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CHANGE IN THE INSTITUTIONAL SYSTEM OF REGIONAL DEVELOPMENT IN HUNGARY

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Abstract

The institutionalism of the Hungarian regional development is way ahead of its Regional Development Act, which was introduced in 1996, and the democratic transformation of 1989, but the regional development as we understand it nowadays takes in account the local actors' needs and goals since the middle of the 1990s. The most significant regional development measure from the two years after the democratic transformation was the external cabinet meeting. When the government sensed some kind of crisis in one region, it held an external cabinet meeting, where and when they made a measure package to handle the regional crises, but these measures were only ad hoc measures in most of the cases. The central governmental measures only got a few good results, which made the government include local actors in the decision making process. Including the local actors, and in some way putting the local level above the regional level created an unsuccessful result with regards to the governmental regional development politics. The legislators' intention with the Regional Development Act of 1996 was to insure the publicity of the controlling and planning systems, the enforcement of the democratic values, and the establishment of the complex conditions with regards to the planning, controlling, distribution and finance in the field of regional politics. In 2011 with an amendment of the above mentioned act the lawmakers terminated the local level development councils and by the 1st of January, 2012 these tasks went under the authority of the county governments and the county-cities.

Keywords: Hungary, regional development, regional planning, regional institute

1. INTRODUCTION

The first calls for tender of Regional Development Operational Programme (RDOP) were published in December 2015, by which the use of funds dedicated in the regional operational programs of the 2014-2020 EU development period has begun. Prior to publication of the calls for tender, complete overhaul of the institutional system of regional development was carried out for the umpteenth time after the change of regime, however detailed rules of the rules of procedure have begun to be finalized only recently. This study presents the change in the institutional system of regional development from the change of regime until the present day, particularly focusing on enforcement of the principle of subsidiarity in the structure and decision-making mechanism of the institutions.

Regional development is responsible for monitoring the social, economic, and environmental regional processes of a region or the whole country, determining the short-, medium and long-term development goals, preparing the concepts and measures related thereto, furthermore coordinating and implementing the development programs. However, regional development is a more comprehensive and nuanced activity that includes all measures of the community sector regarding spatial distribution of different activities. This includes more balanced development policy considering environmental aspects, restructuring and endeavors to implement other social and economic goals. Regional development integrates different regional/administrative activities, in short summary, it determines conscious use of space management. Based on the above, regional development is a future-oriented intervention on behalf of the public interest that is suitable for enforcement of economic and social policy aspects by taking into account the principle of subsidiarity as well (FARAGÓ L. 1987). Use of this latter principle is a very important element of regional development because this principle is able to ensure that decisions are made at an appropriate level as close as possible to citizens. Based on the above, 'regional development is an extremely complex activity that includes from the occupation policy and economic development aspects, the environmental protection, the organization of services, the infrastructure development and many other activities.' (PÁLNÉ KOVÁCS I. 1994.) The key to success of regional development intervention is to know the regional development processes affected by intervention and that the intervention is carried out by an appropriate institutional system. (ENYEDI GY. 2000)

2. CHANGE IN THE INSTITUTIONAL SYSTEM OF REGIONAL DEVELOPMENT

2.1. Formation of the institutional system of regional development

The institutionalization of regional development in Hungary preceded the adoption of act on regional development (that is currently in force, however

