / IB's	Annually
	Result	Number of inhabitants affected by development efforts	0	675,000	MA / IB's	Annually
	Result	Number of agencies and businesses set up or providing services newly in a rehabilitated area	0	50	KSH /APEH	Annually
Specific goal: Amplify regional cohesion through investments in environment and transport infrastructure  Priority axis: Development of local and regional environment and transport infrastructure	Result	Number of residents with adequate waste water treatment in the framework of the projects to which aid has been granted	0	5,600	MA	Annually
	Result	Increase in the number of people within reach of 15/20/30 minutes from micro-regional centre by car or public transport (1,000 persons)	0	to be determined in 2007	MA / IB's	Annually
Specific goal: Establish efficient and renewable human resource background  Priority axis: Development of human infrastructure	Impact	Decrease the share of pupils not able to meet basic knowledge criteria in those schools where the share is more than 50 %	in annual report of 2007	20% (reduced)	National competence survey	Annually
	Result	Increase in the number of patients receiving high-standard outpatient care (in clinics affected by development)	45-50000 (2005.)	55-60000 persons	special survey	Annually
	Result	Number of people involved in social care	0	to be determined in 2007	MA/IB's	Annually

*Indicators proposed for horizontal goals of the Operational Programme:*

Goals	Type of indicator	Indicators	Bench- mark	Target	Data source	Frequency
				2015		
Horizontal indicators	Score indicator	Number of women employed in the new full-time jobs created affected by the programme	0	360	MA	Annually
	Score indicator	Number of disadvantaged persons employed in new full-time jobs created affected by the programme	0	240	MA	Annually
	Result	Number of disadvantaged students learning in supported schools	0	in annual report of 2007	MA	Annually
	Result	Value of energy-saving as a result of supported projects	0	in annual report of 2007	MA	Annually

Indicator: Implementation rate of supported projects (ratio of approved projects and projects actually completed)
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Target value (2015): 100 %
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## **Partnership and consultation**

### **Public consultation of Operational Programmes**

The National Development Agency (NDA) put Operational Programmes to public consultation, and made all the 15 of them accessible on website [www.nfh.hu](http://www.nfh.hu), simultaneously on 16th October 2006. All OP's except that of Implementation were actually subject to public debate, and opinions accepted by the Agency till 8th November.

The methodology of consultation in partnership had been based on techniques used beforehand during discussions of the New Hungary Development Plan (NHDP). A panel of nearly 4000 partner organizations, including but not limited to trade, stakeholder, and non-governmental organizations, and other representatives of the economic and scientific world, was called upon, via direct postal or electronic mails, to participate in consultation. Public debates were open, as anybody had access to said website of the Agency to download both OP's and questionnaires attached thereto, and send his/her opinion to e-mail addresses associated with respective OP's.

Structured electronic questionnaires were made available as means of public opinion-making, rendering the processing and incorporation of incoming comments a fairly easy job technically. Nearly 1350 organizations altogether expressed their opinions, using both said questionnaires and essays which were subsequently made available for viewing in the website for transparency. The highest number of opinions were expressed on the Social Renewal OP, followed by 150 opinions received on the Transport OP.

In addition, the Agency held a series of forum sessions with involvement of representatives of specialist departments affected, and respective competent members of the Development Policy Steering Committee (hereinafter DPSC). The range of organizations invited to attend forum sessions was based on a database of partner organizations amounting to nearly 4000 and comprising partners to all planning entities such as ministries, national agencies, and Regional Development Councils. 20 to 25 social welfare, trade, scientific, and non-governmental organizations, capable of forming key opinion on the respective topic, were invited to attend each sectoral polemic forum session. Appointed dates of polemic forum sessions were published in the website in advance, and registrations of organizations not having been invited were also accepted. An edited memorandum was compiled of about 2-hour long sessions each, and made available in the Agency's website. Some of the OP's were also placed on their agenda by key major authorities, including but not limited to the National Collective Conciliation Council (having a pre-decision National Development Committee which NDA has regularly been in joints sessions with), Economic and Social Council, Hungarian Academy of Sciences, National Environmental Council, National Council for Regional Development, and, having been set up on 5th September 2006, National Development Council. Discussions on ROP's took place in sessions of Regional Development Councils in regional centers. Sound recordings were made of opinions and proposals expressed in Council sessions, and minutes taken are still available in the Agency's website

for viewing and downloading. In addition to sectoral and regional polemic sessions and those held by major authorities, DPSC was having ongoing on content items of OP's.

All opinions received till the deadline were subsequently processed by the Agency in spreadsheets corresponding to the structure of respective OP'. To inputs thus processed in spreadsheets, draft responses were made by the planning entities responsible for respective subject-matters, classifying each input as 'accepted', 'refused', or 'partly acceptable'. Committees for Interdepartmental Co-ordination of Operational Programmes discussed the ultimate fate of each proposal first, followed by decision-making by the Operational Planning Committee (TOB), for both sectoral and regional OP's.

Upon appraisal of incoming opinions and proposals, each contributory organization was sent a personalized responsive letter.

### **CETOP Planning and Co-ordination Processes**

In KDR, planning work was carried out by nine Thematic Task Forces, fully set up since 2002 and reorganized in 2004, and the Regional Task Force (hereinafter RMCS). Thematic Task Forces are designed to fulfill technical duties for the Regional Development Council (RDC), and their members, amounting to about 200 altogether, are regional actors experienced and recognized in respective fields of work.

Relying on a large panel of regional experts, planning work was started in late 2004. A CETOP moot document, based on the preceding development strategy to a great extent, was produced first, followed by the development of Strategic Programmes in six subject-matters, and, finally by that of this CETOP.

The provisional document, finished by late June 2005 and publicized as a CETOP moot document, outlined an optional ROP with contents ranging from a situation report to a discussion of priorities and actions. Developing systems of goals and means, regional experts involved aimed at completeness, bearing the principle of 'maximum planning' in mind.

Obtaining a full scope of action, planning work was encompassing all acceptable development ideas and conceptions for six subject-matters derived from former sectoral and regional OP's as of autumn 2005. Resultant plan documents underwent further ongoing adjustments in accordance with limitations applicable to ROP's until they were finally incorporated in this CETOP. The six subject-matters, or fields of action, were as follows:

- Agricultural and rural development,
- Environment protection and infrastructure,
- Development of human resources,
- Economic competitiveness,
- Improvement of intraregional and interregional relationships, and
- Tourism development.

Strategic programme chapters thus obtained were subsequently used to elaborate final CETOP development areas.

Though a full socialization of this CETOP began only upon a clear separation of SOP's from ROP's as late as 16th October 2006, the plans outlined briefly above took their final shape, due to a need for programme items reflecting local intentions to an increasing accuracy, through multiple discussions, forum sessions, and departmental and local work meetings held in excess of statutory co-ordination processes.

In particular, processes of elaboration of and opinion-making on various working documents for this CETOP since the commencement in 2004 have taken place in consultation-in-partnership scenes, or via channels, as follows:

- consultation with regional agents in the course of regional events, with an NDCO 'Home-Delivery' advisory service-provision network involved as of 2005;
- working committees of the Central Transdanubia Regional Development Council (hereinafter Central Transdanubia RDC);
- regional / sectoral consultation meetings with sectoral and trade organizations (in such fields as economy, transport, agriculture, tourism, health care and social welfare, education and employment, and environment protection);
- appraisal effort by RMCS, and approval by Central Transdanubia RDC.

About two-thirds of nearly 400 expert opinions received in the CETOP consultation-in-partnership phase were accepted, at least partially, and more than one-third actually incorporated in the final text of this OP.

Generally speaking, the Programme met a favourable response, and opinion-makers agreed with main strategic objectives and courses of action.

#### **4.4 Summary of the *Ex Ante* Evaluation**

As a result of an *ex ante* evaluation started in July 2006, this CETOP has undergone significant subsequent changes in terms of contents and structure. The main findings of the *ex ante* evaluation are given below:

Though the document has improved much in terms of form, its current size still exceeds an optimum in spite of all efforts made to make the text shorter and more compact.

As opposed to the drafters' obvious effort to reduce size, full discussions (ranging from situation reports to descriptions on indicative types of action) on a few new fields, transferred to the scope of regional responsibilities upon final decisions on demarcation of SOP's from ROP's, have been added, resulting in a significant expansion of contents.

Fundamentally, the structure of the Programme and sequence of chapters are acceptable. The wording used makes the document mostly easy to read and follow, and comprehension is facilitated by numerous figures, maps, and tables, especially in the Situation Report chapter.



The Situation Report offers a full range of relevant topics, but its findings are short of grounding and comparisons with respective EU figures incomplete.

A strength of the document, it features a SWOT analysis by way of a state-of-affairs summary which has improved much during the planning phase, but in certain respects such as lucidity and clear segregation of internal and external categories, it still wants improvement.

Though drafters appear to have sought to support their findings by data and present them in comparison with international figures, their effort has not been entirely successful for various reasons related to methodology, statistics (e.g. insufficiency of available data or indicators), or contents (e.g. sometimes comparison with national averages would have been proper rather).

With view to the scope of the Programme, the strategic objective identified seems to be appropriate, and the consistency of goals adequate. Clear matching of specific goals and respective priorities is strength of the document.

The goals and priorities identified in the CETOP are consistent with EU objectives (such as Lisbon goals, and CSG) and higher-level Hungarian objectives (including those set out in NHDP, NDC, and NRDC).

The discussion of horizontal aspects applicable to the whole Programme uniformly is considered acceptable.

Evaluators have found the consultation-in-partnership process far-reaching and relevant, which is reflected in the *Consultation-in-Partnership Process* section in full detail.

In *ex ante* evaluators' opinion, drafters have sought to elaborate a system of indicators covering the widest possible range of impacts. Still, *ex ante* evaluators have found said system of indicators to require some more internal coherence and definition.

In tune with the finding above, drafters have subsequently got much less, but more coherent and better defined, indicators incorporated in the final version of this OP, with these indicators being capable of measuring progress of goal attainment truthfully.

In evaluators' opinion, the descriptions of fields of action are clear, and the fact that the document includes goals, target groups, explanations, and expectable results as well as demarcation lines, local considerations, and flexibility of funds, is strength. However, the descriptions about types of operation associated with respective priorities require more detail for lucidity.

As a result of the finding above, drafters have subsequently added brief explanations about the scope of various fields of action, but kept on presenting types of operation in indicative lists merely, in conformity with relevant requirements of the European Commission and NDA, on the grounds that action plans would allow more details.

Drafters have got evaluators' remarks incorporated in the chapter designed to outline implementing provisions, which is now considered full except for some minor issues wanting clearer definition.

On the whole, the Programme has been found to be coherent with higher-level controls, have a consistent internal structure, and bring forward actions capable of ensuring that set goals are achieved.

#### **4.5 Results of the Strategic Environment Assessment**

##### **Official statement on the strategic environmental assessment of the CETOP**

This section sums up the conclusions of the Strategic Environmental Assessment of the OP, with regard to how environmental considerations have been integrated into the Central Transdanubian OP, how the environmental report was prepared, the opinions expressed and how the results of evaluating potential transboundary effects were taken into account, and the reasons for choosing the programme as adopted, in the light of the other reasonable alternatives dealt with. Moreover, this section summarises the measures decided upon for monitoring significant environmental impact.

This section is the official statement of the Hungarian Government related to the operational programme adopted, based on article 11 of Hungarian Government Decree 2/2005 (I.11.) "The environmental assessment of certain plans and programs" and based on Article 9 of the Directive 2001/42/EC of the European Parliament and of the Council on the assessment of the effects of certain plans and programmes on the environment.

##### **The process of the strategic environmental assessment for the OP**

In order to facilitate the application of the sustainability and environmental aspects, as well as to comply with legal regulations (Directive 2001/42/EC – hereafter Directive – and its national adaptation, Hungarian Government Decree 2/2005 (I.11.) – hereafter Government Decree), strategic environmental assessments (SEA) for the operational programmes have been commissioned by the National Development Office (predecessor organisation of the National Development Agency, hereafter NDA). The objective of the environmental assessment was to encourage in cooperation with the ex-ante evaluators and the social partners, the integration and application of environmental and complex sustainability aspects during the preparation process for the NHDP's operational programmes.

During the SEA process, special emphasis was put on consultation, communication with partners and presenting partners' ideas to planners.

The NDA, being responsible for drawing up Operational Programmes, selected a consortium through open public procurement to carry out the SEA procedure;<sup>9</sup> this consortium was led by Respect Kft.

The methodology of the SEA report, based on Annex 4 of the Government Decree, and Annex 1 of the Directive was available to be viewed by official and social partners (according

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<sup>9</sup> Other members of the consortium were: Corvinus University of Budapest (Department of Environmental Management and Technology, as well as the Department of Landscape Planning and Regional Development), Environment Awareness Corporate Management Association and BFH Európa Kft.

to Article 7 of the Government Decree), and was discussed at a partnership forum on 19 June 2006. Official bodies (stipulated by Annex 3 of the Government Decree), representatives invited from NGOs and scientific organizations, as well as government bodies participated at the forum, some of whom also submitted their opinion in writing.

In line with approved methodology, the preparation of the SEA has been supported by documented reconciliation with the planners.

The preparation of the Central Transdanubian Operational Programme yielded several opportunities for official, state and social partners to put forward their opinion, especially on environmental and sustainability issues, as follows<sup>10</sup>:

- During the first partnership of the CETOP (between 18 October 2006 and 8 November 2006, social partners were notified by post about the implementation of, among others, their environmental comments between 14 February 2007 and 31 May 2007).
- In the process of the ex-ante evaluation (with the inclusion of the official and state governing parties)
- In the process of the SEA evaluation (the conductors of the SEA were in contact with several civil organizations).
- The consultation of the SEA Report and the OP (between 15 November 2006 and 14 December) was open to any social stakeholder, and specific invitations were sent to the main environmental authorities and NGOs.

The above processes were based on the same draft of the OP (16 October version). The text of the OP was completed while incorporating the findings of all of the consultations.

During SEA consultations (15 November – 14 December 2006), open for all, where relevant environmental NGO's and state organizations were directly addressed. In accordance with Article 8 of the Government Decree and Article 6 of the Directive, the SEA report was subject to consultation from 15 November 2006 for a 30-day period. The consultation was made available to the general public on the NDA website and in a national newspaper.

During SEA consultation, the NDA provided a multi-channel option for receiving partners' comments: partly on the website of the NDA and partly through a web interface. In case of the CETOP, two forums were held: on 30 November 2006 in Budapest together with the other regional OPs and on 29 November in Székesfehérvár, with the participation of the organisations defined by the Government Decree.

The comments on the SEA of the CETOP reconfirmed most of the findings of the SEA, and suggested some further issues. After amending the SEA report in accordance with the consultation, the SEA team discussed the new version with the planners. Following these negotiations, final versions of Operational Programmes were handed over to the Commission. Following the submission of the programme, the NDA published the final SEA report and a summary, which are available at the [www.nfu.gov.hu](http://www.nfu.gov.hu) website. The final SEA report clearly shows how the comments and responses have influenced the OP.

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<sup>10</sup> The process also provided the opportunity to mediate discussions between the SEA evaluators and the planners.

**Summary of how environmental considerations have been integrated into the programme<sup>11</sup>**

A detailed and comprehensive evaluation on the development of the CETOP as a result of the SEA can be found in the following report: "A Közép-dunántúli Operatív Program környezeti vizsgálata - 2. jelentés ". This document can be downloaded from the website of the NDA.

The main conclusions of the SEA and the position of the planners

<b>Proposition</b>	<b>Responses</b> Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered <sup>12</sup>
<p>In the course of subsidizing innovation activities, developments (even possibly) implementing the objectives of the MTA (Hungarian Academy of Sciences) VAHAVA (Change – Impact – Response) program should be preferred at an action plan level, which development may give rise to environmental and economic results.</p>	<p>Yes – it has been integrated</p> <p>The VAHAVA (Change – Impact – Response) program contains responses to climate change.</p> <p>The containment of climate change has been manifest in coherence with the latter:</p> <p>a.) in the horizontal section – in general terms;</p> <p>b.) in the section describing objectives - according to the context, integrated in all relevant sections</p> <p>c.) in the OP, at the request of the Commission (Cross-checking of mandates in Budapest), it has been included among the indicators: “Value of energy savings (TJ) achieved as a result of subsidized projects”</p> <p>Moreover, it is stated separately in the evaluation section:</p> <p>- in the section describing the evaluation plan – “evaluation includes the effects of the Operative Program concerning climate change (possibly including related natural, societal and economic costs and benefits, as well) in order to serve as an efficient foundation in combating climate change.”</p> <p>Moreover, several priority axes of the OP have connected targeted action types to the measures supporting the containment of climate change.</p> <p>Among others, the OP relies on the VAHAVA (Change – Impact – Response) proposals in several sections: 3. Integrated urban development (housing, etc.) and 2. Tourism development (sustainable tourism, etc.)</p>

<sup>11</sup> According to Article 11(b) of the Government Decree, and Article 9.1.b. of the Directive

<sup>12</sup> According to Article 11(b) of the Government Decree, and Article 9.1.b. of the Directive.

