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## **Case Study Report: Budapest Agglomeration (Central Hungarian Region)**

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## ***Case Study Report: Budapest Agglomeration (Central Hungarian Region)***

### **Content**

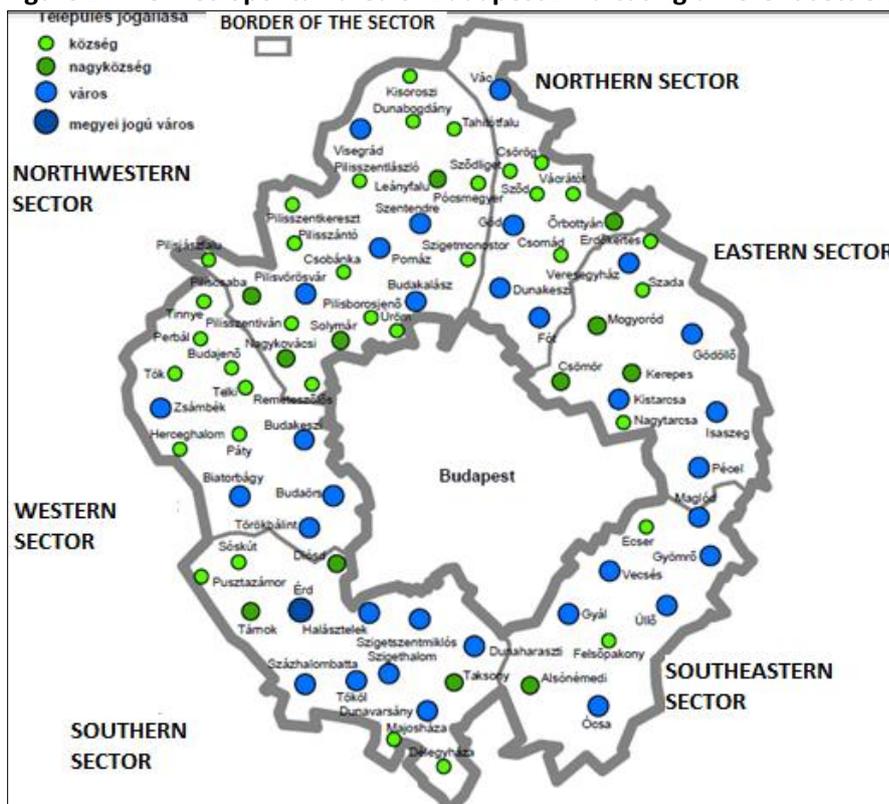
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## Part 1: Metropolitan region and its constituents.

### 1.1. What is the spatial range of the metropolitan centre's (city's) influence on its surrounding area?

The Budapest Metropolitan Area (BÁFT in its Hungarian acronym) is located within the so-called Central-Hungarian Region (CHR, one of Hungary's seven NUTS II-regions) and has a 2012 population of almost 3 million inhabitants (2.985.089 persons) in 2012.<sup>1</sup> The surface area is 2538 km<sup>2</sup> (2,7% of Hungary's surface area) and it accounts for 45% of Hungary's GDP. The metropolitan area is divided into 6 sectors and includes 81 settlements within a radius of 40 km around the capital city. Budapest with its metropolitan region is a highly fragmented space with regard to public administration; the city is an autonomous level of government, while the metropolitan area with 80 settlements is only very weakly institutionalised. The Development Council for the Agglomeration was eliminated by the Orbán government and basically speaking, general plans and strategies, many of them non-binding documents, serve as coordinating mechanisms. Growth in the Agglomeration has been vigorous: in 2001 there were 17 towns/78 settlements, in 2011 these numbers had increased to 32 towns/80 settlements. The south-eastern part is the most urbanized (6 towns/9 settlements), while the north-western one is the sparsest populated area (5 towns/23 settlements).