amended many times) in 1996, in fact even the political regime change that took place in 1989. However, we can talk about regional development institutional system that meets the international definition and focuses on the needs and goals of local actors only since the mid-1990s. Prior to the change of regime, regional development received little attention in the centrally planned economy but operation of centralized economic management system mitigated the deepening of regional differences by marginalization of principle of competitiveness and by operation of the fragmented production organization system. In this period, the role of regional development was elusive, the principle of subsidiarity barely prevailed, real processes were mapped by organization of the local administration. Regional level (NUTS-2) did not exist, decisions were made hierarchically in a centralized way excluding democratic interest articulation, despite that districts (NUTS-4/LAU-1) had a fundamental role in the life of Hungarian society until their elimination until 1983. The number of centuries-old public administration units was practically halved due to continuous restructuring and mergers since 1960. The formal local government nature of districts ceased to exist due to the Council Act No. 3 in 1971, the district councils were replaced by district offices operating as decentralized government bodies under county subordination. Basis of the act of 1971 was the organization of peri-urban management instead of district councils, the concept was introduced at that time as well. Due to the gradual appreciation of the role of settlements, the role of districts became more and more weightless. From now on, the urban area became basis of the regional administration. City and village council bodies took over the administrative affairs of districts. The act on local governments of 1990 bypassed this system, which emphasizes that there is no subordination or hierarchical relationship between settlements and county councils (NUTS-3). Nonetheless, county councils (NUTS-3) distributed the development funds, in many cases without taking into consideration the local needs.

The political and economic change of regime that took place in 1989-1990 created a new situation. After the change of regime, regional development, like other policies, had to adapt to new challenges, both in its practice and in its methodology. Unemployment, which appeared and became permanent, transformed the less developed regions into crisis regions that required the need of development and strengthening of the territorially differentiated regional development policy. However, we cannot speak about conscious, planned and predictable regional development in the first six years of the political regime change. The distribution of funds for regional development was mostly the privilege of central authorities. Distribution and allocation of sectoral funds did not have a comprehensive and uniform approach or a transparent system, it did not take into consideration the regional aspects and implementation of the principle of subsidiarity. Settlements and settlement communities were in contact and in many cases just wanted to create meaningful relationship with ministries in order to obtain funds. Experiencing self-reliance, the local governments undertook rapid but basically settlement-oriented - often selfish - infrastructure

developments in a way that aspects of economy and efficiency were largely overshadowed (GÁLOSI-KOVÁCS B. 2011).

The external cabinet meeting was the most decisive central regional development measure of the first two years after the change of regime; if the government detected that a crisis is emerging in a region, it held an external cabinet meeting there, where it put together a package of measures to the regional crisis management, which in many cases contained ad hoc measures (ILLÉS 2009). After that, the government tried to remedy the problems of counties falling behind primarily in Eastern Hungary by individual decisions during the period until the adoption of act on regional development. The government made special efforts to address the acute problems of crisis regions, however despite all the positives of the first government term, the government policy confined to crisis management could not show major success, regional differences deepened (HORVÁTH GY. 1998). One of reasons thereof was that the central power did not perceive at all or perceived the real source of the problem in a limited way only therefore the decisions made over the head of local actors could not have a meaningful impact.

The central government's measures had little effect, which encouraged the government to involve local actors and enforce the principle of subsidiarity to a greater extent. However, the obstacle of strengthening of regional development policy supported by the government was the involvement of local actors, raising municipal level over regional level. Marginalization of regional self-governance obstructed the completion of regional development policy, especially in the small village regions. The local governments were in competition with each other in the course of allocation of development funds, thereby enforcement of regional, complex interests were overshadowed by the individual, municipal interests. The majority of development funds was obtained by bigger cities with political lobbying power before the smaller settlements thereby those regions had disadvantage in this competition, where it would have been particularly necessary to implement developments. Due to this process, the regional political decisions were centralized, their mechanism of action and verifiability deteriorated. The regional development system installed on settlement level was burdened by efficiency, professionalism and coordination problems in a country with more than 3,000 settlements.

Prior to adoption of the act on regional development, the Parliament participated in the regional development through regulatory and distribution powers and by monitoring government work. Within the Government, regional development issues belonged to the Ministry for Environmental Protection and Regional Development but due to the small weight of the ministry within the Government, regional development did not get appropriate attention. The Government gave priority to enforcement of sectoral priorities and to implementation of regional crisis management programs. Differently from Western-European examples, the regional development tasks were addressed to local governments instead of county governments on self-government level. The

Hungarian act regulating the operation of local governments - besides that it made municipal, self-government autonomy as value its priority - ensured great freedom for local governments in forming partnerships, e.g. to maintain certain institutions or ensure public services. Besides, the state aid schemes and the EU Phare program preferred establishment of partnerships. Accordingly, the sub-regional organization (NUTS-4/LAU-1) started in 1991.