<b>Proposition</b>	<b>Responses</b> Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered <sup>12</sup>
<p>The action plans should specify that in the case of subsidized projects – especially infrastructural developments in public education – the OP prefers projects with side-effects reinforcing environmental consciousness. Where it is relevant and applicable, in case of forward-looking, material- and energy-saving infrastructure developments relying on renewable energy, the manifestation of the demonstration effect must be formulated as a requirement and this activity should be made part of the project dissemination requirements, closely connected to the requirement of publishing environmental reports.</p>	<p>Yes – it has been published. In the horizontal section supporting regional approach and cohesion (see below).</p> <p>However, it must be emphasized that (just as the issues of renewable energy or waste management), environmental consciousness is (also) primarily manifest in the KEOP (Environment and Energy Operative Programme).</p>
<p>Adequate publicity is necessary during program implementation, especially in the course of assessment as well as adequate addressing of the environmental partners.</p>	<p>Yes – it has been included in the OP. The 7. Implementation chapter expresses guarantee-related elements in several dimensions. (Among others, in chapters concerning partnership and Monitoring Committees).</p>
<p>The Central Transdanubia region has the chance to become a strong industrial region in Hungary where the adequately strong environmental background knowledge as well as the capabilities for renewal are also available (University of Veszprém, companies, service providers). Potential partnership groups are available in the region as a result of which it can have a leading role in developing highly efficient, material- and energy-saving technologies. Promotion of this possibility can be achieved by implementation with Best Available Techniques, environmentally oriented innovation, consulting and education.</p>	<p>Yes – it has been integrated in the OP. In Section 4.2.3 (Horizontal considerations – Detailed sustainability considerations): “In each development, especially in infrastructure-related investments, solutions decreasing energy intensity, promoting energy savings and efficient energy use and/or utilizing renewable energy sources must be preferred. Efforts must be made to apply the most favorable technologies and processes from environmental aspects [BAT] as well as technologies utilizing renewable energy sources and improving energy efficiency. These considerations must be satisfied both in selection and monitoring.”</p>
<p>Coordinated program(s) are required for monitoring the implementation of the operative program from the aspect of sustainability. The program containing proper follow-up measures must be created with regard to sectors as well as regional organizational and decision-making structures affected by individual operative</p>	<p>Yes – it has been integrated in the OP. The implementation section of the CETOP integrates numerous follow-up elements.</p> <p>It presents the evaluation of horizontal politics – among them, sustainability, and the guarantee-related conditions of minimum</p>

<b>Proposition</b>	<b>Responses</b> Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered <sup>12</sup>
programs.	<p>sustainability criteria according to the following:</p> <p>For tracking and reinforcing implementation of the SKV, the preliminary evaluation assessment of the contribution of action plans and individual interventions, major projects to horizontal objectives – among others, sustainability – was published in the OP (2006, 2008, 2010) as well as a comprehensive evaluation of the achievement of horizontal goals of the operative program (including sustainability) (2008, 2010, 2012).</p> <p>Guidelines will be prepared in order to achieve horizontal implementation of sustainability, equal opportunities and non-discrimination and in the course of implementation of the CETOP, the NFÜ (National Development Agency) will continuously search for, reward and disseminate the best practices.</p> <p>In the course of selection of the relevant operations, the satisfaction of the considerations regarding environmental sustainability, equal opportunities and non-discrimination are guaranteed by relevant legislation.</p> <p>In order to uphold this, the so-called two-tier evaluation will be introduced upon evaluation of the tender application in which the contribution to horizontal considerations appears as a mandatory acceptance criterion with regard to all project proposals (as a mandatory minimum requirement).</p> <p>The representatives of at least one environmental civic organization as well as those representing the Roma community, people with disabilities and equal</p>

<b>Proposition</b>	<b>Responses</b> Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered <sup>12</sup>
	<p>opportunities of men and women must be invited to the Monitoring Committees.</p> <p>We will prepare separate, regular reports on the satisfaction of considerations related to sustainability, equal opportunities and non-discrimination for the Government, the Monitoring Committees, the FIT (Development Policy Steering Committee), the NFT (National Development Plan) and the Parliament.</p> <p>We will deliver information on an annual basis regarding the environmental impacts of the ÚMFT (New Hungary Development Plan) as well as the satisfaction of horizontal considerations of sustainability to the National Environmental council.”</p> <p>This is an element appearing in all OPs, thus it makes possible an integrated and coordinated action.</p>

According to a SEA recommendation, the SOTOP sustainability policy has been clarified; this can be found in the OP section 4.2.3.

The social partners’ and national authorities’ main comments:

<b>Proposition</b>	<b>Responses</b> Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered <sup>13</sup>
<p>In the course of economic developments and other infrastructure developments, the goal must be to prefer ecoinnovative solutions aimed at low waste emission and the application of Best Available Techniques, as well as the application of BAT in the widest possible extent and frequency, thereby contributing increased public awareness and propagation related to BAT, as well as the reduction of environmental burden. Therefore, the action plan must include among the selection criteria a preference for BAT</p>	<p>Yes – it has been integrated into the OP.</p> <p>In Section 4.2.3 (Horizontal considerations – Detailed sustainability considerations): “In each development, especially in infrastructure-related investments, solutions decreasing energy intensity, promoting energy savings and efficient energy use and/or utilizing renewable energy sources must be preferred. Efforts must be made to apply the most favorable technologies and processes from environmental aspects [BAT] as well as technologies utilizing renewable</p>

<sup>13</sup> According to Article 11(b) of the Government Decree, and Article 9.1.b. of the Directive.

<p style="text-align: center;"><b>Proposition</b></p>	<p style="text-align: center;"><b>Responses</b></p> <p style="text-align: center;">Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered<sup>13</sup></p>
<p>application.</p>	<p>energy sources and improving energy efficiency. These considerations must be satisfied both in selection and monitoring.”</p>
<p>In the course of adapting action plans to the OP, maximum effort is required to validate horizontal considerations, such as sustainable development. This is especially true for detailing principles in the action plans within budget priority and specifying detailed indicators (beyond the considerations of project selection), it must be manifest with the same emphasis as economic and societal considerations.</p>	<p>Yes – it has been integrated to the OP.</p> <p>4.2.3 Horizontal considerations</p> <p>To satisfy <b>sustainability</b>, the program requires – during planning, implementation, assessment and monitoring, as well – that the implemented developments take into account along with cost-effective operation the protection of natural and built-in environment to the maximum extent as well as reduce environmental burden to a minimum level and take into consideration the requirements of the local population and the interests of society.</p> <p>Upon planning and implementation of specific development ideas, external and internal risks to the sustainability of societal, economic and environmental processes must be assessed and – if possible – reduced.</p> <p>In each development, especially in infrastructure-related investments, solutions decreasing energy intensity, promoting energy savings and efficient energy use and/or utilizing renewable energy sources must be preferred. Efforts must be made to apply the most favorable technologies and processes from environmental aspects [BAT] as well as technologies utilizing renewable energy sources and improving energy efficiency. These considerations must be satisfied both in selection and monitoring.</p> <p>The achievement of sustainability is served by the exploitation of existing infrastructure elements, as well as a rationalized diversification of activities with a network approach arising from the cooperation which</p>



<b>Proposition</b>	<b>Responses</b> Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered <sup>13</sup>
	<p>will contribute to a better foundation for sustainable development by facilitating consideration for environmental factors.</p> <p>Channeling investments into less developed regions may promote the reduction of regional differences as well as the mitigation of harmful environmental effects arising from an excessive concentration of the economic activities. Motivation for a shift towards an industrial structure involving a strongly polluting activity and several, new, environmentally friendly enterprises will be a definitive consideration within regional economic development. Material- and energy-saving developments aimed at the minimization of waste will be given preference.</p> <p>The complex, long-term development programs established on the basis of a wide partnership and as a result of cooperation between the widest possible strata of society and the economy contribute to the implementation of the sustainability principle, as well. Such are developments implemented in the area of urban environments, built-in environments, and protection of heritage, instruments aimed at the rehabilitation of damage caused by previous and current industrial activity as well as developments taking into account the demands of the private and public sphere, as well.</p> <p>Traffic-related developments reinforce sustainability by decreasing several forms of environmental pollution, air pollution, noise and vibration load and increase traffic safety by road reconstructions, support for public</p>

<b>Proposition</b>	<b>Responses</b> Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered <sup>13</sup>
	<p>transportation and the development of bicycle traffic.</p> <p>By paying attention to a sustainable environment and regional development, environmental investment support developments by which the quantity of environmental emissions representing a burden is reduced and an opportunity is created for the elimination of environmental damage and the propagation of an environmentally conscious approach.</p> <p>A prominent area of the sustainable development of the environment – as a non-independent development direction – is the propagation of correct energy management, reduction of wasteful energy consumption, creation of a healthy and safe environment, where developments related to building reconstruction and renovation for various purposes can be implemented while saving energy and along with possible removal of asbestos.</p> <p>Individual interventions to be achieved in the implementation of the Central Transdanubia Operative Program, with special emphasis on integrated urban development operations – in coherence with Directive 2006/32/EC, the 6. priority of the Energy Efficiency Action Plan of the Union and Article 7 of the ERFA (European Regional Development Fund) Regulation No. 1080/2006 – provide increased support to investment projects related to energy efficiency and savings, including the renovation of residential homes for multiple families or buildings under the ownership of the public authorities or a non-profit service provider used as residences by</p>

<p><b>Proposition</b></p>	<p><b>Responses</b> Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered<sup>13</sup></p>
	<p>low income households or those with special needs.”</p>
<p>Participation of the civic sector in monitoring and supporting implementation.</p>	<p>Yes – it has been integrated into the OP. 7. Implementation section</p> <p>“As an extension of the partnership principle as well as for reinforcement of the coordination between programs and interventions, the NFÜ (National Development Agency) makes possible – beyond the ÚMFT (New Hungary Development Plan) and the OPs – to express the opinions of societal partners and civic organizations in the course of <b>social coordination</b> of individual action plans and calls for tender applications. Proposals in the course of written or other consultation serving such purpose will be taken into account upon finalization of the operations.</p> <p>Implementation of the coordination is made possible by the societal coordination of individual program implementation documents as well as the fact that during project selection, the relevant minister or – in the case of ROPs – the relevant Regional Development Council may delegate a member to the evaluation committee. As members of the monitoring committees, the regions participate in bringing the decisions on establishing project selection criteria, as well.”</p> <p>“The composition of Regional Subcommittees will be established with regard to the partnership principle and regional characteristics.”</p> <p>“The governing authorities are responsible for establishing the monitoring committees.</p> <p>Pursuant to the provisions of Article 64 of Regulation 1083/2006/EC, the composition of the Monitoring Committee of the operative program shall be as follows:</p>

<b>Proposition</b>	<b>Responses</b> Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered <sup>13</sup>
	<p>Pursuant to Article 64 (1) of Regulation 1083/2006/EC, the chairperson of the Monitoring Committee is nominated by the member state, who is the current member of the Governing Body for Developmental Policy responsible for a given theme.</p> <p>Members of the Monitoring Committee are as follows:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> the Governing Authority,</li> <li><input type="checkbox"/> the delegated representative of relevant ministers involved in OP implementation,</li> <li><input type="checkbox"/> cooperating organizations involved in OP implementation,</li> <li><input type="checkbox"/> representative of the minister responsible for the state budget,</li> <li><input type="checkbox"/> a delegated representative of the involved regional development councils,</li> <li><input type="checkbox"/> one representative jointly nominated by the association of municipalities,</li> <li><input type="checkbox"/> at least one representative delegated by environmental civic organizations,</li> <li><input type="checkbox"/> one representative each of the employers' and the employees' party of the National Council for the Reconciliation of Interests,</li> <li><input type="checkbox"/> at least one delegated representative each of the civic organizations representing the Roma community, the disabled, as well as equal opportunities of men and women,</li> <li><input type="checkbox"/> one delegated representative each of the relevant professional and societal organizations.</li> </ul> <p>The following shall participate in a consulting capacity:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> at their own initiative or the request of the monitoring committee, one representative of the European Commission;</li> <li><input type="checkbox"/> one representative of the Governing Authority of the other OP affected by the</li> </ul>

<b>Proposition</b>	<b>Responses</b> Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered <sup>13</sup>
	<p>implementation of the respective OP;</p> <ul style="list-style-type: none"> <li>□ one representative each of the Certification Authority, the Monitoring Authority and the central harmonization unit;</li> <li>□ in the case of operative programs with EIB or EIF contribution, one representative each of the EIB and EIF;</li> <li>□ as a permanent invited member, one representative of the organization responsible for the implementation of EMVA (European Agricultural Fund for Rural Development) and EHA (European Fisheries Fund).”</li> </ul>
<p>Working out proper follow-up measures from environmental and sustainability aspects</p>	<p>Yes – it has been integrated in the OP The CETOP implementation chapter</p> <p>Evaluation of horizontal policies – including sustainability – and guarantee conditions of applying minimum sustainability criteria are included here, according to the following scheme:</p> <p>For tracking and reinforcing implementation of the SKV (Strategic Environmental Assessment), the preliminary evaluation assessment of the contribution of action plans and individual interventions, major projects to horizontal objectives – among others, sustainability – was published in the OP (2006, 2008, 2010) as well as a comprehensive evaluation of the achievement of horizontal goals of the operative program (including sustainability) (2008, 2010, 2012). Guidelines will be prepared in order to achieve horizontal implementation of sustainability, equal opportunities and non-discrimination and in the course of implementation of the CETOP, the NFÜ (National Development Agency) will continuously search for, reward and disseminate the best practices.</p> <p>In the course of selection of the relevant operations, the satisfaction of the</p>

<b>Proposition</b>	<b>Responses</b> Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered <sup>13</sup>
	<p>considerations regarding environmental sustainability, equal opportunities and non-discrimination are guaranteed by relevant legislation. In order to uphold this, the so-called two-tier evaluation will be introduced upon evaluation of the tender application in which the contribution to horizontal considerations appears as a mandatory acceptance criterion with regard to all project proposals (as a mandatory minimum requirement).</p> <p>The following representatives must be invited to the Monitoring Committees: one environmental civic organization, as well as the representatives of one civic organization each representing the Roma community, the disabled and an organization for equal opportunities of men and women.</p> <p>The enforcement of sustainability, equal opportunities and non-discrimination is reported separately in the evaluations on program implementation and in reports for the Government, Monitoring Committees, FIT (Development Policy Steering Committee), NFT (National Development Plan) and the Parliament.</p> <p>We will provide information to the National Environmental Council on an annual basis concerning the environmental effects of the ÚMFT (New Hungary Development Plan)”</p>
<p>According to the principles set forth in horizontal policies, specification of minimum sustainability (or horizontal) criteria which are manifest as a fundamental condition of application submission.</p>	<p>Yes – see the previous item.</p>

### **Transboundary effects<sup>14</sup>**

With regard to the strategic character of the OP and its detailed information content, it has been analysed in the course of the SEA process whether transboundary effects could be detected. It has been found that – according to the text of the OP – the territorial character of the planned strategic measures, and their implementation's influence on environment could not be identified by lack of specification, thus information on specific territorial effects – including transboundary effects – is not available.

The SEA pointed out that according to Article 4, Section 3 of the Directive, within the hierarchy of strategic documents primarily those sectoral strategic programmes, concepts should be analysed from this point of view, which had been prepared before the OP. However, lower than OP level documents (action plans, tenders) should also be investigated regarding transboundary effects, when relevant data become available. With the above considered, the Hungarian Government presented the NHDP-level plans – as a strategic frame above the OPs – at bilateral meetings with neighbouring countries' governments. Beyond this, a consultation document has been prepared on transboundary effects in the course of the SEA process of the OP's 2007–2008 Action Plans, which document has been sent to the environmental authorities of all neighbouring countries. We commit ourselves to investigate cross-border effects on the Action Plan level in the whole 2007–2013 planning period.

### **Monitoring measures<sup>15</sup>**

CETOP planners agree with the SEA that an unavoidable problem is posed at OP planning level, by the fact that certain objectives may act in contrary to each other. Therefore, the individual environmental effect of the application cannot be assessed based on the general text in agreement with SEA recommendations in CETOP action plans and during the implementation. This means that at further Operational Programme planning levels (action plans, calls for applications), sustainability aspects of possible alternative support solutions shall have to be considered on an individual basis. Therefore, relevant guarantees were introduced in the implementation section of the CETOP, with special regard to:

- sustainability criteria (minimum criteria for the acceptance of applications),
- the Sustainability Guide assisting the principle of sustainability,
- environmental organisation membership delegated to Monitoring Committees,
- evaluations targeted at sustainability and strategic environmental examinations for actions plans, as set forth by law.

Horizontal indicators, including environmental ones, will be regularly assessed as part of the OP monitoring and evaluation process.

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<sup>14</sup> According to 9. § of the Government Decree, and Article 7 of the Directive.

<sup>15</sup> According to 12.§ of the Government Decree and Article 10. of the Directive.

These monitoring elements were built into the existing monitoring and management system of the CETOP to avoid duplication of monitoring.



## 5 Priority Axes

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The Strategic Programme of the Central Transdanubia Region has provided a comprehensive overview of the situation, identifying regional features by strategic development (or core) area. These core areas are listed below. (Items given in parenthesis are either strategic area with results subsequently fused with those of other core areas, or those which have subsequently been transferred into sectoral scopes of action as a result of regional / sectoral co-ordination efforts. In this OP, they are not reflected as self-contained sub-priority axes, but have some of their components represented as respective fields of action or types of operation instead.)

- |   |   |
|---|---|
| ✓ Economic development                          | ✓ Development of transport                            |
| ✓ Tourism development                           | ✓ Urban development                                   |
| ✓ (Agricultural and rural development)          | ✓ (Improvement of intra and inter-regional relations) |
| ✓ Improvement of human resources                | ✓ (Development of the civilian sector)                |
| ✓ Environmental / energetic development efforts | ✓ (Development of public education)                   |

In its introductory chapters, this OP provides a brief summary of features and conditions given, and outlines a long-term vision of the Central Transdanubia Region, with a structured system of goals and means designed to help attainment thereof, by means of a tree-structured system of issues. Comprising regional fields of strategic development, priority axes are used to chart access paths to attainment of the strategic objective and specific goals. In this OP, there are altogether 13 fields (or categories) of action and 42 types of operation assigned to priority axes.

CETOP priority axes are as follows:

<b>I</b>	<b>Regional economic development</b>
<b>II</b>	<b>Regional tourism development</b>
<b>III</b>	<b>Sustainable settlement development in Central Transdanubia</b>
<b>IV</b>	<b>Development of local and regional environment and transport infrastructure</b>
<b>V</b>	<b>Development of human infrastructure</b>
<b>VI</b>	<b>Technical assistance</b>

## **Priority Axis I: Regional Economic Development**

### ***Setting the Objectives***

#### *Overall Objective*

The overall objective along the Priority Axis under review is to reinforce international competitiveness of the Central Transdanubia Region through preference given to innovation-oriented economic development processes and structures in conformity with the principle of sustainable development; attraction of strategic working capital capable of producing added value; stimulation of small and medium-size businesses; and promotion of an education system adjusting itself to economic needs.

#### *Immediate Goals*

- Create a regional economic environment with an international attractive force
- Further competitive / innovative co-operation and networking of businesses
- Give stimulus to an innovation-oriented regional economic structure
- Improve skills and capabilities of the small and medium-size businessmen stratum through an educational system capable of supporting economic development and innovation

### ***Reasoning***

For maintenance and improvement of regional competitiveness, it is essential that local economy is developed with innovation, efficiency, and sustainability for the interest of increasing investments with high added value based on adaptive, qualified employees and developed knowledge base being in focus instead of the former model based on cheap work force, inward capital investment, and mass production. For an attractive regional economic milieu, support should be granted to efforts aimed at an economic function change of brownfield sites, and development of infrastructure for, and departmental segmentation and networking of, industrial parks, industrial areas and incubation facilities including the development of innovation activities and technologies within industrial parks. Competitiveness of SME's should be enhanced through assistance for their networking and clustering efforts, or integration into 'innovation clubs'. To motivate innovation, assistance should be granted to innovation support institutions and innovation management services provided thereby (technological transfer, partner exchange, data base etc.) As economic development is jeopardized by a structural shortage of manpower in some districts, especially that of skilled workers in particular sectors, assistance for the evolution of an up-to-date education system with special training options, readily adjusting itself to economic needs, is key. For medium-sized businesses with improved efficiency, and better chances of survival and growth thereof, dissemination of trade-specific entrepreneurial skills should be furthered by means of business consultancy connecting into enterprise- and market development.