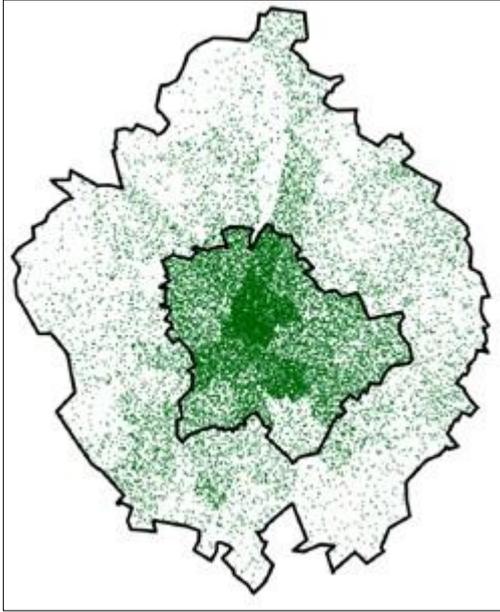
Figure 1. The metropolitan area of Budapest<sup>2</sup> indicating different settlement sizes.



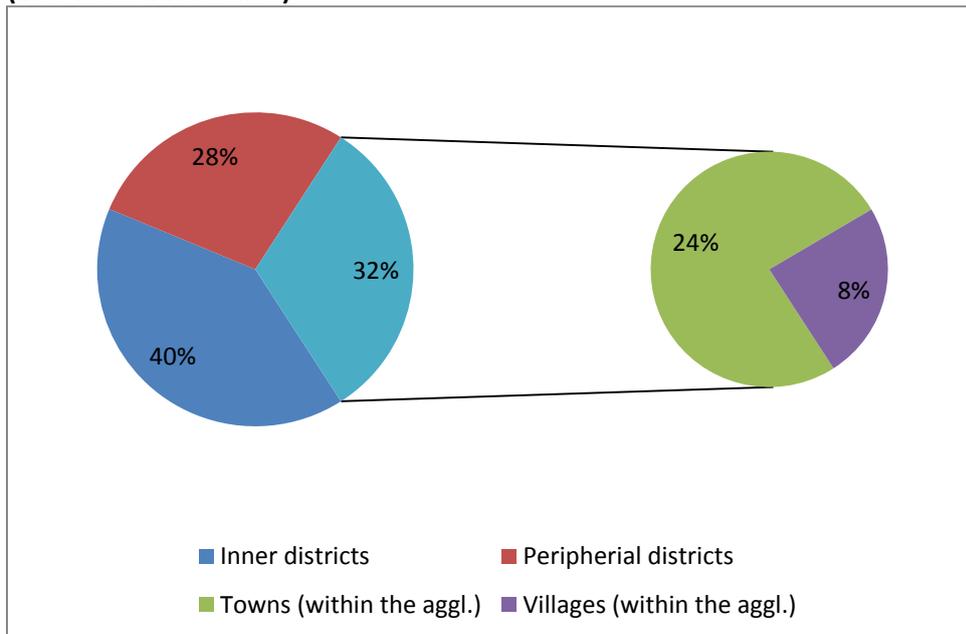
1 [http://www.ksh.hu/interaktiv/terkepek/mo/\\_tabla.html](http://www.ksh.hu/interaktiv/terkepek/mo/_tabla.html)

2 Source: KSH Közlemények a budapesti agglomerációról 16. , page 2.

**Figure 2. Population of Budapest metropolitan area, 2011 (1dot=100 inhabitants)<sup>3</sup>.**



**Figure 3: Population by type of settlements in the percentage of whole agglomeration population (2.534.888 inhabitants)<sup>4</sup>**



The population within the agglomeration is highly diversified along the northwestern-southeastern axis. While in the southeastern region bigger settlements dominate (more than half of the settlements are larger than 10.000 inh.), the majority of smaller settlements and villages are located in the northwestern sector. Although the surface area of the metropolitan area is only 2,7% of Hungary's surface area, more than one fourth (26%) of Hungarian population live here (according to the 2011 census). There is also a high degree of concentration in the central area of the agglomeration (i.e. Budapest plus immediate neighbours while the peripheral districts are less

3 Source: KSH, Közlemények a budapesti agglomerációról 16. (2013), page 4. , Felelős szerkesztő: Szabó István

4 Source: KSH, Közlemények a budapesti agglomerációról 16. (2013), page 5. , Felelős szerkesztő: Szabó István, saját szerkesztés

densely populated (see Figure 2). The whole area can be characterised by this concentric pattern regarding the population density: directly by the city live much more people than in the peripheral north-western or south-eastern sectors. Good (public) transport facilities have also determining roles; settlements located by the railway, local trains (HÉV), highway are more densely populated because these facilities make the commuting from the area to the city easier.