The so-called act on powers delegated tasks regarding regional development and settlement planning, furthermore protection and coordination of built and natural elements of natural environment to county governments but this power was primarily coordinative; the act did not add planning powers or fund to the task thereby making the role of counties practically formal in regional planning. Tasks requiring regional coordination were carried out by decentralized state administration bodies instead of county governments. The role of the predecessor of Administrative Office, the republican commissioners stands out among them, to whom the government delegated the performance of tasks related to settlement development and to participation in government crisis management programs. Due to ignoring county governments and delegating tasks to the decentralized state administration bodies established for a different purpose, establishment of adequate regional coordination failed by the end of the cycle. The government urged the development of a new model to perform that, as a result of which creation of the model of development councils began (PÁLNÉ KOVÁCS I. 1999). In summary of the period prior to adoption of the act on regional development we can say that it was passed in the spirit of searching for direction and of jurisdictional battles between public and state administration actors, as a result of which the institutional system of regional development could not develop until the end of the period.

However, all these semi-successful efforts showed that the institutional system of regional development shall make decisions at an optimal level that follows the principle of subsidiarity but above the individual, settlement interests.

After the general parliamentary elections in 1994, the new government started to establish the regional development institutional system and develop its regional development policy. The government realized that besides managing the current crises, it is necessary to increase the competitiveness of a given region by the region-specific development of all regions to prevent crises through exploring local resources and involving local individuals or entities concerned. Regional development was declared as state and municipal common task, the coverage of which is funded jointly by state and local actors by enforcing partnership and subsidiarity principles in decision-making. (HORVÁTH GY. 1998) The Parliament expanded the regional development tasks of county governments (NUTS-5/LAU-2) with modification of the act on local governments, acknowledging the regional coordination of spatial planning, environmental protection, tourism and employment policy as regional government competence. However, they still did not get any funds to perform the task therefore the county

governments still did not obtain dominant influence in regional development decisions.

Contradictory professional and political expectations hindered the adoption of an act uniting regional development tasks and competences and regulating the complete institutional system of regional development in Hungary. 'In order to the balanced regional development of the country and promoting the regional social-economic and cultural development thereof, enforcing comprehensive regional development policy and coordinating national and regional spatial planning and regional development tasks, [...] in the light of the EU's regional policy and also taking into consideration its principles and requirements of accession to its instruments and institutions', the act born through forced compromises created the legislative regulation of the tasks of regional development and spatial planning, furthermore it institutionalized the integration and cooperation previously missing among the different regulators and levels of administrations and started decentralization of the decision-making system. The act strengthened the economic development dimension of regional policy and it defined sustainable development and requirements of equity and equalization as basic requirements. In addition to determining the goals and tasks of spatial planning and regional development, the act also determined the interfaces of these two areas (KÓSZEGFALVI GY. 2009). With enactment of the act, the legislator clearly intended to ensure publicity of the management and planning system, enforce democracy and the principle of subsidiarity furthermore to create the conditions of complex management of regional policy both in the field of planning and management as well as in the field of distribution-funding.

The Parliament remained the highest governing body of regional development. The Parliament possessed the basic distribution and regulatory powers, among which the power of accepting the National Regional Development Concept (OTFK) and determining the funds stand out. However, the operational management tasks were carried out by the Government. In addition to preparation of decision-making, the possibility to decide on coordination of development tools and decentralization as well as the task of creating implementing rules stood out among its tasks.