### ***Territorial Applicability***

With Fields of Action Nos. 1.2 and 1.4 focusing on innovation core areas, i.e. co-centers of growth and regional sub-centers as well as sectors with inherent growth potential (such as electronics, mechatronic, automotive industry, IT and ICT, logistics, environmental industry, and plastic processing), the Priority Axis under review is applicable to the whole territory of the Region. While Field of Action No. 1.4 has got region-wide relevance, emphasis is put on development poles with developed industry, regional sub-centers, and major towns with educational foci with relations exemplary to other districts in the Region, on the one hand, and less favoured micro-regions off main zones of development (along Highways M1 and M7, and around Lake Balaton) on the other.

### ***Main Target Groups and Beneficiaries***

Companies registered in the Region, co-operative societies, individual entrepreneurs, non-profit organizations, municipalities and partnerships thereof, multi-purpose micro-regional partnerships, educational institutions, Regional Innovation Agency and branch offices thereof.

### ***Fields of Action***

#### ***Field of Action No. 1.1: Augmentation of the Region's economic attractive force***

##### ***Explanation***

The Region takes pride in outstanding indicators in terms of both the number and total area of industrial parks. However, these industrial parks provide insufficient services, exhibit a departmental segmentation wanting amplification, and some of them have achieved low occupancy levels so far. Developing investment environment is very important for inspiring the setting of development and service centres with high added value into the region preserving the competitiveness of the region,

Consequently, existing industrial parks of local / regional significance require improvement in terms of infrastructure and services to make sure that in time they become business domiciles which can fulfill economic development functions for micro-regions; those, that step over the physical border of the industrial park with their professional and service activities, would be able to expressing regional or national economic development effect. Reasonably, such efforts should be combined with those aimed at incubator house development in general, with development of new incubator houses in industrial parks and micro-regional centres on one hand, and innovation-oriented development of existing enterprise innovation, introduction of innovation- and technology-related services on the other.

Assistance for an economic function change of numerous brownfield sites in the Region is another key mission, which enjoys priority against greenfield investments. Greenfield industrial developments can be in those micro regions, where there is no industrial areas with the title of industrial parks, or the investment of them is high.

For maintenance of regional competitiveness levels, it is imperative that an investment milieu encouraging set-up of economic activities with high added-value and that of development and service-provision centers in the Region is created. To this end and for an efficient representation and communication of local capabilities, efforts aimed at the establishment of inward investment management sub-networks and the provision of pro-active investment incentive services, are eligible for assistance.

*Indicative Types of Operation*

- Create a regionally balanced and attractive infrastructure for business domiciles / industries;
- Improve a service-provision background designed to support businesses;
- Increase efficiency of services designed to attract investment in the Region and localities thereof.

*Field of Action No. 1.2: Promotion of networking and co-operation of businesses*

*Explanation*

The clustering and networking initiatives, already seen in several industries, are mostly underdeveloped, and require more pronounced management, increase of volumes and efficiency of joint business activity, and improvement of shared services.

*Indicative Types of Action*

- Encourage strategic co-operation, networking, and clustering of businesses;
- Launch innovative experimental projects (experimentation).

*Field of Action No. 1.3: Improvement of an innovative economic milieu*

*Explanation*

For encouragement of innovation, key actions should include organizational and functional reinforcement of innovation promoters and liaison agencies, promotion of their co-operation, and improvement of their services.

*Indicative Types of Operation*

- Promote organizational / institutional development of the regional innovation background;
- Improve innovation management services;
- Launch innovative experimental projects (experimentation).

*Field of Action No 1.4: Development of the existing training and consultancy system*

*Explanation*

A special training system readily adjusting itself to dynamic changes in economic needs is required to ensure that skilled work forces are available to respective industries. For the interest of acquiring knowledge and skills necessary for development and adequate competitiveness of their respective businesses, and raising standards of business culture, and the support of requiring business consultancy connecting into enterprise- and market development is reasonable. The Innocsekk Application System, which was announced in June 2005, had high interest in the ventures of the Central-Transdanubian Region. The indirect objectives of the application are the support of innovation initiatives of micro- and small-sized enterprises and inspiring the side of supply and demand of innovation services. The Central-Transdanubian Region would like to support micro-, small-, and medium-sized enterprises also regarding to enterprise advices in the favour of developing competitive products within the economy development priority of the Regional Operative Programme.

*Indicative Types of Operation*

- Foster business consultancy connecting into enterprise- and market development.

*Expected Results*

- Inward capital involvement, rates of products and services representing high added-value, and demand for skilled work force, will increase.
- Regional co-centers of growth, sub-centers, and powerful medium-size towns will become internationally recognized and attractive economic destinations generating high added-value.
- In backward micro-regions and regional peripheries, the employment situation will improve, entrepreneurial spirits rise, business infrastructure and production base expand, sub-centers of growth and micro-regional centers come into existence and, hence, regional disparities lessen.
- As skills required for successful running of business are possessed by more and more entrepreneurs, business start-up will have better chances of survival, the strategic attitude and knowledge necessary for development become more and more common and SME capability to cope with competition improve.
- An up-to-date education / training system will flexibly adjust itself to a dynamically growing economy, and provide training options which augment the chances of the working population to find employment.

*Flexibility (Complementarity with ESF)*

During the realization of Priority Axis we would like to use the possibility of flexible financing support, at least 10% extent of sources allocated to the Priority Axis, determined in the 2. paragraph of 34. article of EU Regulation 1083/2006. The project owners can live with trespassing – if the call for application contains it- and the ESF activities has close relations

with the realization of ERDF base project and these activities are needed for the implementation of the project and orientate on solving special, local problems

***Demarcation from and Coherence with Other Operational Programmes***

Primarily, this ROP comprises actions which are of regional significance impact and easier to manage at regional levels, first of all incubation and networking (except the clusters of key branches of Székesfehérvár-Veszprém development axis) technological transfer offices, industrial parks, support of premises, business consultancy. The pro-active investments inspiration, the services of getting into foreign market and consultancy connecting into Jereme type financial programmes are identified in the Economic Development Operational Programme (hereinafter EDOP). Economic development, inspiration of innovative and R+D cooperation between universities, research institutions, enterprises, enterprise R+D and innovation, support of innovative start-ups, support of research centres, technological/innovation parks, logistic centres.

The OP does not support

- projects related to producing, processing, and marketing of agricultural products listed in Annex I of the Treaty establishing the European Community (consolidated version, 1997) (in the case that the processing of the product results in a product listed in Annex I).
- businesses deriving over 50% of their net sales income, or to sole entrepreneurs deriving over 50% of their tax base, from agricultural activity (TEÁOR activity classification numbers 01.11-05.02.)
- micro-enterprises requesting capital assistance for projects in a village fulfilling one of the following conditions:
  - population density less than 100/km<sup>2</sup>,
  - permanent population less than 5000,

The National Fisheries Strategic Plan, financed from the European Fisheries Fund, will not assist activities also covered by the operational programmes of the NHDP.

## **Priority Axis II: Regional Tourism Development**

### ***Setting the Objectives***

#### *Overall Objective*

The overall objective along the Priority Axis under review is to put tourism in the Central Transdanubia Region on a new course of development equally sustainable in environmental, economic, and social terms.

#### *Immediate Goals*

- Improve the market position and popularity of KDR as tourist destination through...
  - a complex and integrated development of the regional tourist portfolio, and
  - qualitative and quantitative development of tourist and recreational services for a complex product development to increase the attractive force of the Region;
- *Reform, in quality terms, the support organizations and operation thereof used by the tourist sector in the Region, with an ultimate aim to increase the competitiveness and attractive force of the Region as tourist destination, notably...*
  - improve the exchange of information and the co-ordination of interests among tourism agents;
  - grant resources for an ongoing joint local / regional marketing of destinations and supply of tourist information;
  - grant technical resources for improved dissemination of tourist skills, and develop marketing means capable of furthering brand-awareness; and
  - help service-providers establish / develop their market relationships.

### ***Reasoning***

Tourism offers a source of ever increasing importance to the regional economic basis, and is considered a propulsive sector. Traditional tourist districts (such as preferential areas around / near Lakes Balaton and Velence, Vértes Hills, and the Danube Bend) have gained strength and larger spheres of action with higher levels of self-sufficiency. However, experience on successful West European tourist destinations shows that efforts aimed at improvement of choice and concurrent market re-positioning may only succeed through complex actions involving multiple agents. Such an approach will ensure a uniform system of integrated tourist product development and management / launch of resulting end-products, and offer an improved choice of experiences to visitors as well as well-defined points of linkage to service-providers.

Tourism investments concentrate on the most effective attractions which are in accordance with the National Tourism Development Strategy based on the regional conditions. The most important are those tourism products which are attended at national level also, such as

cultural and heritage tourism (priority tourism product of the region) and health tourism which is not a priority, but the development is reasonable amending the leader tourism products in accordance with tourism trends and conditions. Thermal waters represent an additional tourist attraction for the region, and on this basis supplemental health tourism developments is needed for the tourists visiting the region, in order to lengthen their stay.

Sustainability and enterprise capital involved in investments are priority aspects in every development. According to the Social Score Matrix the demands orientated tourism generate significantly strong effects, so tourism sector has a strong effect on economy.

On one hand the programmes with high interest, without acceptable service background inspire shorter staying. On the other accommodations with poor and outmoded services – the limited number of available market segment and the decreasing number of potential guests – capacity usage can be reached hard. In connection with the development of attractions, the quality of services has to be improved to meet the foreign and home tourists' requirements. Especially the development of accommodation has to be built in existing capacity, and the higher capacity can be reached with level augmentation.

The supported attractions should serve tourists on a high standard, therefore it is important to favour high quality developments, primarily among the most important tourist assets of the region.

We do not support the development of 5 star classification accommodation facilities.

Through a region-wide combination of special items in the tourist choice (such as natural assets, historical towns, rich cultural traditions, castles, museums, and historical wine-districts), the attractive force of the Region can be augmented, seasonality reduced, tourist target areas get in possession of a complex and integrated choice of tourist products, and overall volumes of inland tourism increase.

Therefore, efforts made at generation of a marketable regional tourist choice of reliable standards should be based on *institutionalized co-ordination* encompassing three, relatively homogeneous, types of activity as follows:

- service-provision,
- quality assurance of services, integration of services into products, and joint marketing of end-products,
- general and uniform representation of the Region.

The latter two types of activity being outside the scope of tourist service-providers, they require adequate support organizations designed to fulfill duties of tourist destination management and marketing. Through the improvement of tourist information systems and means and the promotion of purposeful marketing campaigns, the regional image and reputation of regional attractions may improve.



### ***Territorial Applicability***

The Priority Axis under review is applicable to the whole territory of the Region, while it is mainly designed to support, in the first place, the development of key attractions and major projects influencing the regional image perceptibly in Field of Action No. 2.1, to be launched in areas with *significant tourist attractive force and/or tourist potential*, such as:

- preferential holiday resort district at Lake Balaton,
- preferential holiday resort district of Lake Velence – Vértes Hills,
- preferential holiday resort district of the Danube Bend,
- Bakony Hills district,

And, additionally, focus on:

- historical and archeological venues, including preferential items such as so-called 'Royal Towns' (Székesfehérvár, Veszprém, Esztergom, and Tata) and key castles and fortresses,
- venues in expectance of accession to the World Heritage,
- venues with unique features or natural / topographic assets and immediate neighbourhoods thereof, and
- the development of settlements with medicinal and thermal waters, and/or high-priority development of settlements with an existing spa, with an ultimate aim to help the Region become a recreational destination.

Furthermore, in terms of integrated product development, the Priority Axis under review focusses efforts mostly on non-preferential districts being backward or neglected in tourist terms, with an ultimate aim to utilize synergism as may result from a networking of venues of low attractive force on their own, and development / management co-operation.

To make use of potentials in development efforts reaching beyond regional borders, the Priority Axis under review takes into consideration potential interregional or transregional co-operation, especially in fields of theme paths, linkage to agile tourism, and clustering of businesses in medicinal and wellness tourism.

Development actions should be carried out with due regard to the stressing capacity of ecological systems in the Region, making efforts to conserve and improve ecological assets, and use environmental resources in an environment-friendly manner.

### ***Main Target Groups and Beneficiaries***

Local and county municipalities and institutions under their control, municipal partnerships, multi-purpose micro-regional partnerships, state organizations (such as national parks, universities, State Supervisory Agency for Historic Monuments [MÁG], Treasury Property

Directorate [KVI], etc), non-profit organizations, lobbying and development and marketing support organizations for tourist service-providers, churches, and businesses.

### ***Fields of Action***

#### ***Field of Action No. 2.1: Quality development of the tourist choice and receptiveness***

##### ***Explanation***

In a Region mostly famous for its waterside tourism, but offering actually a diverse choice of tourist attractions, it is essential that image-building features are identified. To this end, major tourist projects based on unique attractions are required on the one hand. On the other, for a joint marketing of tourist attractions which seem to be non-marketable on their own, assistance should be granted for integrated product development efforts which either focus on respective districts or aim to generate theme paths. In tune with product development aimed at the improvement of choice, the development of accommodation facilities and tourist services belonging thereto, keeping sight of environment-friendly and energy-efficient solutions, would further an increase of visitors' stay times and spending. In case of commercial accommodation developments our aim is to support quality developments in order to enhance the popularity and the revenue-generating ability of tourist attractions. Creating new accommodations, with high quality services, will be supported only where it is justified (proven demand, without leading to over-supply) and linked to the priority destinations of the region. Furthermore our aim is to involve private capital in a growing manner and to decrease the proportion of support. Therefore, we defined a lower maximum intensity of support for the commercial accommodation developments as it is determined in the regional aid map.

##### ***Indicative Types of Operation***

- Encourage key attraction / product / infrastructure development efforts;
- Encourage integrated attraction / product development;
- Develop accommodation facilities and other services adding value to the choice of tourist products, in terms of infrastructure and standards;
- Launch innovative experimental projects (experimentation).

#### ***Field of Action No. 2.2: Reinforcement of tourist management and marketing***

##### ***Explanation***

For a marketable regional tourist choice of reliable standards, it is imperative that regional and local organizations designed to fulfil duties of destination management are set up. It is necessary to prepare complex strategies, to bring the region's destinations to the market, to strengthen their position, to promote them and to raise the skills of human capital etc. To ensure purposeful information provision to potential and actual visitors to the Region, assistance should be granted for both traditional and interactive tourist information systems.

Reputation of the Region can be increased and destination image improved through local / regional image-building and brand development efforts.

*Indicative Types of Operation*

- Develop regional and local tourist agencies, co-operation, and activity designed to encourage tourist investment;
- Develop integrated regional and local tourist information systems;
- Improve efficiency of regional and local tourist marketing activity;
- Launch innovative experimental projects (experimentation).

*Expected Results*

- The development of key attractions as image-building features will help the Region's international role grow in significance and further a quality renewal of the regional tourist choice.
- Assistance may result in the generation of complex tourist products granting such attractions as may seem to be non-marketable in themselves, a chance of development.
- Hence, improvement is likely to take place in the distribution of tourist demand in space and time. That is to say, visitors will go to more places within the Region, and visitor traffic is concentrated in traditional seasons to a less extent.
- As the quality of tourist services increases and new services are introduced for diversification, visitors' stay times and spending are likely to increase.
- A reinforced organizational background will allow co-ordinated product development, quality assurance, and communications, which is likely to involve emergence of a more reliable supply and more efficient information system.
- Combined with a well-founded and high-standard marketing communication function, all the above-mentioned efforts may have a beneficial effect on the regional image, the reputation and popularity of main regional attractions in visitor markets and, ultimately, the number of visitors to the Region and that of visitor-nights.

*Demarcation from Similar Actions Assisted from EAFRD and EFF Funds*

Articles 53 through 56 of EU Regulation (EC) No. 1698/2005 on the European Agricultural Fund for Rural Development (EAFRD), and New Hungary Rural Development Strategic Plan<sup>11</sup> (hereinafter NHRDSP), Priority III: *development quality of life in rural territories and assist of economic diversification action group III/I. diversification, micro enterprises,*

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<sup>11</sup> Source: Version of the New Hungary Rural Development Strategic Plan (2007-2013) as approved by the Government

*natural and cultural heritage of tourism support the inspiration of tourism activities in the field of action:*

The ROP supports:

- *facilities meeting the legal definition of “commercial accommodation”,*
- *tourism services except agro-tourism services as defined in the NHDP, i.e.:*
  - occasional village and agro-tourism service activities defined in section 59 of Act CXVII of 1995 on Income Tax,
  - services closely related to basic agricultural activities in **villages** eligible under this action (population under 5000 or population density under 100/km<sup>2</sup>), such as horse riding, fishing, hunting and forestry tourism.
- *attractions and associated infrastructure development: comprehensively,*
- *tourism destination management centres and services: full assistance for area coordination purposes, irrespective of size of town and type of service provider,*
- *wine-tourism in case of projects above 100.000 euro support demand. (Under 100 000 euro demand they will be supported by the New Hungary Rural Development Programme).*

The National Fisheries Strategic Plan, financed from the European Fisheries Fund, will not assist activities also covered by the operational programmes of the NHDP.

*Rural business development*, support the encouragement of tourist activities. Furthermore, NHRDSP supports development of private accommodation facilities, 'heritage portals', and 'visitor reception desks' in accordance with a list of selected settlements.

### ***Flexibility (Complementarity with ESF)***

During the realization of Priority Axis we would like to use the possibility of flexible financing support, at least 10% extent of sources allocated to the Priority Axis, determined in the 2. paragraph of 34. article of EU Regulation 1083/2006. The project owners can live with trespassing – if the call for application contains it- and the ESF activities has close relations with the realization of ERDF base project and these activities are needed for the implementation of the project and orientate on solving special, local problems.

### **Priority Axis III: Sustainable settlement development**

#### ***Setting the Objectives***

##### *Overall Objective*

The overall objective along the Priority Axis under review is to network regional settlements and renew them both physically and functionally for economical, and community purposes mainly, considering social aspects. The task of the priority is dual: inspiring effect on towns and the region as a priority regional dimensional factor and reaching harmonic relations between towns and their neighbourhoods on one hand, and producing healthy living environment and solving internal general / specific problems of towns on the other.

##### *Immediate Goals*

- Arrange for value-preserving development of urban centres and urban sub-centers;
- Arrange for integrated rehabilitation of urban residential districts, urban residential areas experiencing or threatened by deterioration, through local programmes based on a complex / integrated development approach.
- Conscious development of townships, living and heritage-guided settlement environment

#### ***Reasoning***

The integrated urban development approach considers single urban district rehabilitation a major issue, and put equal stress on reinforcement of economic / cultural / tourist and other focal functions, and development efforts made to strengthen social and community roles of towns as a whole and districts thereof.

In respects mentioned above, regional towns have to face differing issues and, consequently, diverse objectives and programmes should be elaborated for the conservation of historical / architectural qualities and image, the development of architectural culture, and the reconstruction and complex rehabilitation of urban districts.

In KDR, there are numerous historical localities and towns associated with the birth of the Hungarian nation. Buildings located in such places are considered part of our historical heritage, and it is imperative for us to get and keep them in a worthy condition suitable for display to visitors. The development of the local man-made heritage can have beneficial effects on other local initiatives of economic development motivated by cultural goals.