40% of total population of the agglomeration live in the inner districts (which are 9% of the whole agglomeration's surface area)<sup>5</sup>.

### **1.2. Is there a commonly accepted delimitation of the city's metropolitan area and what are its criteria?**

Officially, the settlements and the territory belonging to the Budapest metropolitan area are defined by Hungarian law.<sup>6</sup> Thus we find a legal definition of the "Agglomeration" but without a commensurate institutional expression. This legalistic understanding is based on criteria which stress functional relationships, urban densities, commuting patterns, infrastructure networks etc (Kószegfalvi 1995, Nemes Nagy 2005, Perger 2006).

### **1.3. Does the dominant city have an administrative or statistical counterpart reflecting the area of its influences (metropolitan macro-region)?**

The Agglomeration is not represented by a regional institution that can carry out coordinating activities. As such the capital city does not have an administrative counterpart within the metropolitan area aside from Pest County which accounts for a much larger area. Since the elimination and/or centralisation of regional planning bodies, volunteer forms of cooperation, local government associations in suburban areas as well as regional plans for the agglomeration serve as the primary - and very weak - foundation for regional governance. Furthermore, the proliferation of different agencies at local, county, Budapest and national levels providing public services contributed to the highly fragmented situation.

### **1.4. Does the existing administrative division on the regional level (NUTS 2) and subregional level (NUTS 3) correspond to the city's influence areas, i.e.: a) the metropolitan area, b) the metropolitan region?**

The NUTS divisions are more or less in line with Budapest's area of influence. However, they are not operational in terms of public administration and no longer relevant in terms of regional planning.

## **Part 2: Strengths and weaknesses of the metropolis and the region:**

### **2.1. What are the most important strengths and weaknesses of the metropolis (the metropolitan area)?**

The Budapest metropolitan area is almost by default the most dynamic region of Hungary. The capital city function is enhanced by an almost absolute centrality in terms of economic activity, culture, international investment, tourism, logistics, financial services and banking. As a result, Budapest and its agglomeration could be understood as "automatic" winners of transformations in

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<sup>5</sup> Inner districts: 1,2,3,5,6,7,8,9,10,11,12,13,14. Peripheral districts: 4, 15-23.

<sup>6</sup> 2005 évi LXIV törvény ([http://net.jogtar.hu/jr/gen/hjegy\\_doc.cgi?docid=A0500064.TV](http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A0500064.TV))

contradistinction to the many regions, especially in the East, that have experienced dramatic decline. However, Budapest's strengths must be seen in relative terms – it is the best performing region in a country that has been chronically underperforming since the early 2000s. In addition, the metropolitan region has lost competitiveness with regard to other Central European capitals such as Prague and Warsaw. Instead of developing into a “world class” financial and management centre, it is very much a second-tier regional centre within the larger European context.

Strengths of the metropolitan area:

- Central location and connections to other capitals
- Concentrated economic activity
- Touristic attractiveness
- Developed (if overburdened) infrastructure

Weaknesses:

- Transport congestion and lack of planning coordination
- Lack of innovation, especially with regard to SMEs
- High level of regional disparity
- High levels of environmental stress
- Loss of relative importance and competitiveness within Central Europe

## **2.2. What factors have been the most important in development of metropolitan area in recent years?**

In terms of growth sectors in the metropolitan region these are without doubt related to service sector development, tourism, logistics and retailing. Logistics and mass retailing have located to the outer areas of the metropolitan area (the suburban ring) while tourism and services remain concentrated in the central city. Development in financial services and real estate as well as new investments in high value-added firms has stagnated. Budapest has been a target of steady migration as persons seeking employment leave regional centres and towns.