In addition to unifying and handling the issue of regional development raised to the level of law, the act on regional development made a real shift by establishment of institutional system of the regional development. The law created the National Regional Development Council (OTFT) as high-level forum of reconciliation of interests, articulation of interests and enforcement of interests (lobbying). OTFT cooperated in developing national and regional development centers, establishment of regional development policy, coordination of sectoral tools for regional development, furthermore it coordinated the implementation of local government tasks and delivered an opinion on the use of funds. OTFT is predominantly a consultative body, the main purpose of which was to ensure consultation among the sectors and the regions. In addition to the creation of OTFT, the act on regional development established the decentralized institutional

system with decision-making power, built on the principle of partnership, covering the whole country at sub-regional, county and regional level. The new institutional system fully met the requirements of the European Union because it fulfilled the principles of subsidiarity and partnership defined by the European Union. Besides, it ensured a framework and opportunity for the establishment of dialogue and cooperation between different sectors and levels, furthermore it contributed to the creation of real division of labor between different levels and actors.

Unfortunately, duplications were created both at the level of sub-regions (NUTS-4/LAU-1) and counties (NUTS-3), as well as the level of regions (NUTS-2) in lack of adequate implementing measures, while delegation of certain tasks was not realized within the institutional system. This limited the efficient performance of tasks and enforcement of the principle of subsidiarity. In contrast to the regional development councils, where the law set forth the mandatory establishment of specific councils only, it was mandatory to create county councils for regional development. The legislator assigned the tasks of distribution of decentralized development funds, delivering opinion on strategic documents and initiating crisis management measures to these bodies. Reviewing the task structure of regional and county councils, it can be seen that the act on regional development raised the county councils for regional development into key positions. This was implied by the discrepancy between region categories and the nature of regional development councils arising from not covering the whole territory of the country, among others.

The Ministry of Finance tried to substitute the specific legislative provisions determining the operation of county councils for regional development by resolutions, on the basis of which the councils regulated their own operation and created their work organization in their organizational and operational rules. Bargaining and search for compromise marked the distribution policy of the councils, in the course of which they tried to pay special attention to infrastructure development and job creation. However, the principle of decentralization and subsidiarity was enforced in a limited way in the course of distribution of funds. The Government was able to intervene in the distribution of funds indirectly through continuously changing implementation instructions and directly by exercising ministerial veto and the right to suspend (KÖSZEGFALVI GY. 2009).

Implementation of goals of the act on regional development, development of rules on use of regional development funds and development funds for the purpose of regional equalization, including the development of calculation method of regional allocation of the funds as well, required such area division that is smaller than the county level, which completely covers the territory of the country without duplications and on the basis of which the beneficiary areas may be determined by applying appropriate calculation methods. Considering that the area of local government partnerships for regional development could not be used for this purpose (because on the one hand they did

not cover the territory of the country and on the other hand they contained duplications), use of the only ready area division meeting the requirements, the sub-regional statistical system (NUTS-4/LAU-1) was obvious. As a result, the area division system originally designed specifically for statistical purposes was appreciated both in the eyes of regional and local governments but also for professionals of main authorities interested in regional development. From that the formulation of need for revision of the area division system followed - primarily from the local governments' side - already in the period of preparation of the act on regional development and the parliamentary resolution. 12 new statistical sub-regions were established thus the modified system contained 150 statistical sub-regions, which came into force on August 1, 1997 (GÁLOSI-KOVÁCS B. 2011). After the adoption of the act on regional development, the process of formation of sub-regional partnerships started as well with establishment of the regional development institutional system and the new funding system. The act greatly raised the value of the system of sub-regions as local elements of regional development and spatial planning. In this way, it played an important role in the local regional development policy and in creation of the body playing a key role in distribution of decentralized development funds. The determination of beneficiary areas within the framework of this system also appreciated the role of sub-regional system. The act did not just provide theoretical opportunity to the establishment of partnerships of local governments for regional development purpose but it marked those as basic units of regional development and set forth obligations for them, involving them institutionally in the process of regional development (G. FEKETE É. 1998). Besides the tasks, the act on regional development also ensured voting rights in the county councils for regional development with double restrictions. On the one hand, partnerships operating in the statistical sub-regions created by Hungarian Central Statistical Office (HCSO) could be represented, namely one representative per statistical divisions could become member of the council and on the other hand it also limited their number that could not exceed 6 until the modification of the act in 1999. The possibility opened for the local governments to influence the allocation decisions and to represent their regional interests through local government partnerships for regional development exactly where the decisions are made on distribution of funds open for tender. Where the number of statistical sub-regions were higher, representation was not complete. One of the solutions applied for that case was that the possibility of appearance in the county council for regional development was ensured through rotation of sub-regions or participation was solved by appointing a joint representative.