Generally, a complex reconstruction of urban districts mostly inhabited by the disadvantaged and the poor, and a consequential mitigation of segregation, is a basic objective of urban development efforts motivated by social welfare considerations.

Due to a forced rapid economic re-structuring having taken place in Hungary, and the Region too, after the fall of communism, there is a considerable number of brownfield sites and

industrial facilities either closed down for all or working on a low scale, in KDR. The building stock available in each is a valuable asset of the respective town provided that there are plans in place to carry out a functional change of the respective site through re-use of such buildings.

It is necessary that natives' devotion to and pride in their home towns grow. Increased efforts should be made to protect and conserve local assets, related community needs supported, and NGO initiatives embraced.

Ensuring quality territory, and availability of public services and other social services are necessary for every member of the society in the case of towns.

In their present condition, urban environments (including public lands) require significant development in terms of public hygiene / street cleaning, tendance, and demanding care of landscaped areas, combined with the conservation of local natural assets. Due to the building technologies used in former decades eliminating the diffused azbest daun of public- and dwelling houses from environmental and health-care reasones. The settlement well-being of inhabitants can be ensured by nice and useful street furniture set out, and availability and reconstruction of public lands equipped with pavings, playgrounds, and other public places finishes suitable for recreation activity.

Availability of cultural, entertainment, and recreational options contribute to the improvement of urban environments and life quality to a large extent.

We would like to achieve the integration of interventions on the model of URBAN II. Public Initiative proving its' aspects. The URBAN programme came into existence for easing urban development coming from urbanization which aims the integrated, complex renovation of economically and socially disadvantaged town districts (action areas) on a continous, clearly demarcated action area. Programmes are based on knowing the local level, searching local problems and the cooperation of local inhabitants, civil organizations and the players of the economy.

Townships, small- and medium size towns of the region have to face differnet problems on the development demands in connection with their settlement function. That's why the development of town centres – raising technological level and use values, improving aesthetic appearance, architectural image change, renewal – and the rehabilitation of buildings owned by local municipalities, including reconstruction of building engineering and consistence requires different development objectives and field of actions differing from urban development.

### ***Fields of Action***

#### ***Field of Action No. 3.1: Renewal actions of settlement centres***

##### ***Explanation***

The field of action supports for the interest of conscious development on demand and imagination of settlement centres, in the case above 5 000 resident population and 100 person/km<sup>2</sup> population villages, the development of public- and service areas, coordinated development of built heritage and connecting environmental values on one hand and for the interest of supplying and strengthening economic, cultural, tourism, regional function of town centres on the other and makes efforts to create in target areas an attractive urban environment realizing on the action area which encourages emergence of new economic, public, and social welfare functions; helps existing functions gain strength; fosters the identification of further cultural and tourist assets; and supports retail trade.

*Indicative Types of Operation*

- Make efforts to rehabilitate public lands, including those to reconstruct utilities in the case of towns, in target areas;
- Develop local brownfield sites and vest them with a public function, with additional efforts made to correct landscape damages and eliminate other phenomena harmful to natural assets;
- Perform heritage-oriented urban development, including efforts to protect and conserve cultural (made-made and intellectual) heritage, renovate listed historic monuments considered part of the national heritage, and vest unused buildings with valuable community functions;
- Develop the settlement environment, including efforts to conserve interior natural assets and revitalize landscaped areas;
- Renovate institutions and buildings to make emergence of new economic / community functions possible and help existing functions gain in strength, including efforts to the former used, replace harmful building technologies with up-to-date, environment-friendly, and energy-saving products;
- Launch innovative urban development experimental projects (experimentation).

*Field of Action No. 3.2: Rehabilitation of urban areas experiencing or threatened by physical deterioration*

*Explanation*

This Field of Action supports exclusively the generation and renewal of public-place facilities (including public utilities therein), the renovation of and addition to public institutions, the reconstruction of and addition to cultural, sports, and recreation facilities, and housing development, in target areas, , in pursuit of a complex renewal and minimized segregation of urban areas mostly inhabited by disadvantaged people in town districts experiencing and threatened by deterioration, Appointing the action areas of min. 1 000 resident population is coming on the validation of criteria determined in the 47. article of 1828/2006 EU Regulation.

Pursuant to Article 7(2) of Regulation (EC) No 1080/2006: "... Expenditure on housing shall be eligible ... in the following circumstances: (a) expenditure shall be programmed within the framework of an integrated urban development operation or priority axis for areas experiencing or threatened by physical deterioration and social exclusion ...".

Pursuant to Commission Regulation (EC) No 1828/2006, areas experiencing or threatened by physical deterioration and social exclusion where investment in housing may be eligible for housing operations from EU funds. The degree of deterioration of a eligible area shall be demonstrated with a set of selection criteria. Pursuant to the Commission Regulation, the ten (10) criteria enumerated under Article 47(1) are applicable, the eligible areas shall comply with at least three of such criteria (two of which must fall within those listed pursuant).

Among the ten (10) criteria enumerated, the application of three criteria – a), b) and f) – can be ensured throughout the 2007-2013 programming period. In order to focus interventions, the action plan may apply additional three to four of the remaining seven criteria depending on the availability of nation-wide and relevant data for their measurement. The benchmarking values for each criterion shall be determined in partnership with the European Commission.

Areas eligible for social urban rehabilitation support are divided into two groups, both having their respective sets of criteria. (Pre-fabricated housing estates and traditional urban areas). The application of separate sets of criteria is justified by the substantial deviation in the population structure and building stock of such areas.

In case the eligible area designated for social urban rehabilitation contains both housing estates and traditional urban areas, then the set of criteria characterising over 50% of the housing stock of the eligible area. Indicators characterising housing estates are applicable if the area eligible for social rehabilitation essentially qualifies for the definition of housing estates by the Hungarian Central Statistical Office (KSH):

- constructed mostly by using industrialised technology after 1945, and
- comprise medium- and high-rise residential housing, towns of housing distinctive from the surroundings.

In coherence with Article 7(2) of Regulation (EC) No 1080/2006 of the European Parliament and of the Council concerning eligible areas, housing expenditure shall be a maximum of 2 % of the total ERDF allocation.

**Benchmarking values for criteria selected pursuant to Article 47(1) of Commission Regulation (EC) No 1828/2006**

**Central Transdanubian Region**

Indicator type	Criteria threshold in traditional urban areas	Criteria threshold in housing estates	Reference data <sup>16</sup>
<b>HIGH LEVEL OF LONG-TERM UNEMPLOYMENT (Compliance with criterion requires fulfilment of at least one of the indicators.)</b>			

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<sup>16</sup> Reference data refer to average values concerning a particular indicator in towns of the region with populations in excess of 20 capita. The reason thereof being that data measured at block level are available on such towns for the time being; however, owing to their sizes, these towns are highly likely to become the beneficiaries of social urban rehabilitation.



Indicator type	Criteria threshold in traditional urban areas	Criteria threshold in housing estates	Reference data <sup>16</sup>
High rate of unemployed in the area of action in 2001 Source of data: Hungarian Central Statistical Office, 2001 census data	minimum 11%	minimum 8%	6.5%
High rate of permanently unemployed in the area of action in 2001 (rate of those unemployed beyond 360 days) Source of data: Hungarian Central Statistical Office, 2001 census data	minimum 3%	minimum 2.2%	1.9%
<b>HIGH LEVEL OF POVERTY AND EXCLUSION (Compliance with criterion requires fulfilment of at least one of the indicators.)</b>			
High rate of those of active age (15 to 59 years) relying solely on state or local subsidies as their source of income in 2001 Source of data: Hungarian Central Statistical Office, 2001 census data	minimum 9%.	Minimum 7.8%	7.3%
High rate of housing owned by the local government in the area of action  Source of data: declaration by local governments	Minimum 10%	minimum 8%	3.3% (2001)
More support (units) distributed from recurring social subsidies provided by local governments in the area of action with reference to urban average per households. (Eligible forms of support: recurring social aid, every form of housing subsistence support, recurring child protection support, debt reduction support.) Source of data: declaration by local governments	Number of recurring social subsidies is at least 1.5 times urban average with reference to the number of households	Number of recurring social subsidies is at least 1.3 times urban average with reference to the number of households	
<b>PARTICULARLY RUNDOWN ENVIRONMENT (Compliance with criterion requires fulfilment of at least one of the indicators.)</b>			
High rate of inhabited housing in residential buildings with more than 5 floors in towns with populations exceeding 50,000 capita.  Source of data: declaration by local governments		minimum 60% rate of housing located in buildings with more than 5 floors in towns with populations exceeding 50,000 capita	18.8%
High rate of housing without amenities, reduced amenities and of make-do housing within inhabited housing in 2001  Source of data: Hungarian Central Statistical Office, 2001 census data	Minimum 25%		6%

Indicator type	Criteria threshold in traditional urban areas	Criteria threshold in housing estates	Reference data <sup>16</sup>
High rate of maximum single-flat housing within inhabited housing in 2001  Source of data: Hungarian Central Statistical Office, 2001 census data	minimum 30% in towns with populations exceeding 50,000 capita, and minimum 20% in town with populations less than 50,000 capita		10.4%

*Indicative Types of Operation*

- Rehabilitate public-place facilities, including reconstruction of public utilities and greenfield areas in target areas;
- Grant assistance for housing expenditure related to the operation described above, in urban districts considered less favoured in social welfare terms and having underdeveloped infrastructure;
- Development of low status residential areas picking into brownfield town districts,- development of infrastructural rehabilitation, strengthening it with public parks and public functions.
- Make efforts under ESF objectives in pursuit of reducing the segregation of, and renewing town districts, and re-integrating inhabitants of such areas into the labour market and the society; (i.e. educational programmes compensating disadvantaged situation (from nursery schools to adult training), youth- and spare time activity programmes, activities help for labor market integration, family aid services, community building, help relation systems of local societies, community life, strengthening civil network, tolerance programmes
- Launch innovative urban –and community improved experimental projects (experimentation).

Amount for flat development concentrated on project level, keeping the strict inner financial proportion of the projects on one hand, according to the b, point of 7. article of 1080/2006 EU Regulation housing expenditure shall be a maximum of 2 % of the total ERDF allocation.

*Indicative Types of Operation*

- Promote elaboration of non-existent primary or auxiliary urban development strategies  
Mobilization of private capital, and arrangements based on reimbursable assistance in the case of remunerative investments, may be instrumental in the implementation of urban

development actions. This OP allows involvement in urban development actions of such dedicated urban development finances as may be raised by means of EIB / CEB credit lines, therefore provides the possible use of financial engineering instruments like JESSICA.

### ***Territorial Applicability***

The Priority Axis under review aims at a networking development of regional settlements, with preference to be given to areas with great historical heritage and central role at micro-regional level for operations under Field of Action No. 3.1., while putting in focus towns of county rank and small and medium-size towns along the former 'energetic axis' (e.g. Ajka, Dorog, Oroszlány, and Várpalota) for operations under Field of Action No. 3.2.

### ***Main target Groups and Beneficiaries***

Municipalities, NGO's supporting programmes related to respective fields of action, educational institutions, municipal authorities and publicly financed institutions, municipal partnerships, non-profit organizations, economic interest-group organs, companies, and churches.

### ***Expected Results***

- A more proportionate and better balanced urban development will be implemented, and conditions for equal opportunities improved.
- A high-quality living space will take shape, and tourist attractiveness grow.
- Urban areas will become fitter for use and easier to live in.
- Complex re-integration operations aimed at less favoured areas and disadvantaged social groups will result in a reduction of local unemployment rates and social situation.

### ***Demarcation from Similar Actions Assisted from EAFRD and EFF***

Articles 56 and 57 of EU Regulation (EC) No. 1698/2005 on the European Agricultural Fund for Rural Development (EAFRD), and the New Hungary Rural Development Strategic Plan (NHRDSP), Priority Axis III: *Improvement of the quality of life on rural territories and helping the economic diversification action group support, in the III/2. Correcting the availability of basic services and preserving the natural and cultural heritage measure's field of action, the development of basic services for rural economy and population, preservation and modernization of rural heritage.*

*The basis of the NHRDSP/ROP demarcation is the eligible circle, so the status of the settlement administration amending the actions of the CETOP and NHRDSP in connection with 3.1 field of action it support the development of community or service spaces to be realized in settlements with the population of 5 000 person and 100 persons/km<sup>2</sup> above, except the outskirt of the cities, towns and these settlements.*

The National Fisheries Strategic Plan, financed from the European Fisheries Fund, will not assist activities also covered by the operational programmes of the NHDP.

***Flexibility (Complementarity with ESF)***

During the realization of Priority Axis we would like to use the possibility of flexible financing support, at least 10% extent of sources allocated to the Priority Axis, determined in the 2. paragraph of 34. article of EU Regulation 1083/2006. The project owners can live with trespassing – if the call for application contains it- and the ESF activities has close relations with the realization of ERDF base project and these activities are needed for the implementation of the project and orientate on solving special, local problems

***Demarcation Criteria and Relevance to Other Operational Programmes***

The Priority Axis under review bears upon other Priority Axes within this ROP both through the impact of transport / communication links on regional management and infrastructure development efforts on economy and tourism. The measures for developing tourism attractions, increasing employment, developing human infrastructure and traffic relations help the realization of reasing the collective effect on developments within the CETOP and the successful realization of town rehabilitation. Creating the cohesion of planned activities the potential synergistic effort can be utilized. Furthermore, the Priority Axis under review is relevant to SOP's such as TOP and the Social Infrastructure Operational Programme (hereinafter SOCINFRAOP) by adding urban development actions, asset-conserving and social welfare in nature, to investments envisaged therein.

## **Priority Axis IV: Development of local and regional environment and transport infrastructure**

### ***Setting the Objectives***

#### *Overall Objective*

The overall objective of the Priority Axis under review is to reinforce social and (to a less extent due to other inevitable impacts thereof) economic cohesion and environmental sustainability in the Region, keeping differing needs of villages and micro-regions in sight.

#### *Immediate Goals*

- The aim of the development of network, infrastructure, and transport in connection with regional transport is to make relation system in the territory of the Region which offers improved accessibility, to reinforce territorial cohesion in KDR;
- Create an easier-to-live rural environment through reducing the environmental stress of communal origin;
- Make improvement efforts to obtain and make available good-quality waters within the framework of a complex water-catchment management practice;
- Take measures to protect assets and public facilities in settlements along river Danube and coastlines of Lake Balaton through reinforcement of elevated water banks in pursuit of reducing the risk of landslip.

#### ***Reasoning***

The lack of transport network make the regionally ballanced territorial development hard which appear first in the north-south connections and hard accessibility of periferial territories from the main roads, or in the form of “dead end settlements”. The side- road system of the region is overloaded in the aspects of capacity, bulid-up and condition are not acceptable, its’ development results in optimization of the accessibility within the region, orientating the modern economy organizing demands.The elaborated methods for the determination of the side-roads’ development order based on complex criteria, which put empasis on the regional development aspects beside the professional criteria of intervention and traffic indicators (potential economic effort of developmentor the concerned road sector, tourism importance, effort on cathing up the disadvantaged regons, importance of connection to the regional or county centres). The inner bicycle network system is lacking in the region, the quality of the most existing bicycle road is not acceptable, to be needed for repairing and the connection infrastructure han’t be built up.

A well-balanced territorial development of the Region is hindered by deficiencies of the existing transport network, notably in shortage of North to South communication links, poor accessibility of peripheral areas off main roads, and dead-end villages. The capacities of the by-road network are overused, availability of by-roads insufficient, and condition thereof poor. Development efforts focussed on the by-road network would lead to a shift towards optimum access times within the Region, and better satisfaction of up-to-date economic

management requirements. The elaborated method for determining the development order of side-roads based on a complex criteria system which, respecting the professional criteria of the necessity of intervention and traffic indicators put emphasis on the regional development aspects (e.g. importance of connection to the centre of small region or county, effect on developing disadvantaged regions, tourism importance, extant or developed potential economic effect of concerned roads). The internal cycle-track network of the Region is insufficient, and most of existing cycle-tracks are of inadequate quality and require reconstruction. The necessary infrastructure linked to cycle-tracks is practically non-existent.

The ever increasing through traffic in the territory of the Region makes local interior transport almost infeasible, multiplying accident risks and interior environmental damages. In addition, the availability of local public road networks is insufficient, with the paving, width, or load capacity of existing roads being inadequate in many places. Therefore, assistance for construction and reconstruction of municipal public roads with heavy traffic is imperative.

The Region features nearly 100% coverage by public transport services, mostly via road transport. Available bus lines want improvement in the level of organization and standards of services. Intramodal and intermodal changing options fail to meet expectations in terms of both locality and time. The technical standards and location of relevant infrastructure and stations are not acceptable. For an easy and transparent usage of public transport modes, community transport agencies should be set up, road and railway time-tables co-ordinated, and conditions created for optimum and cost-effective utilization of transport vehicles.

More than 50% of the funds allocated to transport in NHDP will be spent for sustainable transport developments. The CETOP contributes to this commitment in such a way, that according to the thematic categorization of the OP the planned share of sustainable transport (categories 24., 26.) developments will be 9,6 %.

By virtue of its geographical situation, the Central Transdanubia Region has got areas and drink water resources sensitive to considerable pollution, and lakes and low-output watercourses considered high-priority in terms of water quality protection. Wide karstlands with drink water resources underneath require enhanced protection, and particular attention should be paid to prevent deterioration of the quality of aboveground and underground water resources, through well-coordinated development efforts at regional level which take account of limited sources. Potential danger sources are waters at the level of surface or under it, especially at territories which are sensible to surface pollution, landfills which are not appropriate for updated regulations.

The ripping of lake sides along Balaton and river Danube and the erosion of geomorphological formations are significant problems. Elevated terraces, water banks susceptible to landslip are a threat to public institutions and linear infrastructure installations nearby, and any measure to be taken in response to damages may lay a heavy budgetary burden on both the local community and municipality affected which have limited resources available for such purposes.

### ***Territorial Applicability***

The Priority Axis under review is applicable to the whole territory of the Region. Within the framework of actions aiming to improve the human capacity infrastructure, preference is given to settlements and micro-regions in short of provision, in pursuit of achieving balanced development throughout the Region to enforce sustainability and efficient utilization of sources.

The operation aiming to develop wastewater disposal and treatment and recultivation within Field of Action No. 4.2 focusses on settlements within water-catchment areas around Lake Balaton, Lake Velence, and rivulet Által, settlements located in the South of Fejér County and West of Veszprém County, and areas sensitive to soil pollution such as those with water stocks in kartslands or with high inland water levels, while operations related to local and regional water management should be accomplished through integrated programmes based on water condition monitoring, within the framework of water-catchment area management efforts in compliance with (EC) Guidelines No. 2000/06 on Waters as approved by the EU Commission.

### ***Main Target Groups and Beneficiaries***

County and micro-regional Development Councils and executive agencies thereof, municipalities affected, educational institutions in charge of relevant programmes, non-profit organizations, businesses, churches, and environmental, water management, and public road management authorities.