## **2.3. What are the most important strengths and weaknesses of the regional hinterland?**

The hinterland enjoys advantages to the extent that road and rail accessibility are good. This is by no means the case for the entire zone. Areas that are located near the principal East-West axis or the southern areas near the M-0 motorway enjoy many of the locational advantages of the capital city, available space for development and very attractive prices for new construction. These areas are also seen as attractive in terms of their residential function. On the other hand, these centres within the regional hinterland are characterised by mono-functional centres. Despite the existence of some local jobs there is a high degree of dependence on the central city for many important public services (health). In addition, much of the regional hinterland is in fact rural periphery, characterised by small settlements, low level of amenities and poor accessibility. Paradoxically, proximity to Budapest is a liability in terms of Cohesion Policy as the existence of a rich, powerful centre skews the overall eligibility towards competition rather than development. A lack of forceful cooperation between Budapest and its hinterland reinforces the isolated nature of much of the regional periphery in planning and development terms.

#### **2.4. What factors have been the most important in development of regional hinterland in recent years?**

The most important factors have been some industrial development along East-West axes (Budapest-Vienna, Budapest-Komárom) and ongoing outmigration from smaller regional settlements. The result is a highly fragmented picture of partial growth and development and a wider pattern of depopulation.

#### **2.5. Whether the example of successful local development in regional hinterland may be indicated?**

Here: see WP 6 RT 3 (Esztergom-Komárom) There are very few successful examples in the direct hinterland but the case of Tatabánya, a former mining and heavy industrial community, is frequently mentioned as a positive case of rebranding peripheral cities. In the case of Tatabánya, vigorous place marketing, lobbying and networking by a new local elite seems to have had a decisive impact. Exploiting proximity to Budapest and the accessibility to rails links westwards and with Vienna, Tatabánya succeeded in attracting considerable new investment in the 1990s.

#### **2.6. Are there large differences between the metropolitan area and regional hinterland regarding the following aspects: a. economic, b. social? Does the metropolis and its surrounding region become homogenous in respect of: a) economic structure b) social structure?**

There are enormous differences between Budapest, the immediate agglomeration and the wider hinterland which is the rest of Pest County. All of these make up the region of Central Hungary. The Central Hungarian Region is by no means homogeneous. The Budapest Agglomeration, and the city of Budapest and several important suburban towns in particular, form Hungary's economic core and thus, almost by default, are the most dynamic areas of the country. At the same time, many of the communities within the region more distant from the BAFT are plagued by high unemployment and characterised by low development indicators. The major regional development problems of the CHR were and remain to this day the following:

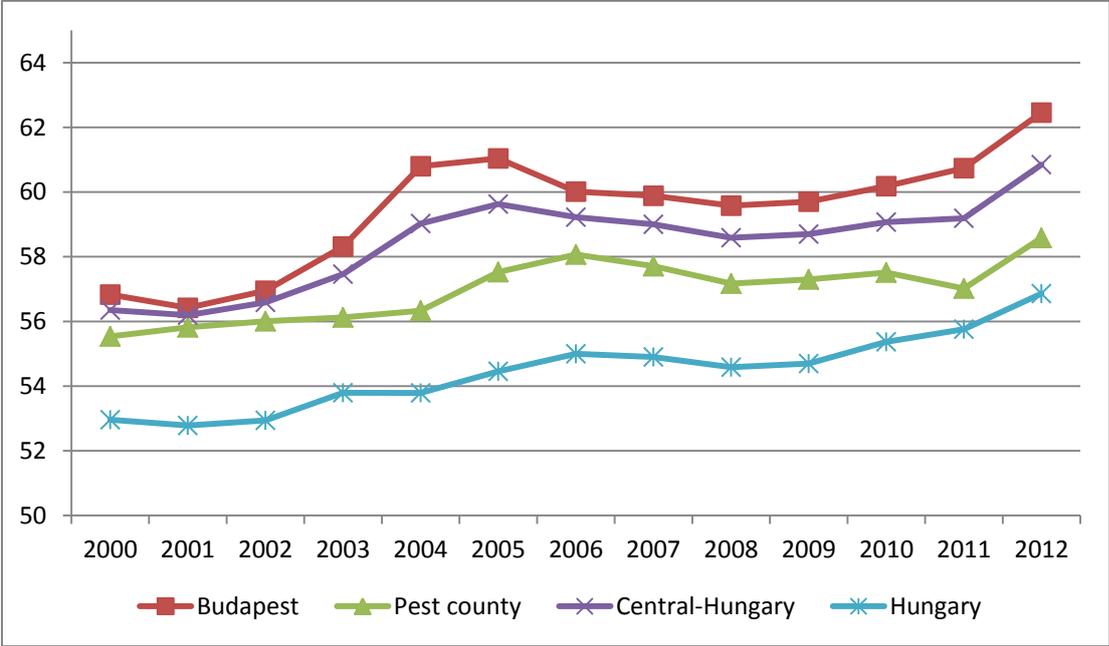
In terms of Cohesion Policy coverage, the Central Hungarian Region - as Hungary's most prosperous region despite great socio-economic disparities - lost its development area status after 2007 when it was designated a phasing-in area within the Regional Competitiveness and Employment objective.