Contrary to expectations, county governments did not become winners but losers of adoption of the act on regional development. Their say in decisions was realized through chairmen, who participated in the operation of development councils *ex officio* or by delegation. However overall, we can say that they remained "supporting actors" in regional development, while the county councils for regional development played the main role.

2.2. Expansion of the institutional system

In the course of creation of the act on regional development, the legislator accepted the conclusion of the county debates occurring earlier that counties as territorial units are not able to fulfill regional functions therefore it is necessary to create bigger territorial units than counties, namely regions. The law included all space concepts introduced earlier, many of which did not have clear territorial demarcation. The act did not provide a clear concept of region and by defining different types of regions it made the method of creating regions uncertain. The planning and statistical regions served planning and statistical purposes, adapting to the borders of county administrative units. The Parliament defined seven planning and statistical regions by adopting the OTFK, which later became dominant for the planning and development in Hungary as NUTS-II level of the territorial nomenclature. Besides, the act also created the so-called development regions but it did not determine, for what spatial units the regional councils for regional development should be created, as a result of which the system of NUTS-II regions and the operational area of regional councils for regional development might differ from each other. The act prevented the regional planning and development level from taking a root and strengthening in Hungary, because it distinguished between the two types of regions but it did not clarify the relationship between them. The act defined the area types with high priority and in need of intervention in terms of regional development but it also determined such space categories that it did not define (KÖSZEGFALVI GY. 2009, PÁLNÉ KOVÁCS I. 2000a).

The implementing regulations related to the act did not facilitate naturalization of regionalism either. Only the Government decree No. 189/1996 on the rules of establishment and operation of enterprise zones contained powers addressed directly to the regions by that in addition to the minister, it ensured power for the regional council for regional development to initiate the declaration of enterprise zones.

Pluralism of the concept of region was further strengthened by Government decree No. 1007/1998 on modernization of territorial control of tourism, which created, besides the existing categories of region, the tourist regions with territorial demarcation different than the other regions.

The research conducted in 1998 in the Institute for Regional Studies of the Hungarian Academy of Sciences (PÁLNÉ KOVÁCS I. 2000) upon the request of the Ministry of Environmental Protection and Regional Development concluded that despite the inconsistent regulation, the regional councils for regional development had been established almost throughout the whole country by 1997, and their operational area only partially matched the NUTS-II regions. The councils established held meetings rarely considering that they did not have responsibilities expect for some lightweight powers. In lack of uniform rules, the work organizations established had different size and legal status and in many cases they did not have legal personality.

The comprehensive modification of the act on regional development in 1999 did not solve but rather increased the uncertainty about the role of sub-regions. Sub-regions had smaller role than before, only three representatives of local government partnerships per counties received seats in each county councils for regional development, regardless of the number of statistical catchment areas created in the given county (BÉRCESI F. 2002). The new resolution of the Parliament on regional development funds (Decree of the Parliament No. 24/2001) set forth the distribution of funds in a different way than earlier. The local governments tried to enter beneficiary sub-regions and to push through such proposal for area division that ensures access to the funds, if necessary even at the cost of ignoring the primary goals and basic principles of sub-regional area division. The main authorities concerned in the topic were open to organizing another review. The meeting of the National Regional Development Council held on December 13, 2001 accepted the program of the review based on the joint submission of the Ministry of Agriculture and Rural Development and the Hungarian Central Statistical Office but the modified system enter into force only on January 1, 2004. By creating 18 new sub-regions, the new statistical system contained 168 sub-regions.

Participation of sub-regional partnerships in the decision-making of regional councils for regional development also decreased. The appointment of persons delegated this way usually happened based on their personal traits, ability to lobby or on the center-periphery concept experienced in the sub-region and this contained the risk that persons spending a long time in the mandate - usually mayors of the most significant cities of the sub-region - gain decisive influence.