### ***Fields of Action***

*Field of Action No 4.1: Preservation of environmental assets, and enhancement of environmental safety*

#### *Explanation*

Within the framework of this Field of Action, the following items, outside the scope of national commitments, will be encouraged: development of wastewater disposal and treatment for settlements outside urban agglomerations and in micro-villaged areas (i.e. settlements with a resident equivalent [hereinafter RE] below 2000), including enhancement of relevant awareness, and encouragement of willingness to get homes connected up to public sewage systems; elimination and prevention of geological risks (i.e. landslip of natural water banks) threatening settlements, public institutions, and linear infrastructure installations; and integrated programmes based on water condition monitoring, and carried out within the framework of water-catchment area management efforts in compliance with Guidelines (EC) No. 2000/06 on Waters as approved by the EU Commission.

#### *Indicative Types of Operation*

- Develop wastewater disposal and treatment systems;

- Closing down and recultivating landfills (carrion pits animal burial grounds included)
- Take measures to ensure stability of water banks susceptible to landslip;
- Reconstruct water systems of local and regional significance.

*Field of Action No. 4.2: Improvement of accessibility*

*Explanation*

The actions eligible for assistance within this Field include the improvement of standards of regional road networks (numbered with first digits 4 and 5) in terms of safety and comfort of passenger / goods transport, the development of interior municipal roads with considerable traffic, the making of a networked system of preferably separated local and point-to-point cycle tracks available, and the accomplishment of technical activities aiming to co-ordinate public transport modes, and development efforts related to such transport management activity.

*Indicative Types of Operation*

- Develop public roads of regional importance;
- Develop interior roads;
- Develop the cycle track network;
- Develop public transport.

*Expected Results*

- A more proportionate and better balanced settlement development will be implemented, conditions for equal opportunities improve, and settlements become fitter for use and easier to live in.
- Environmental stress in terms of noise and vibration will be reduced, local transport and environment safety enhanced, accident risks reduced, and, hence, quality of life for local inhabitants get better.
- The environment pollution levels will be lower, the overall condition of the environment improve, levels of pollutants in soil, surface waters, and ground waters decrease, and the 'public utility gap' begin to close, all contributing to a cleaner environment.

*Demarcation from Similar Actions Assisted from EAFRD and EFF Funds*

Articles 56 and 57 of EU Regulation (EC) No. 1698/2005 on the European Agricultural Fund for Rural Development (EAFRD), and the New Hungary Rural Development Strategic Plan<sup>13</sup> (NHRDSP), Priority Axis II.: Improving environmental condition in the action of the measure

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<sup>13</sup> Source: Version of the New Hungary Rural Development Strategic Plan (2007-2013) as approved by the Government



II/5: Ensuring good quality and equable quantity of water support inland waters of rural- and agricultural territories

The National Fisheries Strategic Plan, financed from the European Fisheries Fund, will not assist activities also covered by the operational programmes of the NHDP.

***Flexibility (Complementarity with ESF)***

During the realization of Priority Axis we would like to use the possibility of flexible financing support, at least 10% extent of sources allocated to the Priority Axis, determined in the 2. paragraph of 34. article of EU Regulation 1083/2006. The project owners can live with trespassing – if the call for application contains it- and the ESF activities has close relations with the realization of ERDF base project and these activities are needed for the implementation of the project and orientate on solving special, local problems

***Demarcation Criteria, and Relevance to Other Operational Programmes***

The Priority Axis under review bears upon other Priority Axes within this ROP, through an impact of transport links on regional management, and local and regional environmental infrastructure development efforts on the economy and tourism, while the development of cycle tracks intended for tourist purposes is eligible for contribution within the framework of Priority Axis II of this ROP. Furthermore, the Priority Axis under review is relevant to TOP through adding to them actions related to the development of regional access links, and relevant to investments envisaged in ENVENOP through addition of development actions outside the scope of national commitments.

The transport infrastructure development of the region will be supported by the ROP and the TOP in complementary and in an integrated logic framework, supporting the interventions of the ROP's tourism development priority axes as well. Accordingly investments in permanent-track public transport means, and intermodal systems (P+R) intended to ease congestion in inner cities, are eligible for assistance within the framework of TOP.

Following the integrated transport infrastructure development logic, field of Action 4.2 of the regional OP amends improving the accessibility of the region by main traffic routes supported by TOP and development of cycle roads serving official traffic besides the main roads numbered with first digits 1, 2 and 3 as well.

ENVENOP supports suburban sewage investments above 2 000 LE and trespassing the regional border on the area of recultivation projects over 650 000 000 HUF. Closing down and recultivating hard landfills, and handling of liquid waste are attended in CETOP. Field of Action 4.1 as the amendment of programmes financed by ENVENOP supports the reconstruction of water systems of local and regional significance.

## **Priority Axis V: Development of human infrastructure**

### **Setting and objectives**

#### *Overall objectives*

The main objective of the priority axis in an overall aspect with managing the development of different human infrastructural elements in one place is to help the developments harmonized at regional level, and to contribute knowledge and territorial balance of availability chances to quality services.

#### *Immediate goals:*

- Development of education, solving the quantitative and territorial disparity in the availability of basic knowledge
- Contribution to the development of a modern and effectiveness health care and social welfare provision system which includes trainings of acquiring healthy lifestyle, and support of healthy rehabilitation and prevention technics besides the infrastructural development in connection with the service supply of the institutional system.
- Availability of public education on the settlements of the region on cost effectiveness and sustainable manner

#### ***Reasoning***

Besides different kind of surveys the experiences of the period 2004- 2006 justify the reasoning of the infrastructural development of nursery- and primary schools. The education of the region's population and the indicators of knowledge capital are warning. Unfavourable phenomena are in the region in spite of the improvement of education which cause annoy in the operation of labour market.

CETOP contributes to the implementation of the main objectives of public education with the development of supporting learning environment, the improvement of educational result (competitive knowledge, moderating educational disparity), the renewal the quality and structure of public education, creating the equal chance of contribution to the qualitative education.

The favourable economic and employment situation hasn't resulted the improvement of life chances, and outstanding, healthy and high efficient employees are wanted on every field of economic and social life.

New unfavourable tendencies appear from the enforcement of economic development and globalization processes. The health and social sector has to solve new problems in the supply of inhabitants and create the utilization of health care institutions, which lost their former function i.e.: considering the restricted sources of geriatrics (the health care of elderly people.)

Only modern, developed equipments, skilled specialists and supplier staff, well functioning health care and social system are capable of meeting the requirements, and necessary sources are available in limited number in connection with it at the region's disposal.

The micro-regions of the region have different demands and necessities on the field of public infrastructural development and such investments are accepted the establishment of realization at local and regional level. The number of children under the age of 3, correlating to the number of nursery schools, justifies the improvement of this age-group's day-care services, partly the development of nursery schools and partly the support of other alternative supply forms.

### ***Territorial Applicability***

The priority axis concentrates on the whole territory of the region. The supply-defective settlements and micro-regions are favoured in that the development has to be based on regional coordination for the interest of efficient source consumption.

### ***Main Target Groups and Beneficiaries***

County and micro-regional Development Councils and executive agencies thereof, economic representations of interest, municipalities affected, education / training institutions, NGO's, day-care service-providers, medical facilities and hospitals and organizations upkeeping such facilities (such as local municipalities and partnerships thereof), social welfare and children welfare institutions, relevant specialist businesses, NGO's designed to serve social-welfare and health care purposes, educational institutions in charge of relevant programmes, non-profit organizations, businesses, churches

### ***Field of Action 5.1: Development of educational infrastructure***

#### ***Explanation***

This Field of Action is designed to support the development of public education, notably nursery-school childcare, primary schooling, and secondary schooling based on territorial co-ordination, and the renovation of, and addition to, respective facilities, or construction of new buildings where reasonable.

#### ***Indicative Types of Operation***

- Develop infrastructure for nursery-school childcare;
- Develop infrastructure for primary and secondary schooling.

### ***Field of Action 5.2: Development of health care and social welfare provision systems, and improvement of efficiency thereof***

#### ***Explanation***

This Field of Action focuses on a co-ordinated development effort directed at two special domains, notably those of health care and social welfare services, with such effort firstly aiming to contribute to the improvement of the population's overall health condition through granting assistance for service provision in direct health care, rehabilitation, geriatrics, and prevention, and secondly to facilitate improvement of the overall situation of groups the most

threatened by social exclusion through developing infrastructure of fundamental social welfare and children welfare provision, and ensuring equal access to respective services.

*Indicative Types of Operation*

- Make health-care and social welfare services accessible at micro-regional level;
- Provide quality services with focus on prevention;
- Launch innovative experimental projects (experimentation)

*Field of Action No. 5.3: Development of institutions*

*Explanation*

In pursuit of an IT development of municipalities which is uniform and financially sustainable, and supports fully electronic municipal working processes, this CETOP Field of Action is designed to make sure that municipalities can be linked up to application provision centers to be set up within the framework of the Electronic Public Administration Operational Programme (hereinafter E-ADMINOP). To the above-mentioned complementary operation is added a type of operation eligible for assistance on its own due to a statutory requirement and size of investment needed, namely the effort to clear existing institutions fulfilling municipal duties.

*Indicative Types of Operation*

- Develop municipal IT systems facilitating access to public services;
- Clear existing municipal buildings subsequently.

***Demarcation from Similar Actions Assisted from EAFRD and EFF Funds***

Articles 56 and 57 of EU Regulation (EC) No. 1698/2005 on the European Agricultural Fund for Rural Development (EAFRD), and the New Hungary Rural Development Strategic Plan (NHRDSP), Priority Axis III: *Improvement of the quality of life on rural territories and helping the economic diversification action group support, in the III/2. Improving the availability of basic services and preserving the natural and cultural heritage measure's field of action, the development of basic services for rural economy and population, preservation and modernization of rural heritage.*

*The basis of the NHRDSP/ROP demarcation is the eligible circle, so the status of the settlement administration amending the actions of the CETOP and NHRDSP in connection with 3.1 field of action it support the development of community or service spaces to be realized in settlements with the population of 5 000 persons and 100 persons/km<sup>2</sup> above, except the outskirts of the cities, towns and these settlements.*

The National Fisheries Strategic Plan, financed from the European Fisheries Fund, will not assist activities also covered by the operational programmes of the NHDP.

***Flexibility (Complementarity with ESF)***

During the realization of Priority Axis we would like to use the possibility of flexible financing support, at least 10% extent of sources allocated to the Priority Axis, determined in the 2. paragraph of 34. article of EU Regulation 1083/2006. The project owners can live with trespassing – if the call for application contains it- and the ESF activities has close relations with the realization of ERDF base project and these activities are needed for the implementation of the project and orientate on solving special, local problems

***Demarcation Criteria and Relevance to Other Operational Programmes***

The Priority Axis under review bears upon other Priority Axes within this ROP through the impact of settlement and regional human infrastructural development links on urban development. Furthermore, the Priority Axis under review is relevant to SOP's such as TOP and the Social Infrastructure Operational Programme (hereinafter SOCINFRAOP) by amending the investments with the development of public services.

SOCINFRAOP supports infrastructure backing up the pedagogic and methodologic reform on the field of education, development of public educational IT system, national measurement-assessment system infrastructure of educational activities, and development of higher education.

Health care development supported by SOCINFRAOP links to regional Ops: development of supplying forms which permits the structural change in health care system, single district outpatients' clinic, rehabilitation, complex geriatric medical provision, new greenfield investments.

### Priority Axis VI: Technical Assistance

Objectives: effective and efficient implementation of the OP's operations.

Indicator:

Implementation rate of supported projects  
(ratio of approved projects and projects actually completed)

Target value (2015): 100 %

#### *Technical Assistance Activities under NHDP*

Pursuant to article 46 of the General Regulation, the Funds may contribute to the financing of the preparation, management, monitoring, evaluation, information and controlling activities of the Operational Programmes, together with the reinforcement of the administration capacities required for the utilisation of Funds.

In the programming period 2007-2013, resources for Technical Assistance (TA) will appear in two places: in the Technical Assistance Priority Axes of the Operational Programmes and in the horizontal Implementation Operational Programme (IOP).

The demarcation between the TA Priority Axes and the IOP corresponds to the structure of the institutional system of the NHDP: the separation of TA activities has been defined with a view to

- the division of tasks among the different levels of institutions
- the distribution of costs resulting from the functioning of the organisations concerned.

On the basis of the above:

- The Technical Assistance Priority Axes of the Operational Programmes support the technical-operational implementation of each programme, primarily the project-related activities of OPs,
- The IOP Priority Axes are meant to support strategic activities at system level in relation to the implementation of the NHDP and all Operational Programmes.

The breakdown of the available TA resources is as follows:

<b>TA resources in NHDP</b>	<b>Share of TA (as a percentage of NHDP)</b>
IOP	1,3%
TA priorities in OPs, altogether	2,6%
Altogether	3,9%

***Technical Assistance activities carried out under the Central Transdanubia Operational Programme***

**1 Technical / administrative implementation of this Operational Programme (responsibilities of Intermediate Bodies)**

The intermediate bodies (IBs) carry out – based on the assignment and guidance of the managing authority – the technical implementation of one or more OP Priority Axes, among others the following:

- Participation in the preparation of calls for applications and sample support contracts,
- Admission and assessment of project proposals,
- Preparation and signature of the grant contract, accountancy of each contract,
- Monitoring of project implementation,
- Payments to the beneficiaries, carrying out tasks regarding closing of projects,
- Carrying out checks, reporting irregularities,
- Targeted communication activities connected to the specific OP or OP Priority Axis, based on the Communication Plan adopted by the NDA.

*(For the list of the detailed tasks of Intermediate Bodies see the Implementing Provisions chapter.)*

The tasks of the IBs will be specified in the agreement between the Managing Authority and the Intermediate Body. Financing their tasks in relation to the OP will be based on the **completed activities and on performance basis**, in the framework of the TA Priority Axis.

The main experience from the programming period 2004-2006 was that financing IBs was only carried out by costs incurred which did not inspire motivation for improving cost-effectiveness. To change this, the IBs in the programming period 2007-2013 will be financed exclusively on the basis of performance, through task assignment contracts. Where possible, financing is based on unit costs (e.g. number of project proposals evaluated, number of payments transferred, etc.) *(For the detailed financing method of IBs see Implementing Provisions chapter).*

**2. Other tasks related to the implementation of operational programme**

Besides the previously described activities carried out by IBs, the following activities connected to the operational programme will be supported in the framework of TA Priority Axis:

- operation of the OP monitoring committees, including related secretarial tasks; annual implementation reports, studies, analyses; evaluations not included in the overall NHDP-level evaluation plan, including evaluations at the initiative of monitoring committees;

## **VII. Major Projects**

This CETOP does not comprise any major project.



## 6 Allocation of Finances

### Financial appropriation for the Central Transdanubia Operational Programme 2007-2013

#### Financial Chart 1: Breakdown by priority axis

CCI No. 2007HU161PO005

In Euro, current price

Priority axis	Source	Co-financing by	EU finances (a)	National finances (b) (=c)+(d)	Indicative breakdown of national finances		Total finances (e)=(a)+(b)	Percentage co-finances (f)=(a)/(e)	Indicative data	
					Public (c)	Private (d)			Other financial instruments	EIB loans
Priority Axis I: Regional economic development	ERDF	Public expenditure	78 727 575	13 893 101	13 893 101		92 620 676	85.00%	n.a.	n.a.
Priority Axis II: Regional tourism development	ERDF	Public expenditure	115 315 875	20 349 861	20 349 861		135 665 736	85.00%	n.a.	n.a.
Priority Axis III: Sustainable settlement development	ERDF	Public expenditure	72 632 537	12 817 506	12 817 506		85 450 043	85.00%	n.a.	n.a.
Priority Axis IV: Development of local and regional environment and transport infrastructure	ERDF	Public expenditure	151 563 279	26 746 461	26 746 461		178 309 740	85.00%	n.a.	n.a.
Priority Axis IV: Development of human infrastructure	ERDF	Public expenditure	71 393 758	12 598 899	12 598 899		83 992 657	85.00%	n.a.	n.a.
Technical assistance	ERDF	Public expenditure	<b>18,286,812</b>	<b>3,227,085</b>	<b>3,227,085</b>		<b>21,513,897</b>	85.00%	n.a.	n.a.
<b>Total:</b>			<b>507,919,836</b>	<b>89,632,913</b>	<b>89,632,913</b>		<b>597,552,749</b>	<b>85.00%</b>	<b>n.a.</b>	<b>n.a.</b>

\* Pursuant to Article 53, Paragraph (1), of Council Regulation (EC) No. 1083/2006: (a) = total eligible expenditure, including public and private expenditures; (b) = total eligible public expenditure

**Financial Chart 2: Indicative breakdown for each year**

CCI No. 2007HU161PO005

In Euro, current price

Year		ERDF (1)	ESF (2)	Total EU (3)=(1)+(2)
2007	Regions without interim assistance	71,415,758	0	71,415,758
	Regions with interim assistance	0	0	0
	<i>Total:</i>	<i>71,415,758</i>	<i>0</i>	<i>71,415,758</i>
2008	Regions without interim assistance	69,321,142	0	69,321,142
	Regions with interim assistance	0	0	0
	<i>Total:</i>	<i>69,321,142</i>	<i>0</i>	<i>69,321,142</i>
2009	Regions without interim assistance	66,052,793	0	66,052,793
	Regions with interim assistance	0	0	0
	<i>Total:</i>	<i>66,052,793</i>	<i>0</i>	<i>66,052,793</i>
2010	Regions without interim assistance	68,433,948	0	68,433,948
	Regions with interim assistance	0	0	0
	<i>Total:</i>	<i>68,433,948</i>	<i>0</i>	<i>68,433,948</i>
2011	Regions without interim assistance	77,692,040	0	77,692,040
	Regions with interim assistance	0	0	0
	<i>Total:</i>	<i>77,692,040</i>	<i>0</i>	<i>77,692,040</i>
2012	Regions without interim assistance	75,303,208	0	75,303,208
	Regions with interim assistance	0	0	0
	<i>Total:</i>	<i>75,303,208</i>	<i>0</i>	<i>75,303,208</i>
2013	Regions without interim assistance	79,700,947	0	79,700,947
	Regions with interim assistance	0	0	0
	<i>Total:</i>	<i>79,700,947</i>	<i>0</i>	<i>79,700,947</i>
<b>Total:</b>	<b>Regions without interim assistance</b>	<b>507,919,836</b>	<b>0</b>	<b>507,919,836</b>
	<b>Regions with interim assistance</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<i>Grand total:</i>	<i><b>507,919,836</b></i>	<i><b>0</b></i>	<i><b>507,919,836</b></i>

A breakdown of contributions from Community funds to this OP by the category is given in Annex 1.

## **7 Implementing Provisions for the the Operational Programme**

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The main aspects in terms of the establishment of the implementation system are to summarize the lessons of the period of 2004-2006, to establish a coordinated and effective system, to clearly separate tasks and liabilities, to avoid the overlapping of the different procedures, to ensure the transparency of the procedures, and simplify them, as well as to establish a client-friendly system. These fundamental aspects have to be monitored by all actors of the procedure, at all levels of the implementation system.