In terms of its economic structure, the Budapest Agglomeration is very strong in service industries (within Budapest making up for 80% of all firms) and trade. 50% of all Hungarian trade companies are located here. The immediate suburban ring also has a high concentration of enterprises. Since 1990, multinational companies have improved industrial performance in the Agglomeration but this is primarily in the area of logistics and storage. Similarly to the overall national pattern, while the dominant proportion of businesses are small and medium size enterprises, a few big companies account for the largest share of export activity. While large enterprises are generally located in the capital, smaller enterprises have their headquarters in the surrounding metropolitan region.

The overall picture is skewed however when we take into consideration all of Pest County as a natural hinterland. Here the differences between the urban core of the Agglomeration and the peripheral are quite astonishing, giving Budapest and its suburban ring a rather 'island-like' quality:

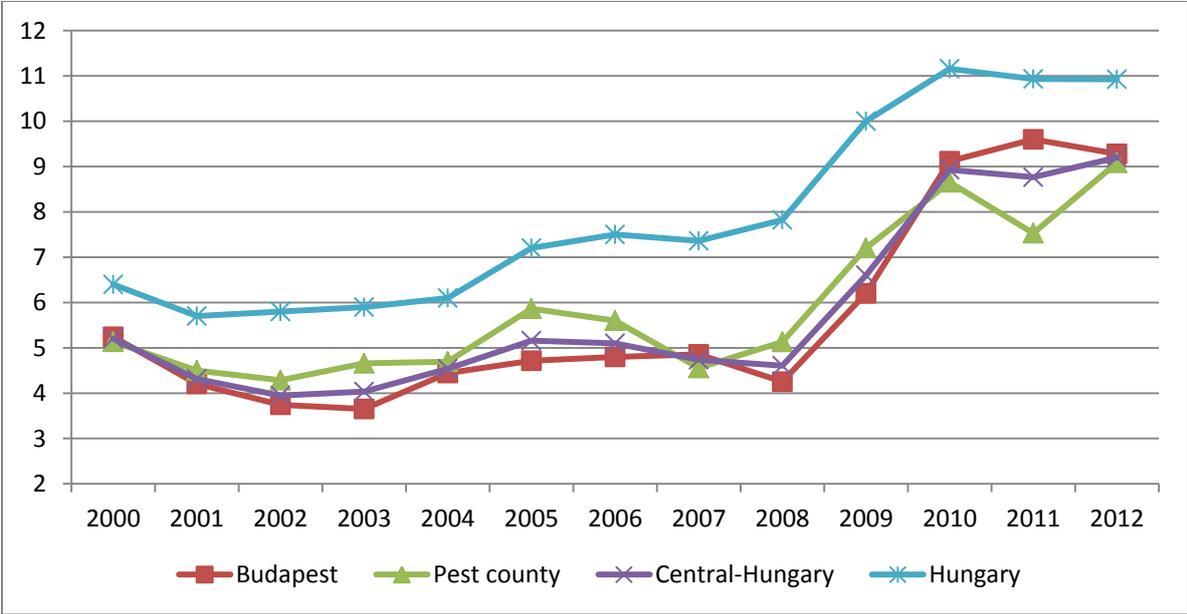
an economically dynamic region surrounded by a dependent and stagnating hinterland. As such, there does not appear to be an appreciable multiplier affect operating regionally in terms of job creation or more general development.