It was a problem that the legislator intended to give key role to the sub-regions but rather neglected the organization and funding thereof. It was not a consistent step that it did not institutionalized partnership on the level of sub-regions. Since the act requires the sub-regional cooperation to take the form of partnership of local governments, theoretically it excludes the direct involvement of business entities and other partners in the operation of partnerships. The other problem is that there was no sufficient guidance for establishment of the organization and operation of partnerships, especially with respect to the regional development function. As a result of that and the uncertainty of territorial demarcation, sub-regional partnerships almost doubled (PÁLNÉ KOVÁCS I. 1996). Due to strong constraint of access to development funds, the freedom of association ensured by the Constitution became empty, partnerships had been established everywhere by 2007 except for two large and populous sub-regions (Budapest and Debrecen). At the same time, it is typical that local governments try to keep the cooperation at the lowest possible level and keep their independence as much as possible.

At the initial period, instead of real regional development needs, this form of cooperation provided help to satisfy the local governments' development and renovation needs, improving the chances of articulation of interests. Later, however, more and more real regional development tasks and shared visions were

formulated, which was strongly encouraged by division of the regional development funds by function. Due to the expansion of tender system, the sub-regional partnerships for regional development had to face new difficulties because they did not have such work organizational background, which would have performed the difficult, complicated preparatory tasks of tenders (PAP N.-SZABÓ-KOVÁCS B. 2010)

By modification of the act on regional development in 2004, the Parliament established the system of sub-regional councils for regional development and multi-purpose sub-regional partnerships covering the country without overlaps in order to ensure the role of sub-regions in regional development. In the sub-regions, where the multi-purpose sub-regional partnership including all local governments of the sub-region were established, this partnership performs some, not too broad range of government tasks specified in a contract, as well as the sub-regional regional development tasks. Where multi-purpose sub-regional partnerships including all local governments were not established, sub-regional councils for regional development were established to perform regional development tasks, which is an organization coordinating regional development tasks that operates with the involvement of all settlements located in the sub-region. The state encouraged regional cooperation with financial means within the framework of the fund supporting multi-purpose sub-regional cooperation in order to improve the quality of public services, to make the provision thereof more efficient, to increase the equal opportunities of people living in smaller settlements, to facilitate realization of sub-regional projects for regional development and to modernize sub-regional public administration. The newly created institutions' main task related to regional development was to create, adopt and control the implementation of the regional development concept of the sub-region as well as the regional development program created by taking into account the regional development concept, to prepare financial plans for the implementation of the above and to establish and implement their budget. Expansion of the system of regional development councils with a new level further increased duplications in the institutional system of regional development. Based on the opinion expressed in professional circles, establishment of the new level was completely unnecessary because the amount of distributable funds did not justify to any degree the establishment of 160-180 new councils and work organizations (PÁLNÉ 2003).

2.3. Reform of the institutional system of regional development

The new Government established in 2010 put the issue of regional development on its agenda once again. It was found that due to several modifications of the act XXI of 1996 on regional development and spatial planning that was carried out until 2010, it lost its internal coherence and its internal logic is broken in many places. The act and the related laws generated several duplications in the course of operation of the institutional system:

- The act made the establishment of partnerships of local governments for regional development possible on sub-regional level, besides that it also established sub-regional councils for regional development. The tasks thereof were largely overlapped by the tasks of partnerships of local governments for regional development
- The law created county councils for regional development on county level, which performed tasks, related to management of the national decentralized regional development funds exclusively between 1996 and 2001, and in parallel with the regional development councils from 2001 until 2006. In parallel with raising these to regional level, the county-level regional development tasks had become empty gradually, regional development and spatial planning activities of county governments was primarily limited to preparation of the land-use plan
- From 2001, regional development councils gradually took over the management of national decentralized funds on the regional level until 2009, from when there were no new national funds available for the council therefore the existence thereof had partially become devoid of purpose.