The following national legislation lays down the governing rules for implementation:

- Government decree 255/2006. (XII. 8.) on the fundamental rules and institutions in charge of implementation of support from the European Regional Development Fund, the European Social Fund and the Cohesion Fund in the programming period 2007-2013.
- MHPMO (Minister Heading the Prime Minister's Office)-MF (Minister of Finance) Joint Decree 16/2006 (XII. 28.) on general rules of implementation of support from the European Regional Development Fund, the European Social Fund and the Cohesion Fund in the programming period 2007-2013.
- Government Decree 281/2006 (XII.23.) on rules concerning establishing systems of financial management and controls in relation with receiving support from the European Regional Development Fund, the European Social Fund and the Cohesion Fund in the programming period 2007-2013.

### **7.1 Management**

#### **7.1.1 Strategy and Coordination**

Throughout programming and implementation the following **aspects of coordination** must be ensured:

- The coherence and consistency between development assistance financed from the Funds as well as from national resources;
- The co-ordination of programming and implementation between the different Funds – EAFRD, EFF, structural funds, Cohesion Fund;
- Full exploitation of synergies between operational programmes within the NSRF, as well as eliminating duplications and conflicting activities;
- Taking into account regional considerations in case of sectoral OPs through the continuous involvement of the regional development councils;
- Ensuring that sectoral policies are represented in regional operational programmes through the participation of line ministries;

- The programming and implementation of flagship programmes financed by several operational programmes at a time, including territorial development programmes covering more than one region;
- Ensuring the promotion and respect of horizontal objectives – gender mainstreaming, equality between men and women and prevention of any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation, ensuring accessibility for disabled persons with respect to Art. 16 of 1083/2006/EC as well as sustainability with respect to Art. 17 of 1083/2006/EC.

The guarantees for coordination equally cover the phases of planning, implementation, monitoring, evaluation and feedback. In order to provide for efficient cooperation of the organisations the principle processes of coordination are defined by the legal framework.

### *Institutional framework*

The overall coherence of strategic planning is ensured by the Government. For this, **the Government** approves

the National Strategic Reference Framework (hereinafter referred to as the New Hungary Development Plan, (NHDP) as well as the operational programmes before they are submitted to the European Commission;

the action plans that describe the measures to be implemented by the operational programmes in full detail – the schedule, budget, objectives, target groups, of the planned measures as well as the list of projects to be implemented without a competitive procedure, including the list of major projects;

any proposed amendments to the operational programmes – prior to their approval by the Monitoring Committees.

The Government evaluates the progress of the implementation of the NHDP and the operational programmes on a regular basis.

In order to facilitate the co-ordination of strategic planning tasks related to the NSRF and the OPs, the National Lisbon Action Programme, the National Strategy for Sustainable Development and the rural development plan, the Government established the **Development Policy Steering Committee (DPSC)**. The DPSC has the task of discussing proposals and reports to be submitted to the Government, including the delivery of an opinion on the OPs, the action plans, the content of the calls for proposals. (These functions are without prejudice to the functions of the Monitoring Committee.)

As a further, high-level advisory body to the Government, the **National Development Council (NDC)** was set up. The NDC's members are:

- the Prime Minister,
- representatives of the regional development councils,

- delegates of the Economic and Social Council,
- distinguished experts,
- the invited members of the DPSC.

The NDC evaluates the implementation of the development policy objectives, monitors the implementation of the objectives defined by the NSRF, and the enforcement of the development guidelines of the EU, and based on that, prepares recommendations for the Government. (These functions are without prejudice to the functions of the Monitoring Committee.)

The Government's agency charged with the planning and implementation of the National Strategic Reference Framework is **National Development Agency**. The **NDA** is responsible for:

- the coordination of the planning, programming, evaluation and implementation of the NHDP,
- the coordination of the planning, programming and implementation of the operational programmes,
- in accordance with the Council Regulation (EC) 1083/2006 Article 27 Paragraph 4.g) ensuring coordination between the support provided by the operational programmes, as well as – in co-operation with the Managing Authority of the New Hungary Rural Development Programme – those of the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF);
- the coordination of all above financial sources with the assistance received from the European Investment Bank and the European Investment Fund and other resources;
- liaising with the European Commission regarding the questions related to the NHDP and the other operational programmes;
- the elaboration of the general procedural requirements for the implementation of the NHDP and the OPs, including the development of a single operational manual;
- the setting up, the operation and the continuous development of the single monitoring and information system;
- the enforcement and promotion of Community policies and horizontal principles such as sustainability, equality and non-discrimination, public procurements and – in cooperation with the State Aid Monitoring Office of the Ministry of Finance (MoF SAMO) – the respect of state aid rules. In the frame of this for the elaboration of documents and guidelines etc., the enforcement of these in the calls for applications and grant facilities, and the monitoring of the fulfilment of these activities.

- the development of the unified communication strategy regarding the implementation of the NHDP, as well as the requirements related to providing information and publicity on the entire NHDP;
- the organisational development of the institutional system (i.e. providing training opportunities, development of curriculum, dissemination and promotion of best practices, ensuring coordination upon the regulations)
- setting up and operation of the unified client service for the NHDP.

### *Coordination processes*

The coherence, complementarity and coordination of the content of the **operational programmes** is ensured through the definition of detailed demarcation principles in the OPs themselves.

The operational programmes are translated into concrete operations by the so-called **action plans**, prepared, on a biannual basis, for an OP or a priority axis thereof. The action plans spell out the objectives and content of the planned operations, their schedule and indicative financial allocations. Action Plans are also required to present a detailed justification for the planned measures through describing their:

- relationship to community policies (including CSG and Lisbon strategy), sectoral and/or regional strategies and programmes (including connections with flagship programmes);
- complementarity with developments financed from national resources.

The proposals for the actions plans are prepared by the Intermediate Bodies (IBs) and the line ministries and/or regions concerned with the guidance of the Managing Authority (MA) in the framework of working group where all ministries and regions concerned are represented (**Operational Programme Programming Coordination Committee (OPPCC)**).

In the interest of ensuring the complementarity and avoid double funding with rural development and fisheries the representatives responsible for the implementation of the **EAFRD and EFF** are also taking part in the meetings of the OPPCC , and in the monitoring committee. Small regional advisory networks for the NHDP and EAFRD-EFF will operate in close co-operation.

As an extension of the partnership principle, but also in an effort to further strengthen co-ordination between programmes and measures, the NDA invites **comments from social partners and NGOs** not just during the preparation of the NHDP and the OPs, but also when elaborating the action plans and calls for proposals. Contributions by potential stakeholders – in writing or during dedicated consultation sessions – are then taken into account when finalising the detailed content of operations.

The application of the partnership principle on the different programming-implementing documents, as well as the fact that the relevant line ministry or – in case of the ROPs – the relevant Regional Development Council may be represented in the project selection committee also ensures the realisation of coordination aspects. As members of the monitoring committees regions also take part in the drawing up of project selection criteria.

### **7.1.2 Managing Authority (MA)**

As of July 2006 the Managing Authority of all OPs operate as separate organisational units of the National Development Agency.

The concentration of the management of the implementation improves the effectiveness of the coordination between the implementation of the OPs, the exchange of experience, the transparency, the accountability as well as the rationalisation of management.

#### *7.1.2.1 Designation of the Managing Authority*

In line with Art. 59 paragraph (1) of regulation 1083/2006/EC, the tasks of the Managing Authority in case of the Central Transdanubia Operational Programme are carried out by the NDA's Directorate General Managing Authority for Regional Operative Programmes.

#### *7.1.2.2 Tasks and Responsibilities*

According to Article 60 of Council Regulation (EC) No 1083/2006 the Managing Authority is responsible for managing and implementing the operational programme in accordance with the principle of sound financial management, and in particular for:

Coordination of the planning of the operational programmes and the related documents that are under its responsibility. In the framework of the above, it operates with the participation of the relevant ministries, regions and experts the Operational Programme Planning Coordination Committee as a sub-committee of the Planning Operational Committee;

Ensuring that operations are selected for funding in accordance with the criteria applicable to the operational programme and that they comply with applicable Community and national rules for the whole of their implementation period;

Ensuring that the system for recording and storing the accounting records for each operation of the operational programme in computerised form is fed with up-to-date data, and that the data on implementation necessary for financial management, monitoring, audits and evaluations are collected;

Ensuring that beneficiaries and other bodies involved in the implementation of the operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;

- Approval of the calls for applications and the grant contract templates as well as the decisions on the project proposals;
- Receipt and control of the requests for funds prepared by the intermediate bodies, countersigns and forwards verification reports prepared by the IBs to the certifying authority;
- Ensuring that the evaluations of the operational programmes are carried out in accordance with the relevant Community legislation. Thereby, the MA will play a lead role in defining priorities and tasks for evaluation work, in consultation with the Monitoring Committee (*see also the chapter on evaluations*);
- Preparation and continuous update of the audit trail of the operational programme; setting up procedures to ensure that all documents regarding expenditure and controls required to ensure an adequate audit trail are held in accordance with the requirements of the relevant legislation;
- Ensuring that the Certifying Authority receives all necessary information on the procedures and verifications carried out in relation to the expenditure for the purpose of certification;
- Operation of the Monitoring Committee and providing it with documents required to permit the quality of the implementation of the operational programme to be monitored in the light of its specific objectives;
- Drawing up and, after approval by the Monitoring Committee submitting to the Commission the annual and final reports on implementation;
- Providing the Commission with information to allow it to appraise major projects;
- Elaborating proposals for the amendments to the operational programme;
- Ensuring the implementation of the OP in line with the decisions of the Monitoring Committee regarding the criteria for the selection of operations, implementation of the action plans, ensuring regularity and feasibility of all operations.
- Monitoring of the implementation of the programmes under its responsibility,
- Liaising with the competent directorates-general(s) of the European Commission regarding the operational programme,
- Participation or – where the function is delegated – supervision of the fulfilment of in tasks related to providing information and publicity on the entire NHDP, as well as the operational programme;
- Managing the technical assistance budget of the operational programme;
- Handling of the system level irregularities, making the necessary corrective steps;
- Prepares proposals for the Government regarding the identification of priority projects after consultation with the relevant ministers and regional development councils.



Further organisational units of the NDA – typically regarding the horizontal tasks, related to several OPs, e.g. communication, finance – participates in the fulfilment of the tasks of the OP MA.

With regard to the **Intermediate Bodies**, responsible for delegated administrative, financial and technical tasks of implementation, the MA:

Provides professional supervision regarding the activities of the Intermediate Bodies related to the implementation of the OP;

Approves the internal rules of the Intermediate Bodies related to the use of the OP resources;

Prepares instructions and rules regarding the implementation of the OP for the IB.

Controls and evaluates the activities of IB on a regular basis.

The Intermediate Bodies provide the delegated tasks based on the task-order contracts that ensure that the Intermediate Bodies receive payment for their services based on their performance.

### 7.1.3 Intermediate Bodies

#### 7.1.3.1 *Responsibilities of Intermediate Bodies*

Intermediate Bodies fulfil in relation to one or more priorities especially the following tasks:

Participation in the preparation of action plans falling in its competence.

Preparation of the **annual work plan** based on the requirements of the Managing Authority. The plan shall contain the dates of the calls for applications as well as the annual targets for commitments, support contracts and payments.

Participation in the **preparation of calls for applications** and sample support contracts in cooperation with the MA and the relevant ministries.

**Admission and appraisal of project proposals**, and based on the agreements with the Managing Authority setting up and operation of Assessment Committees, in case this task has been delegated to the Intermediate Body.

Concluding of and amendments to the **support contracts**.

**Verifying** that the co-financed products and services are delivered and the expenditure declared by the beneficiaries for operations has actually been incurred and complies with Community and national rules;

**Monitoring of project implementation**, payment of contributions, carrying out tasks regarding project closure, performing verification checks, tracking and reporting irregularities.

**Recording of data** in the single monitoring information system on a continuous basis, providing an up-to-date and reliable database

Preparation of **quarterly progress** reports on the implementation of the operational programme, the action plan that specifies the details of the implementation process, as well as the annual work plan, with the recommendations on the necessary measures.

Preparation and up-dating of the **audit trail**.

Fulfilment of tasks related to **information and publicity tasks**, based on the annual communication plan approved by the NDA.

#### *7.1.3.2 Qualification, Selection and Financing of the IB*

**Intermediate Bodies** contributing to the implementation of the operational programmes were **selected on the basis of a set of objective criteria** measuring their institutional capacity and technical competence. In order to receive the assignment, the prospective Intermediate Body needed to prove the existence of an appropriate, consolidated organisational structure, the availability of human and technical resources, as well as professional competence necessary. *(Further information is provided on the selection procedure under the administrative capacity chapter.)*

To ensure the effectiveness of the implementation, the performance of the **Intermediate Bodies will be evaluated on a regular basis**.

The Intermediate Bodies participating in the implementation of the OP – based on the result of the qualification process – were appointed through a joint **ministerial decree**. Details regarding the tasks, responsibilities, and financing of the IBs were fleshed out in dedicated **task assignment contracts**, signed by the NDA, the IB and – where applicable – the owner of the IB.

For the sake of effective implementation of the programme in case of certain support frameworks – based on an individual decision – non-governmental organisations or corporations, commercial banks, can also be involved *(e.g. as managers of indirect grants or capital funds)*.

The **IBs will be financed** through the above mentioned task assignment contracts from the technical assistance priority of the OP. In order to ensure sound financial management, correctness and regularity of expenditure declared by the IBs in relation to their operational costs the contracts – among others – impose the following requirements:

The IB has to **separate in full the costs** and incomes related to its activities concerning IB tasks in its financial records as well as in its analytical accounts. Unless unit prices are result of competition, incomes related to IB tasks cannot generate extra profit or finance losses related to other tasks of the organisation.

The **MA is required to perform controls** of the IB concerning the implementation tasks delegated to it, including the correctness and regularity and effectiveness of expenditure and costs separated in its accounts related to its IB functions.

*7.1.3.3 In case an irregularity is detected the MA may suspend the task concerned by the irregularity of the IB or in justified cases all tasks related to the task assignment contract of the IB.*

*7.1.3.4 The Intermediate Bodies of the Central Transdanubia Operational Programme*

In case of the Operational Programme the following intermediate bodies were appointed as a result of the qualification procedure:

Central-Transdanubian Regional Development Agency Kht. (non-profit company)

The RDA has been working on regional development issues in the Central Transdanubia Region since 1998. The agency has accumulated considerable implementation experience in the context of both Hungarian and Phare programmes. During the 2004-2006 period, it participated in the implementation of the Regional Operational Programme as an intermediate body; it was responsible for the preparation of project selection decisions and the dissemination of information to prospective applicants.

The organisation has extensive professional experience and highly skilled human resource capacities, its operation is sufficiently regulated and its organisation form allows for the independent discharge of IB functions

VÁTI Hungarian Public Non-profit Company for Regional Development and Town Planning Ltd.

The organisation has been working in urban and regional development since the 1950s, implementing Hungarian programmes and later Phare and other Community programmes in the field. In the 2004-2006 implementation period, it was responsible for the intermediate body functions of the Regional Operational Programme in conjunction with the RDAs; consequently, it has extensive practical experience in the implementation of both Hungarian regional development and EU cohesion policies. As an intermediate body, its main tasks include the signing of contracts, performing on-site inspections, verifying and authorising claims for payment as well as the monitoring of projects.

VÁTI has sufficient professional skills and capacities and extensive procedural experience to perform the intermediate body functions entrusted to it; its operation is adequately regulated. Considering that the company is 100% state owned, its main responsibility is to assure the incorporation of the regional aspects of sectoral strategies in the OP.

With regard to the conditions set out on Art. 10 of Govt.decreree No. 255/2006. (XII.8.) IBs may be subject to change.

In order to eliminate duplications or overlaps in tasks – as experienced during the 2004-2006 period – as a general rule, all IB tasks related to an operation shall be assumed by one Intermediate Body only. The applicant or beneficiary be in contact with only one organisation (IB) that is responsible for a grant facility during all stages of implementation.

## 7.1.4 Strategic management and instruments

### 7.1.4.1 *Content related management: Action Plans*

The detailed content of the NHDP and of the operational programmes and their coordination will be established in **action plans** during the 2007-2013 programming period.

The action plans include the 2-year forecast of the support frameworks and the related information for the different operational programmes, or for one or more priorities. Within that the action plan will specify the planned schedule of the support framework, objective system, and target groups, the projects to be implemented without application procedures, as well as the list of major projects.

After the Monitoring Committee discusses the action plans will be approved by the Government. In accordance with that, the details of the preparation of the action plans will be specified by the relevant Governmental regulation.

## 7.1.5 Procedures in relation to the implementation of the OP

In order to improve the efficiency and effectiveness of the implementation, as well to further encourage transparency it is necessary to standardize and simplify the implementation process.

**Selection criteria** need to ensure that operations / projects:

- contribute to the social-economic objectives of the NHDP, of the operational programmes, as well as the given priority;
- have objectives that are definite, measurable, and achievable;
- are cost-effective;
- are sustainable from a financial and organisational point of view;
- contribute to the enforcement of sustainable development, equal opportunities and the principle of non-discrimination;
- demonstrate the existence of all necessary pre-conditions for their successful implementation.

In each case, specific criteria for the selection of operations will be approved by the Operational Programme **Monitoring Committee**.

Decisions on projects will be made through one of the following procedures:

**Major projects:** In line with the provisions of Art. 39-41 of 1083/2006/EC, operations financed by the ERDF or the Cohesion Fund comprising a series of works, activities or services intended in itself to accomplish an indivisible task of a precise economic or technical nature, which have clearly identified goals and whose total cost exceeds EUR 50 million (in case of environment exceeds EUR 25 million). In those cases where major projects are foreseen the indicative list of these projects will be part of

the operational programme and the action plan and thus it is subject to public consultation.

**Key projects:** Projects that can be supported without a call for applications. These too will be carefully appraised in an assessment procedure, first before pre-selected in an action plan (based on preliminary project proposal), and second before approved for implementation (based on detailed project proposal). Partnership approach will be ensured in both stages, as action plans will be subject to public consultation, and NGOs will delegate members to the project selection committees. Such projects have key importance from the economy and the society point of view. Their beneficiaries are usually – but not exclusively – state or local government organisations. (e.g. *infrastructure projects of public benefit, state support of investments having priority employment effect*).

**One-stage calls for proposals:** applied whenever – mainly due to the expected high number of applicants (i.e. private organisations) – it is reasonable to select beneficiaries on the basis of a fully competitive procedure.

**Two-stage calls for proposals:** This procedure is applied mainly in cases where the size of the target group and the expected number of applications is more limited (typically: public investments), and projects to be financed are more complex. In such cases, projects are first pre-selected on the basis of preliminary (less detailed) proposals. Proposals successful in the first stage then receive assistance, through the IB, during their elaboration into fully fledged, fundable projects.