**Figure 5: Labour Participation Rates of Persons Aged 15 to 74. Source: KSH (Central Statistics Office),**



[http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_qlf025.html#](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qlf025.html#)

**Figure 6: Unemployment rate of Persons Aged 15 to-74. Source: KSH,**



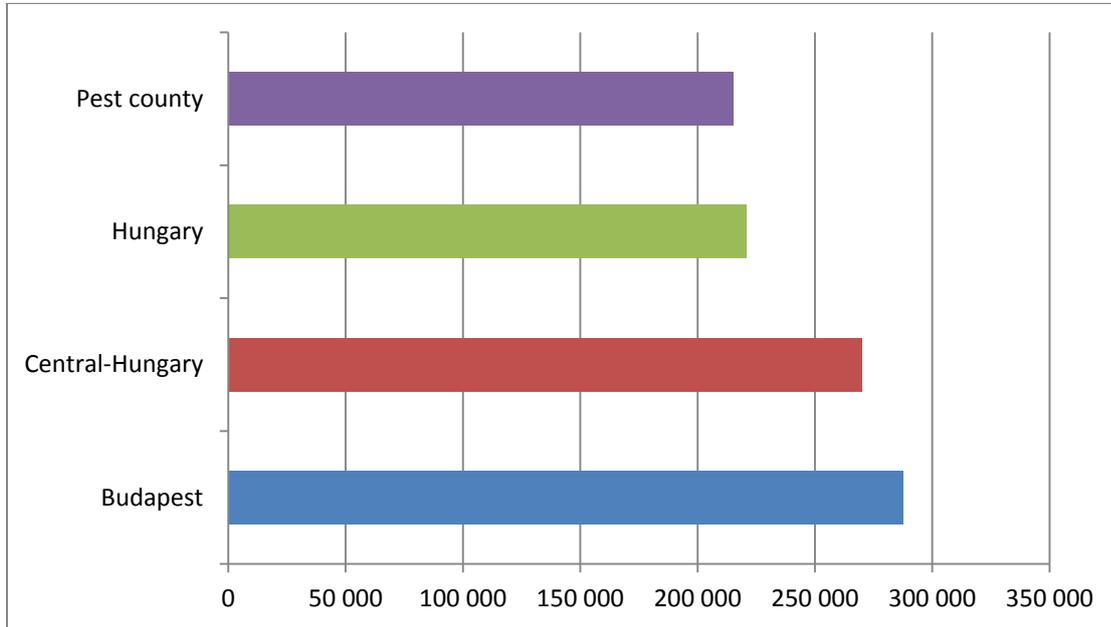
[http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_qlf027.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qlf027.html)

The figures that follow indicate a wide gap in economic and social indicators between Budapest and the ‘non-Budapest’ Agglomeration.<sup>7</sup> This data, collected from Hungary’s Central Statistics Office,