To eliminate these anomalies, with the modification of the act on regional development in December 2011, the state put the regional development tasks in the competence of county governments on the regional level from January 1, 2012 by elimination of the regional and county councils for regional development. Assigning the regional development tasks to the county governments made the significant transformation of the institutional system and instruments of regional development necessary.

The county governments concerned regionally became legal successors of regional and county councils for regional development. The regional development agencies previously owned by regional councils for regional development were acquired at first by the Hungarian State then by the regionally competent county governments. The new regulation determines preparation and implementation of development decisions and providing assistance for institutions of the regional development as a priority of regional development agencies in connection with realization of the county and metropolitan development program.

After modification of the act on regional development, the following tasks are the main regional and rural development tasks of county governments:

- preparation and adoption of regional development concept and program of the county,
- participation in development of operational programs,
- participation in monitoring and assessment of regional development programs

- reviewing in advance the national sectoral development concepts and programs as well as the sectoral development concepts and programs concerning the county,
- reviewing in advance the regional concepts and programs for regional development,
- reviewing such development ideas and tenders of administrative bodies that affect the county,
- cooperation with other county governments in planning tasks,
- making a decision on the use of development funds within its competence,
- making a decision on the use of financial means within the county government's competence, stemming from the National Research, Development and Innovation Fund,
- making a decision on the use of rural development funds within its competence,
- making a decision on the establishment of and participation in the regional development council,
- making a decision on cooperation with foreign regions and participation in international programs,
- cooperation with the local governments, regional public administration bodies, social and professional organizations and economic players,
- providing assistance in the organization of local government partnerships for regional development as well as in the work of local government premierships for regional development and regional councils for development (planning, making a decision, preparation).

After transfer of the mainly institution maintenance tasks of county governments to county institution maintenance centers, county governments started to take over the tasks of regional development councils and to prepare for the development period between 2014 and 2020. Besides local government institutions, significant part of human resources and assets of the county government offices were taken over by the county institution maintenance centers thus the governments began implementation of the new tasks with a few staff member and minimal funding. Accordingly, development of the county concepts for regional development began under conditions far from ideal. As a first step, the county governments prepared the underlying assessments of the situation and situation analyses for the county concepts. In lack of a separate fund, preparation of these documents was performed mostly by government offices, in many cases without the involvement of external experts. Accordingly, the documents were prepared basically based on already available, primarily statistical data. The

Government ensured the fund necessary to continue planning for the county governments via tender within the framework of State Reform Operational Programme. The county governments could finalize their situation assessment and situation analyzing documents, assess county development needs, identify county development directions and prepare their development concept and program from the up to HUF 90 million state aid.

After preparation of the situation assessment and situation analyzing documents, the county governments started to develop the regional development concepts by involving external experts and regional development agencies. In addition to the consultations with county professional organizations, the population also got a chance to formulate development proposals and submit them to the county governments. Based on the proposals received and the consultations, the county governments prepared the county concepts for regional development pursuant to the Government Decree No. 218/2009, in which the directions and goals of development of counties until 2030 were defined. The target system of regional development concepts served as basis of development of the county regional development programs.

To implement the goals defined by the concept, the county governments started to develop their regional development program for 2020. In the regional development programs, the county governments determined the priorities and measures necessary to implement the target system of the concepts and started to collect county development ideas able to support the implementation thereof.

In parallel with the development of county programs for regional development, the Government prepared - with the involvement of county governments - the City and Regional Development Operational Programme (TOP) ensuring funding for the developments to be implemented by the county governments. TOP functions as the successor of regional operational programs; its primary objective is to support the implementation of local and regional developments supporting economic growth. Accordingly, as a regional operational program, it should support in particular the local problems detected in the course of creation of the regional development concepts and programs as well as the implementation of solutions thereof developed at the local level but it will be able to do it in a limited way only. The main problem is that however, planning was carried out at county level instead of the previous regional level but instead of the previously independent regional operational programs, 18 counties belonging to the six less developed regions can realize their development ideas within a framework of one operational program. Considering that the operational program and the call for tenders published on the basis thereof contain the scope of investments, which can be realized from the fund of the operational program, exhaustively without any county-specifics.