**Indirect support:** cover two different procedures:

- *Indirect grants* are used in case of proposals that are below a given value limit, and the allocation of the support, the monitoring of the implementation of the projects, whether they are in accordance with the regulations and the contracts – based on the contract concluded with the Managing Authority – will be fulfilled by professional management body – e.g. non-governmental organisations.
- *Financial support instruments:* (e.g. credit, capital, guarantee instruments) are procedures for which the project selection, monitoring of implementation, auditing and the payment of the support will be carried out by financial intermediaries (e.g. banks).

Project selection procedures regarding independent measures are set out in the detailed action plans.

### **7.1.6 Administrative capacity**

The budget of the development plan – and, within that, the size of the EU's contribution – has increased significantly compared to the previous period. Hungary is committed to the continued development of the institutional system, so that the full and continuous availability of appropriate institutional capacities is ensured, and EU support is used in an efficient, effective and timely manner.

In order to meet the challenges taking into account the experience of the 2004-2006 period Hungary has decided upon the structural reform of the institutional system. This comprehensive reform covers both the increasing of the efficiency of task assignment and operational management as well as in connection with that – based on preliminary measurement – the extension of administrative capacities.

Therefore:

All managing authorities were concentrated in a single institution (the NDA). As a result of that:

- The rules and procedures for programming and implementation are now standardised. This increases the transparency of the system and allows for better dissemination of best practices.
- The common background functions of all MAs (i.e. finances, accounting, communication, legal matters) are to be carried out by horizontal units of the NDA for all the MAs. This allows for increased efficiency.

The Government has revised the assignment of tasks related to programming and implementation between the MAs and IBs according to common principles. The MA will be responsible for the strategic tasks regarding the implementation of the OP while the IBs receive more autonomy and responsibility in the case of specific operational issues related to implementation. Therefore the duplication of tasks is to be eliminated, the possibility for mistakes can be reduced and the performance of all stakeholders will become unambiguously measurable and accountable.

In autumn of 2006 in the frame of an independent institutional assessment the NDA – similarly to 2003 – has performed a qualification procedure on the potential IBs. The aim of the qualification assessment was to assess the competence of the institutions as regards IB functions, as well as to identify the areas in case of each body needed to be enhanced in order to perform the task (gap assessment). The main considerations of the assessment were:

- whether or not the body is in possession of sufficient professional experience and skilled human resources;
- whether the form of organization allows for performance incentive of staff and whether it allows for autonomous performance of tasks of an IB during the 2007-13 period;
- whether the organizational functions and work is well defined and regulated;

As a result of the qualification process precise activity plans were prepared for institutional development for each of the IBs. The action plans established precise deadlines for the IBs that committed themselves to taking the measures necessary in the field of capacity and competences (which may if necessary for instance foresee the employment of additional staff required or the training of staff).

The gap assessment action plans form part of the NDA-IB task assignment contract and their execution is followed up by the MAs. It is therefore ensured that all IBs maintain adequate number of qualified and trained staff.

A comprehensive performance measuring and incentive system is introduced both at organizational as well as staff level. Thus, all members of the institutional system became interested in the efficient and as regards the content effective implementation of the programmes.

A predictable, performance-based system of financing has been introduced for the IB. Where possible, financing is based on unit costs (e.g. number of project proposals evaluated, number of payments transferred, etc.). The contract between the NDA and the IB ensures that the IB has financial interest in high standard, fast selection and management of the projects. It also ensures that the IB manages human and technical resources flexibly: they are free to increase or decrease capacities according to their mid-term tasks. Financial resources to cover the costs of the IB have been allocated to the technical assistance priority of the OP, based on a detailed assessment and calculation of the costs of the institutional system in the 2004-06 period.

Through the individual operational programmes, about two thirds of all TA resources available were earmarked for the financing of IB-level task and capacity needs.

## **7.2 Monitoring and evaluation**

### **7.2.1 Monitoring**

#### *7.2.1.1 Specific arrangements for the Convergence ROPs*

In accordance with Article 63 of Council Regulation (EC) No 1083/2006 a Convergence Monitoring Committee is to be established for the 2007-13 Convergence Regional Operational Programmes. The Convergence Monitoring Committee allows regions to build on existing experience and share best practice while allowing a better and more efficient monitoring and decision making system. The Monitoring Committee will be composed of one Regional sub-committee for each operational programme based on the Regional Development Councils and ensuring the involvement of a wide range of regional partners. The Regional Sub-committees share the responsibility for programme implementation with the Convergence Monitoring Committee in line with Article 65 of the above Regulation.

Decisions of the Convergence MC will be taken separately for each of the programmes. Regional Committees will ensure supervision of programme implementation and will report and make any necessary proposals for modification to the Convergence Monitoring Committee. The Convergence Monitoring Committee will decide on the basis of the proposals of the Regional Sub-committees.

Regional Sub-Committees are set up in order to take into account in their composition the principle of partnership as well as territorial specificities.

7.2.1.2 Convergence Monitoring Committee

Tasks and Competences:

The tasks within the competence of the Operational Programme Monitoring Committee – with special regard to the efficiency and quality of implementation– are specified in Article 65 of Council Regulation (EC) No 1083/2006 and Art. 14. of Govt.Decree No. 255/2006. (XII8.). Accordingly, the Committee shall

consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme and approve any revision of those criteria in accordance with programming needs;

periodically review progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the Managing Authority;

examine the results of implementation, particularly the achievement of the targets set for each priority axis and the evaluations;

consider and approve the annual and final reports on implementation, and the annually updated evaluation plans;

be informed of the annual audit report, or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;

propose to the Managing Authority any revision or examination of the operational programme likely to make possible the attainment of the Funds' objectives or to improve its management including its financial management;

consider and approve any application to amend the content of the Commission decision on the contribution from the Funds.

The Monitoring Committee debates the action plans referred to in chapter 7.1.1. In compliance with Article 63 Paragraph (1) of Council Regulation (EC) No 1083/2006 a Monitoring Committee may supervise the implementation of several operational programmes.

Composition:

The Managing Authorities are responsible for establishing the monitoring committees.

In compliance with Article 64 of Regulation (EC) No 1083/2006, the composition of the operational program Monitoring Committee will be as follows:

The Monitoring Committee according to Art. 64 (1) of 1083/2006/EC is chaired by the person appointed by the Member State, the prevailing member of the Development Policy Steering Committee responsible for the programme area concerned.



Members of the Monitoring Committee will be:

- the Managing Authority,
- a delegated representative of the line ministers concerned in the implementation of the operational programme,
- the Intermediate Bodies concerned in the implementation of the OP,
- the representative of the minister in charge of the state budget,
- delegated representatives of regional development councils concerned, at least one delegated representative of local government' associations,
- at least one delegated representative of the environmental protection NGOs,
- one representative of each of the employees' and employer's sides of the National Council for the Reconciliation of Interests,
- delegated representatives of non-governmental organisations – within that, at least one member representing an organisation active for 1.) the Roma people, 2.) disabled people and 3.) equal opportunities for men and women,
- one delegated representative of each of the professional and social organisations concerned.

Members attending in an advisory capacity:

- a representative of the European Commission at its own initiative or the request of the Monitoring Committee;
- the representative of MAs in charge of other OPs affected by the implementation of the OP;
- one representative each of the Certifying Authority and the Audit Authority, as well as the Central Harmonisation Unit;
- for operational programs with contributions from the EIB or EIF, one representative of each of the EIB and the EIF respectively;
- as permanent invitees, one representative each of the organisations responsible for the implementation of the EAFRD (European Agricultural Fund for Rural Development) and of the EFF (European Fisheries Fund).

#### *7.2.1.3 Description of the Monitoring Information System – Indicators and Data Collection*

Data supplied by applicants and by the beneficiaries will be entered in the monitoring information system - an upgraded version of the Single Monitoring Information System (EMIR) used for the period 2004-2006. Feeding the system with data is the responsibility of Intermediate Bodies; the NDA ensures continuous operation and upgrading of the system.

The system will ensure the collection, processing and forwarding of data, and the support of implementation, supporting the daily work of all authorities involved in the implementation of the NHDP, as well as the European Commission, and other national institutions.

It is a fundamental requirement in the programming period 2007-2013 that applicants and beneficiaries meet their data provision responsibilities, wherever possible, through electronic means. The system has been developed by considering these criteria.

The IT system delivers real-time data from each level of the implementation system, and serves as a means of electronic communication between the European Commission and Hungary.

In order to ensure transparency the system will also be used to monitor

- compliance with Article 34 paragraph 2 of Council Regulation 1083/2006/EC as regards complementary financing between the ERDF and ESF and respecting the ceilings thereof, including the special cases laid down in Regulation 1081/2006/EC of the European Parliament and of the Council Art. 3(7) and 1080/2006/EC Art. 8;
- the use of additional assistance to the Central Hungary Region pursuant to paragraph 15 Annex II of Council Regulation 1083/2006/EC.

## **7.2.2 Evaluation**

### *7.2.2.1 Evaluation Plan*

The evaluation of the operational programmes will take place based on the coordination specified in the New Hungary Development Plan in a systematic system in accordance with the evaluation plan. The evaluation plan enables the preparation for the evaluations, efficient management of the external and internal evaluation capacities, and utilising the opportunities of the harmonisation of evaluations.

The evaluation plan of the operational programme contains a 3-year forecast and is annually revised, as it is an ongoing evaluation system.

The evaluation plan of the OP will be submitted to the MA of the OP, – with the agreement of the organisational unit ensuring the New Hungary Development Plan level coordination of the evaluation – to the Operational Programme Monitoring Committee, which will annually approve it. (The Monitoring Committee will also have a right to initiate the carrying out of evaluations.) For the implementation period lasting until 2015, the evaluation plan contains forecasted evaluations, as well as evaluations selected annually in the system of ongoing evaluation.

The evaluation plan contains the evaluations described below:

- Mid-term revision of the operational programme strategy and implementation system (2009-2010);

ex-post evaluation of the operational programme (2015-2016);

annual operational evaluation of action plans (2008, 2010, 2012, 2014);

ex-post evaluation of action plans (2009, 2011, 2013, 2015);

ex-ante evaluation of the contribution of action plans, individual interventions and major projects to the implementation of the objectives of the operational programme, and to the enforcement of horizontal policies (2006, 2008, 2010);

comprehensive evaluation of the operational programme regarding horizontal principles (for example: equality of opportunities, sustainability, etc.) (2008, 2010, 2012)

The evaluation will include the analysis of the impacts of the Operational Programme on climate change (as far as possible analysing the environmental, social and economic costs and benefits of climate change as well) to support different actions for climate change prevention, mitigation and adaptation.

The rules for the potential use of evaluations (publication and availability of evaluation reports, presentation and distribution of results, monitoring the use of recommendations) are laid down in the Operation Manual. These follow the recommendations of the Commission's Working documents on on-going evaluations.

#### *7.2.2.2 Selection Process of Ongoing Evaluation*

In addition to the preliminarily planned (comprehensive, strategic) evaluations the unified evaluation plan of the New Hungary Development Plan will from year to year be complemented with evaluations related to the action plans, for which the operational programme Managing Authority will make proposals in agreement with the Monitoring Committee. In the frames of the evaluation plan the evaluations will be made:

in case of those operations of the action plan, for which during the implementation there was a significant difference between the indicator values specified in the implementation schedule;

to summarize the findings in connection with the measure(s) related to the operations of the action plan, and implemented in the 1st National Hungarian Development Plan (NDP1);

2 years after the completion of operations having no innovative domestic implementation history in order to summarize the findings of the implementation, and to explore impact mechanisms;

to assess the intended and non-intended impacts of at least one operation per priority annually as from 2009, by ex-post evaluation.

Irrespective of the evaluation plan, it is justified to launch ad-hoc evaluation on the basis of unforeseen needs arising in the implementation system (Intermediate Body, Managing Authority), and of the requirements of the Monitoring Committee.

### 7.2.2.3 *Evaluation Management*

The organisation unit ensuring the horizontal, NHDP-level coordination of the evaluation will:

- prepare and conduct the preliminarily planned, comprehensive strategic evaluations;
- provide resources for the regular evaluations conducted based on unified methodology and the enforcement of the evaluation plan;
- prepare and carry out the evaluations conducted in issues which concern more than one of the operational programmes;
- prepare and carry out the evaluation of operations having no innovative domestic history
- ensure that evaluation reports are available to the public.

The Managing Authority will maintain sufficient capacity for the performance of evaluation-related management duties, and will:

- be responsible for the performance of duties related to the evaluation of the operational programme and the related action plans and operations, and for the implementation of those parts of the evaluation plan of the New Hungary Development Plan, which concern the operational programme;
- coordinate, develop and stimulate the operational programme-related evaluation activity;
- make proposal for the 3 year evaluation plan of the New Hungary Development Plan;
- ensure the incorporation of evaluation results into planning and implementation;
- generate the data of the indicators related to the evaluation of the operational programme and their storage in the monitoring information system;
- revise the target values of the priority level indicators of the operational programme every second year, upon closing the action plans;
- launch, in justified cases – e.g. at the initiative of the monitoring committee –, evaluations not included in the evaluation plan of the operational programme related to the operations, and support their implementation.

### 7.2.2.4 *Planned resources for evaluation*

As regards financial resources, NSRF-level evaluations as well as preparation of evaluation methodologies, coordination of evaluation activities and financing of evaluations included in the annual evaluation plan will be financed by the Implementation OP.

Further evaluations – e.g. at the initiative of the Monitoring Committee – may be financed from the Technical Assistance resources of this OP.

As regards human resources planned for evaluation purposes, besides the staff of 6 persons in the horizontal evaluation unit of the NDA, and appropriate dedicated human resources provided by the MA will be dealing with evaluations.

### **7.3 Financial Management and Control**

#### **7.3.1 The tasks of the Certifying Authority**

##### *7.3.1.1 The structure of the Certifying Authority*

The Certifying Authority for all operational programmes financed by the Structural Funds and the Cohesion Fund is the Ministry of Finance. The activity of the Certifying Authority will be based on the organisation and experience of the Paying Authority (Ministry of Finance, Office of the National Authorising Officer) of the programming period of 2004-2006.

The Certifying Authority will perform the **tasks** described below:

- receiving payments from the European Commission;
- transfer of EU contributions to the national financing account of National Development Agency;
- drawing up and submitting to Commission certified statements of expenditure and applications for payment;
- certifying that the statement of expenditure is accurate, results from reliable accounting systems, and is based on verifiable supporting documents, as well as the expenditure declared complies with applicable Community and national rules, and has been paid in respect of operations selected for funding in accordance with criteria applicable to the programme and complying with Community and national rules;
- taking account for certification purposes of the results of all audits carried out by or under the responsibility of the Audit Authority;
- in order to support certification carrying out desk-based fact finding assessments and paying fact finding visits on-the-spot at organisations participating in the financial implementation,
- keeping accounting records on the turnover of the treasury accounts used to receive transfers, on the receivables and liabilities;
- keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation;
- carrying out financial corrections due to administrative errors and irregularities in the course of the implementation of the operational programme, rendering accounts on repaid Community contributions to the European Commission; sending forecasts of the likely applications for payment for the current financial year and the subsequent financial year to the European Commission latest until the end of April each year.

## **7.3.2 Rules for Financial Management and Control**

### *7.3.2.1 Responsibilities of the Managing Authority*

- The Managing Authority is responsible for the management and implementation of the Operational Programme in line with the principle of sound financial management.
- The Managing Authority delegates the reception, processing and control of the payment claims of the beneficiaries to the intermediate body – if there is an Intermediate Body.
- The MA monitors the fulfilment of delegated tasks.
- The Managing Authority ensures that for the purposes of certification the Certifying Authority receives sufficient information on procedures conducted in connection with the expenditure incurred in the course of the implementation of the operational programme, and declares to the Certifying Authority by counter-signing the verification report of the Intermediate Body that the procedures applied by the Intermediate Body performing the tasks delegated by it are in compliance with the Community and national regulations.
- The MA has to carry out on the spot audits based on risk-analysis at the IB over expenditure declared by the IB. In order to enhance effectiveness of this function the MA has the possibility to delegate one or more persons (treasurers) from the Hungarian Treasury to the IB to ensure the correctness and regularity of expenditure verified by the IB including correctness of data recording in the IT system.

### *7.3.2.2 Responsibilities of Intermediate Bodies*

- The Intermediate Body is responsible for the performance of the tasks delegated by the Managing Authority in accordance with Community and national provisions.
- The Intermediate Body provides for the control of the implementation of projects approved in the frame of the operational programme in accordance with Community and national regulations.
- The Intermediate Body is responsible for the receiving, processing and performing administrative verification checks on the applications for reimbursement submitted by beneficiary, for carrying out of on-the-spot checks based on risk assessment, and for summarising the results of verifications carried out in verification report for the purpose of information supply to the Managing Authority and the Certifying Authority. The Intermediate Body is responsible for payments to the beneficiaries.

## **7.3.3 Process of Payment to Beneficiaries**

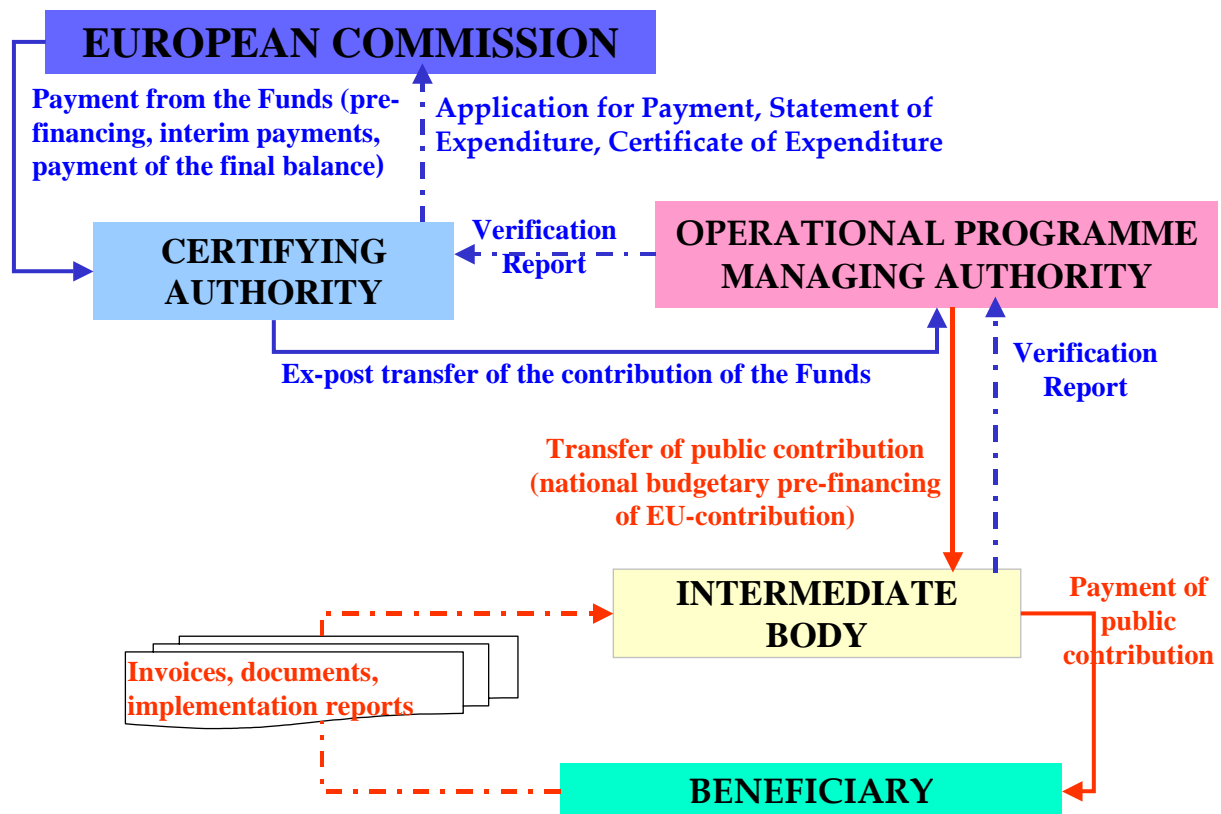
The beneficiaries will submit their invoices generated in the course of the implementation of the project to the Intermediate Body together with the progress reports, on a regular basis.