<sup>7</sup> Source: Gazdaság 6

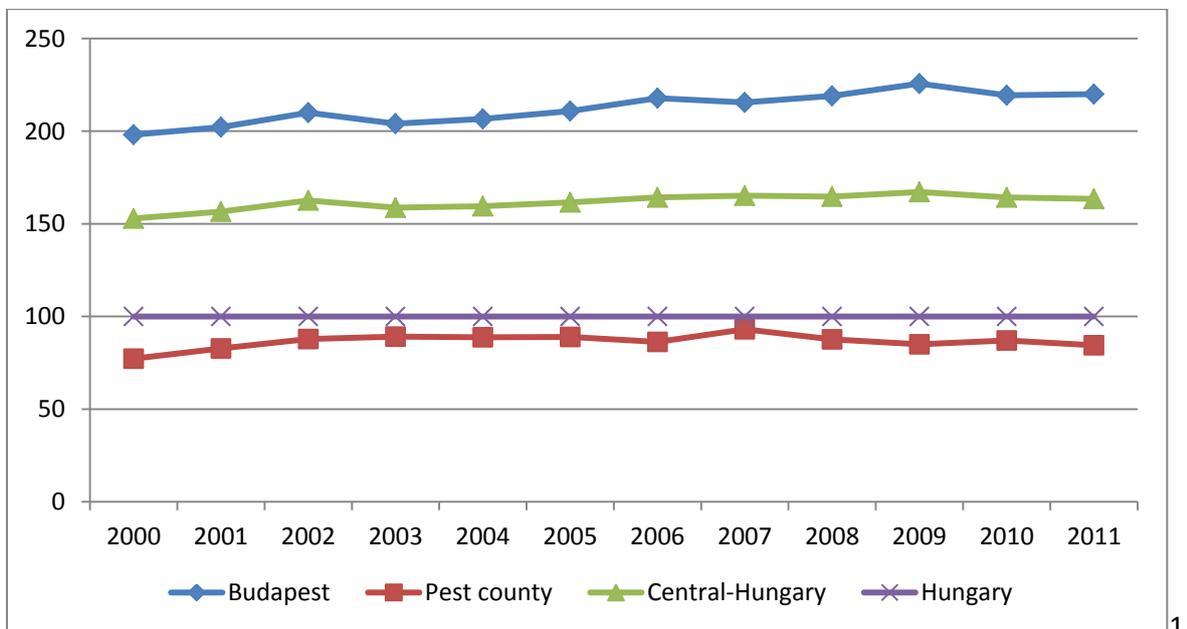
office a stark picture of divergence and disparities manifest themselves not only in economic terms (GDP figures, participation rates, unemployment rates, salary levels) but also in more general well-being and development characteristics (hospital beds and connection to water networks)

**Figure 7: Average Monthly Gross Salaries in 2012.**



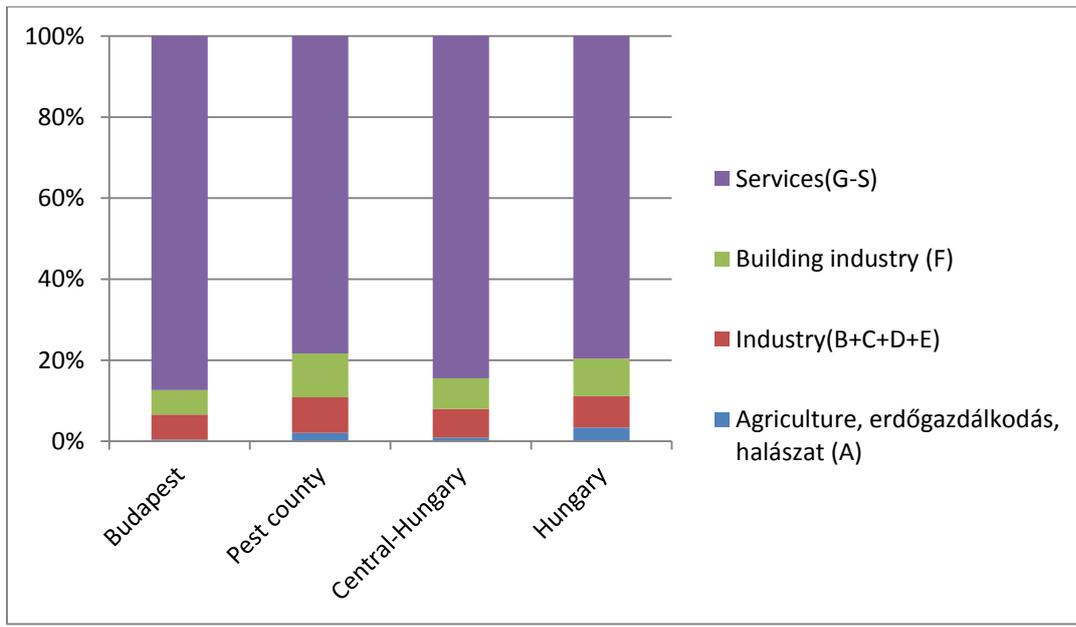
Source: KSH (Central Statistics Office) [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_qli049b.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qli049b.html)