The county governments created their integrated regional programs in line with these very narrow boundary conditions. In the integrated regional programs, the county governments determined the timing of use of funds

dedicated to the counties and the county-specific professional criteria necessary to win the tenders in line with the narrow boundary conditions determined by TOP. However, the people (usually the county chairmen) elected by the county governments on the basis of Government Decree No. 272/2014 are members of the committees evaluating the applications submitted within the framework of TOP, at the same time the counties can materially influence results of the applications only through determination of the county-specific criteria therefore they cannot exercise substantial influence on decision-making. The county governments and their offices received key tasks in preparation of the applications submitted within the framework of TOP and in management of the winning applications, which tasks are not decision-making or public authority tasks, only primarily administrative tasks.

The county-cities are special actors of the theoretically county-focused regional development. Pursuant to Government Decree No. 272/2014, county-cities are independent regional actors, which plan individually and independently from the county governments with respect to their administrative area. It should be noted that however the city development concepts and integrated city development strategies of county-cities cannot conflict with the county's development documents; in practice they do not pose significant constraint on the planning and development practice of county-cities. Accordingly, general meetings of the county-cities decide on use of TOP funds dedicated to them independently of the county planning. The county-cities - in parallel with their county governments - created their integrated regional programs, determining the timing of use of funds. It is an important and decisive difference between the counties and the county-cities that the funds dedicated to the county-cities can be used only within the administrative area of the county towns thus the county towns practically - within the boundary conditions of TOP - may decide freely on the use of funds dedicated to them. Accordingly, the principle of subsidiarity in regional development processes prevails the most in case of county-cities.

3. CONCLUSION

However, the act on regional development appointed the county governments as exclusive addressees of regional development tasks, at the same time practice significantly falls short of that the county governments can decide independently on the use of regional and rural development funds belonging to them in accordance with provisions of the act on regional development. In practice, the role determined for counties in the act prevails the most in case of county-cities that enjoying almost complete independence from the county processes, can decide freely on their developments in line with the boundary conditions defined by TOP.

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PROMJENA U INSTITUCIONALNOM SUSTAVU REGIONALNOG RAZVOJA U MAĐARSKOJ

Sažetak

Institucionalizam mađarskog regionalnog razvoja daleko je ispred Zakona o regionalnom razvoju, koji je usvojen 1966. godine, i demokratske preobrazbe 1989. godine, ali regionalni razvoj kakvog poimamo danas uzima u obzir potrebe i ciljeve lokalnih aktera od sredine 1990-ih. Najznačajnija mjera regionalnog razvoja dvije godine nakon demokratske preobrazbe bila je sastanak vanjskog kabineta. Kada je Vlada osjetila neku vrste krize u jednoj regiji, održala je sastanak vanjskog kabineta, pri čemu je donesen paket mjera za rješavanje regionalne krize, ali te su mjere u većini slučajeva bile ad hoc. Mjere središnje vlasti polučile su samo nekoliko dobrih rezultata, što je natjeralo Vladu na uključivanje lokalnih aktera u proces odlučivanja. Uključivanje lokalnih aktera i, na neki način, postavljanje lokalne iznad regionalne razine dalo je negativne rezultate Vladine regionalne razvojne politike. Namjera je zakonodavaca donošenjem Zakona o regionalnom razvoju iz 1966. bila osigurati javnost sustava kontrole i planiranja, provedbu demokratskih vrijednosti i uspostavljanje složenih uvjeta s obzirom na planiranje, kontrolu, distribuciju i financiranje u regionalnoj politici. Izmjenom i dopunom Zakona, usvojenom 2011. godine, zakonodavci su ukinuli vijeća za razvoj na lokalnoj razini i do 1. siječnja 2012. godine ove su zadaće prešle u nadležnost županija i gradova.

Ključne riječi: Mađarska, regionalni razvoj, regionalno planiranje, regionalni institut.

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