The Intermediate Body will perform verification checks on applications for reimbursements financially as well as their content and form, and may conduct on-the-spot checks in accordance with the audit plan prepared on the basis of risk assessment.

On the basis of the approved reimbursement claims the Intermediate Body is responsible for payments to the beneficiaries. It informs the Managing Authority on the results of the verifications conducted in the verification report.

The Managing Authority transfers the Community and the national contributions to the beneficiary from the central budget, which will be refunded to the Managing Authority by the Certifying Authority from the available pre-financing, and from subsequent interim payments.

The reception and transfer of Community contributions to the Managing Authority will take place from a non-interest-bearing bank account opened in the Hungarian State Treasury.



### 7.3.4 Control of the European Union contributions

#### 7.3.4.1 *Financial management and control*

The Managing Authority, the Certifying Authority and the Intermediate Body establish and operate the financial management and control system. The financial management and control system shall ensure that the activity of the organisations is in line with the regulations and sufficiently regulated, economical, efficient and effective, the information is accurate, and

available in due time. The planning, call for proposals, the financial transaction, accounting, control and monitoring duties are functionally separated, and it is necessary to provide for the adequate regulation of these duties also in the relevant internal regulations.

The Managing Authority, the Certifying Authority and the Intermediate Body are responsible for the elaboration of the audit trail, risk management and irregularity handling rules and the immediate entering up of the eventual changes.

In the course of the financial implementation, the Managing Authority, as well as the Intermediate Body are responsible for carrying out administrative verifications and risk assessment based on-the-spot checks prior to payments. In the frame of the above, it is necessary to control whether the physical and financial progress is corresponding with the programme, as well as the project support contracts, and whether the submitted invoices or documents of equivalent probative value are in accordance with the decision related to the application and the contracting terms, the fulfilment of the physical and performance indicators, and the Community and national rules on public procurement.

The chair of the National Development Agency, the head of the Intermediate Body, the Certifying Authority and the Audit Authority are in every year obliged to make a statement concerning the proper operation of the management and control systems – with content and until a deadline as specified by the legislations.

The Minister of Finance executes its tasks concerning the regulation, co-ordination and harmonisation relating to the control of EU Funds through the Central Harmonisation Unit for Public Internal Financial Control (CHU for PIFC). Regarding EU Funds the CHU elaborates and regularly reviews methodological guidelines to be used in relation to internal controls and makes recommendations for drafting and adopting relevant legislation; through the harmonisation of the audit resources it ensures the fulfilment of an effective, efficient and not overlapping audit activity; and through quality assessment it monitors the execution of relevant regulations and guidelines in relation of the internal control systems.

The minister responsible for the budget will set up and operate an audit committee involving organisations involved in the implementation of the EU funds, in order to strengthen the transparent use of Community contributions.

#### *7.3.4.2 Tasks and responsibilities of the Audit Authority*

The Audit Authority is a body designated in line with the Community and national rules, responsible for auditing the effective functioning of the management and control systems, which is functionally independent from the Managing Authority, the Certifying Authority and the Intermediate Bodies. In Hungary, the same body performs the duties of the Audit Authority with regards to every operational programme. The tasks of the Audit Authority in line with the provisions of Government Decree 312/2006. (XII. 23.) on the Government Audit Office are performed by the Government Audit Office – a central office having chapter management rights – supervised by the Minister of Finance..



The tasks of the Audit Authority are:

- according to Article 71(2) of Regulation (EC) No 1083/2006, preparation of the compliance assessment criteria of the management and controls systems, to carry out the compliance assessment, and to prepare the report and opinion on that;
- the preparation and fulfilment of the national audit strategy, and annual reporting obligations (annual audit reports and opinions) to the Commission;
- implementation of system audits and sample checks;
- implementation of audits at the request of the European Commission;
- follow-up of the findings of the audit reports and the schedule related to the measures;
- preparation of declarations on partial closure, and closure declarations and the underpinning audit reports;
- participation in preparing member state responses to audits carried out by the European Commission, as well as in the required negotiations;
- participation in the cooperation with the European Commission according to Article 73 of Regulation (EC) No 1083/2006 in order to coordinate audit plans and exchange the results of the audits.

#### **7.4 Provisions related to Information Supply and Publicity**

In compliance with national and Community legislation requirements, the NDA (National Development Agency) will be responsible for the tasks related to the communication and publicity of the New Hungary Development Plan and the operational programmes, with special regard to the following:

Communication to the potential beneficiaries, economic and social partners on the opportunities related to the contributions. Within this, special role will be given to the efficient mobilisation of the prospective applicants, to well-founded project generating activity and information on available calls for applications.

Communication to the public on the role played by the European Union in the implementation of the developments. In the course of the above the communication will focus on the introduction of the results of activities implemented with Community co-financing.

The realisation of activities related to information and publicity involves liabilities on the part of both the actors of the institutional system (NDA, Intermediate Bodies) and on the part of the beneficiaries. It is necessary to coordinate the general communications activities related to the entire New Hungary Development Plan, as well as operational programme-related communications activities and partnership actions at central level. The Intermediate Bodies will participate in the performance of other communications tasks related to the introduction of the support possibilities (organisation of professional and information days, forums for the prospective applicants on the programmes at national, regional, county and micro region

level), in promoting the communication activities of the beneficiaries, as well as they also carry out data collection and data provision.

On the basis of the information and publicity guidelines prepared by NDA, the beneficiaries have to introduce their own project to the widest public.

Concerning the implementation of tasks related to information and publicity, in accordance with the regulations, NDA (National Development Agency) will prepare a uniform communication strategy for the entire New Hungary Development Plan, which will define the objectives and message of the relevant measures, the strategy and content of their implementation, the targeted social and economic groups, the criteria measuring the efficiency of the measures, the proposed budget of the measures, their estimated time schedules, as well as the administrative units responsible for implementation, and their liabilities. The communications plan will be prepared annually on the basis of the communications strategy. The task of the Intermediate Body will be to prepare and submit to NDA (National Development Agency) the communication plan related to the operational programme managed and/or to the entirety of the priorities, for approval.

Main areas:

*Introduction of support possibilities, efficient mobilisation of applicants, project generation*

For the successful and effective use of the development resources it is indispensable to efficiently mobilise the potential beneficiaries, and to introduce the support possibilities. This area requires especially active, efficient and concentrated communication focusing on identifiable target groups (various segments of the range of potential beneficiaries). In the frame of this special attention shall be given to providing direct information and help with project generation and in case it is necessary through implementation to organizations representing the most disadvantaged groups.

*Introduction of the results of development programmes realised through co-financing*

The introduction of the realised projects show the success of the domestic use of the structural funds, and reinforces the image of a rapidly and dynamically developing Hungary in the public, strengthens the image of the European Union, and inspires prospective applicants – setting a positive example.

*Partnership*

The performance of methodological tasks related to the application of the principle of partnership – such as partnership strategy, partnership actions, partnership reports –in connection with social partnership process, keeping contacts with the preferred partners, involving of partners in professional cooperation, and the preparation of a strategy and reports related to the application of the principle of partnership are of extraordinary importance for the Hungarian government and for the European Commission. Partnership activities are carried for each OP and action plan separately. In line with the terms of delegation of tasks, while for regional OPs RDAs carry out partnership activities, financed by the TA priority of the OP. Costs of the monitoring committee will be financed by the TA priority of the OP.

*Client-service*

A special responsibility of the institutional system is the maintenance of relations with potential and winning applicants. From the aspect of the strengthening of the service provision character of the institutional system, and from the aspect of transparency, this is an important area. Accordingly, the performance of the client communication and information supply task in a unified system is necessary at central and also at local level. The main elements of the unified client-information system are: applicant-information site on the Internet, operation of online and telephone-based client services (*Contact Centre*), coordination of the information activity of the Intermediate Bodies, setting up and operation of an internal information system coordinating the flow of information.

**7.5 Community policies and horizontal principles – Sustainability, Equal Opportunities and Partnership, State Aid, Public Procurement**

**7.5.1 Sustainability, equal opportunities and non-discrimination, partnership**

In the course of the planning and implementation process, all along, criteria of sustainability (with special attention to the environmental aspects of sustainability) must be fully met taking into account the provisions of Articles 16-17 of 1083/2006/EC. To this end, an environmental assessment was completed in the case of the NSRF and all operational programmes. The NSRF and the operational programmes were submitted to the National Council for Environment Protection.

Appropriate management arrangements shall ensure at all levels of programme implementation, that possible effects which are unsustainable or unfavourable to environment, especially as concerns impacts on climate change, the maintaining of biodiversity and ecosystems, and the drawing on natural resources, are avoided or kept as low as possible, so that the environmental charges of the OP in total, will in the end be climate- and resource-neutral. The OPs positive effects and potentials for synergies in the sense of optimising its contribution to an environmentally sustainable development, shall be exploited at best and, wherever possible, be strengthened.

The single Operational Manual to be implemented by all Managing Authorities provides guidance for the due adherence to sustainability considerations in the course of the public procurement procedures (so called “green public procurement”).

In the course of the consultations on the NSRF and the operational programmes with the social partners a great number of non-governmental organisations specialised in different aspects of environment protection, or equal opportunities expressed their views which if possible, we took into account while working out the final draft of the abovementioned documents. We also extended the practice of consultations with the social partners to the action plans and calls for proposals.

Equality between men and women and integration of the gender perspective will be promoted during the various stages of the implementation of the NSRF and all operational programmes.

Respect of the principle of non-discrimination (prevention of any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation) will also be ensured during all phases of the implementation, in particular in relation to access to funding. Accessibility for disabled persons is a particular criteria being observed when defining the operations of the various operational programmes and being taken into account during the various stages of implementation as well.

The Managing Authority responsible for co-ordination shall develop guidelines and compile an Operational Manual in order to ensure the full respect of the horizontal principles of equal opportunities, and non-discrimination both at all stages of programme implementation as well as with regard to the institutional system. These guidelines will be specialized by the OP MA taking into account the specificities of the Fund, the programme and potential beneficiaries and target groups. Also the Managing Authority supports and disseminates good practices, ensures the possibility of counselling for beneficiaries regarding practical application of horizontal principles during project implementation. Special attention is also given to monitoring the progress made towards equal opportunities targets on programme level.

In the course of the selection process of the projects – as minimum criteria – the full respect of environmental sustainability and that of the principles of equal opportunities, and of non-discrimination are mandatory by the law. In order to ensure full compliance with the above requirements – we have introduced as a novelty – the procedure of the two level evaluations of proposals. In the course of this selection procedure the acceptance of any proposal is subject to the compliance with the horizontal criteria.

It is mandatory to include into the Monitoring Committees at least one representative of a non-governmental organisation specialised in environment protection. Also, at least one representative each of an organisation for Roma people, for persons living with disability, and dedicated to the equality between men and women should be invited to participate in the Monitoring Committees.

Special reports on the compliance with the principles of sustainability and non-discrimination will be compiled, and submitted, on a regular basis to the Government, the Monitoring Committees, the Steering Committee on Development Policy, the National Development Council and Parliament.

On an annual basis, the National Council for Environment Protection shall be informed on the environmental impact of the NHDP and on the compliance with the horizontal aspects of sustainability.

In the course of implementation particular attention should be devoted to

- the monitoring of the gender equality (in particular in view of collecting data broken down by gender);
- the partnership mechanism;
- and to the effective participation of the disadvantaged groups (with special attention to the Roma minority) in the programme.

Therefore in the course of operations a widely accessible information and customer service will be put in place. It will include provision of targeted information and support services for the disadvantaged groups. The employees of this customer service will undergo specific training courses tailored to the needs of these target groups. For the sake of providing appropriate information to the different handicapped groups, we plan to offer full access to our websites. Applicants from disadvantaged regions will have access to on-site information through branches of the national orientation service established in all micro regions.

National advisory network will provide help with project preparation for potential beneficiaries in all micro-regions. Special support by Roma experts is also provided for Roma beneficiaries.

The implementation system is fully committed towards the ensuring of the horizontal principles of sustainability as well as the promotion of equality between men and women and non-discrimination, therefore the introduction of the EMAS is foreseen for the NDA. Furthermore measures will be taken in order to provide for a family-friendly work-environment.

Partnership also prevails at all stages of implementation:

- members of non-governmental organisations take part in the project selection committees (including for preparatory activities) as full members (with voting right);
- half the members of the Monitoring Committee are delegated by non-governmental organizations;
- in the frame of environmental impact assessment public consultation is mandatory for projects

## **7.6 State Aid**

The NDA takes into account to their full extent legislation in force regarding state aid. To ensure compliance with state aid regulations the **State Aid Monitoring Office (SAMO)** of the Ministry of Finance participates in the preparation of the programmes and action plans (see further on). Furthermore, it examines, in each case, the relevance of the state aid rules with respect to the activity to be co-financed. The Managing Authority (MA) bears responsibility for the compliance of the operational programme with state aid rules and the SAMO ensures professional control over this compliance. Therefore all support schemes shall be pre-assessed by the SAMO.

## **7.7 Public procurement**

Hungary has a Public Procurement Act which was adopted by the Parliament in 2003. More than 10 regulations (“secondary legislation”) lays down some detailed rules of public procurements e.g. templates of call for applications, the way of publishing call for applications, special rules related to construction procurements, design contests, etc.

Intermediate bodies are responsible for ex post controls related to public procurements conducted by beneficiaries. The National Development Agency has set up a unit for ensuring regularity during public procurement procedures. The role of the Unit for Public Procurement and Control (UPPC) is to provide management control during public procurement procedures.

The rules concerning management control and ex post control are laid down in a regulation which was issued by the minister who is responsible for developments and by the minister of finance (16/2006.(XII. 28.) MEHVM-PM).

### **7.8 Provisions on Electronic Data Interchange between the Commission and the Member State**

The SFC2007 system of the European Commission under development will operate on the basis of electronic data provision according to the expectations of the Commission. The IT system is accessible for the institutions of the member states in two different ways (through the website – Web Application, as well as directly through electronic connections with the member state system – Web Service). It is possible to get connected to the system either using one of the methods, or by combining the two methods. The data that have to be submitted in accordance with the annexes of the regulations will be displayed up to the level of the operational programme components.

In the case of those data, which are included in the Single Monitoring Information System (EMIR), data loading will be ensured according to the specifications supplied by the Commission. Those data, which do not have to be recorded in the Single Monitoring Information System (EMIR) (to avoid duplication of data), will be entered in SFC directly by the key users of the responsible central institutions (such as central coordination, Certifying Authority and Audit Authority).

The Member State Organisation - MSO, responsible for tasks related to the system will be NDA (National Development Agency) in accordance with to domestic regulations, so the Member State Liaison, as well as the 'MS System Owner', the executive of the member state organisation responsible for technical issues will be designated also from the members of the staff of NDA (National Development Agency).

#### **Regulations on Data Provision**

Concerning the given data, the method of data provision depends on the way of connection the designated institutions use for data provision purposes out of the two options:

if they upload the data to the SFC2007 system through the website, the authorised key users of the above assigned institutions (central coordination, Certifying Authority and Audit Authority), enter data to the tables within the competence of their organisation in the requested form, as well as verify them.

if the member state system sends the data to the SFC2007 system through direct electronic contact, the authorised key users of the above assigned institutions (central coordination,

Certifying Authority and Audit Authority) load the data into the member state system, verify and send them to SFC2007.

Irrespective of the way of data recording, – the task of the assigned institutions (central coordination, Certifying Authority and Audit Authority) is the direct and perfect loading of the data into the system(s) keeping the deadlines, so that the data provision by other institutions related to their report can also be carried out within the deadline.

The documents will be supplied upon upload into the system. The documents will be deemed to have been sent to the Commission, only if they have been validated by the authorised persons.

If the system is permanently inaccessible, especially if the deadline for the data delivery is endangered, the member state will deliver the information to the Commission in the form of paper-based document specified in the relevant regulations. If the access problem has been solved, the member state, or the designated competent organisation will subsequently carry out the loading of the information to the system (SFC2007). In such cases the official date for sending the documents will be the date of the sending of the paper-based documents.

## 8 Annexes

### 8.1 Categorization

CETOP CCI No. 2007HU161PO005

Operational Programme Title: Central Transdanubia Operational Programme

Data expressed in Euro, current price

#### Dimension 1: Priority Themes

Code	Euros
1	0
2	0
3	19,438,209
4	0
5	4,282,505
6	0
7	0
8	29,866,289
9	35,230,353
10	0
11	0
12	0
13	1,568,266
14	0
15	0
16	0
17	0
18	0
19	0
20	0
21	0
22	0
23	73,894,033
24	7,850,875
25	0
26	8,794,067
27	0
28	0
29	0

Code	Euros
30	0
31	0
32	0
33	0
34	0
35	0
36	0
37	0
38	0
39	0
40	0
41	0
42	0
43	0
44	0
45	0
46	23,605,361
47	0
48	0
49	0
50	0
51	0
52	0
53	31,145,880
54	6,273,063
55	0
56	11,970,545
57	12,436,097
58	80,819,452
59	0

Code	Euros
60	0
61	66,045,821
62	0
63	0
64	0
65	0
66	0
67	0
68	0
69	0
70	0
71	0
72	0
73	0
74	0
75	35,957,663
76	18,840,771
77	3,649,991
78	6,586,716
79	11,377,067
80	0
81	0
82	0
83	0
84	0
85	16,458,131
86	1,828,681
Total:	507,919,836



**Dimension 2: Ways of Financing**

Code	Euros
1	500,808,896
2	7,110,940
3	0
4	0
Total:	507,919,836

**Dimension 3: Territorial Distribution**

Code	Euros
1	306,582,158
2	0
3	0
4	0
5	183,050,866
6	0
7	0
8	0
9	0
10	0
00	18,286,812
Total:	507,919,836