**Figure 8: GDP per person according to national average in percent.**



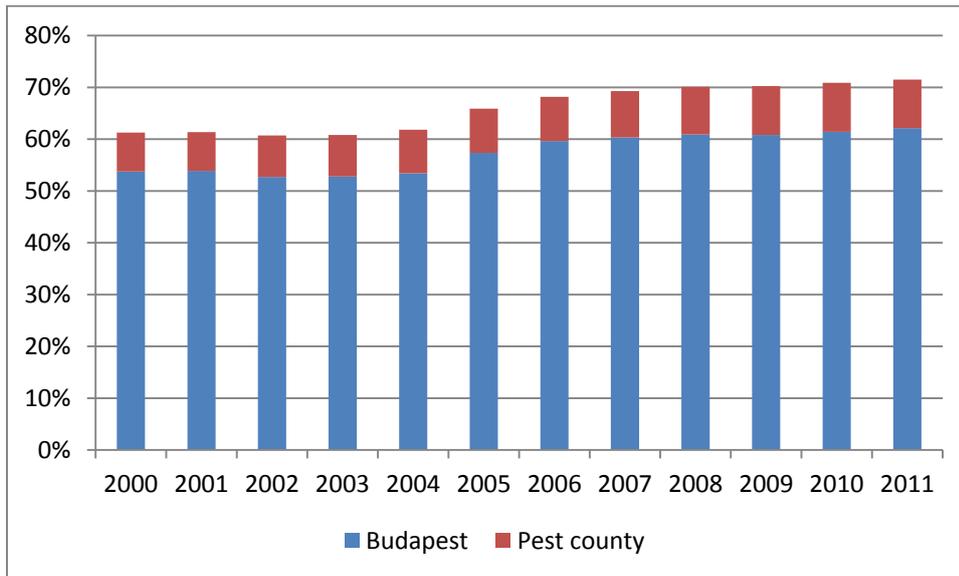
Source: KSH (Central Statistics Office), [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_qpt014.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qpt014.html)

**Figure 9: Distribution of forms according to sector, 2011.**



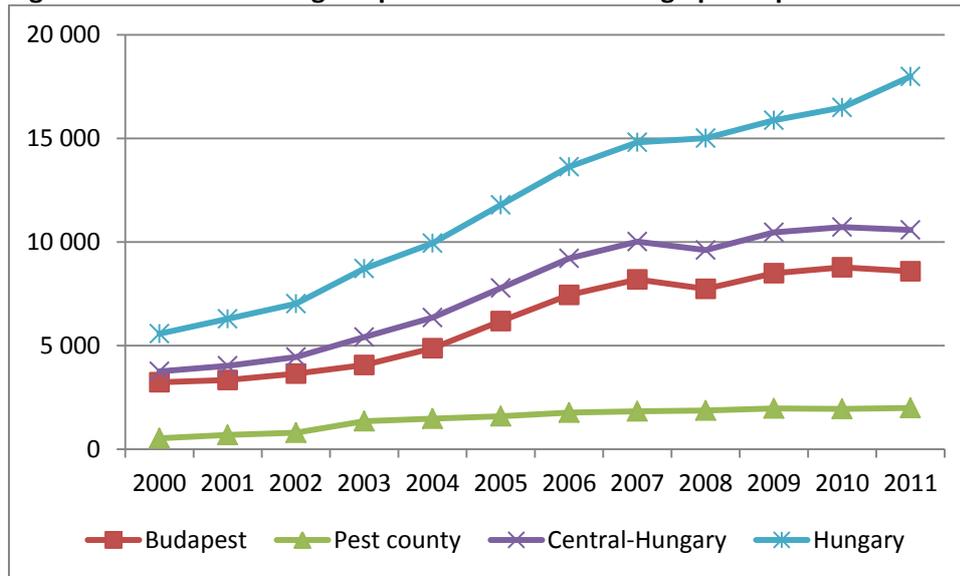
Source: KSH (Central Statistics Office) [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_qvd007.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qvd007.html)

**Figure 10: Number of enterprises with foreign participation in Central Hungary in percent of national total.**



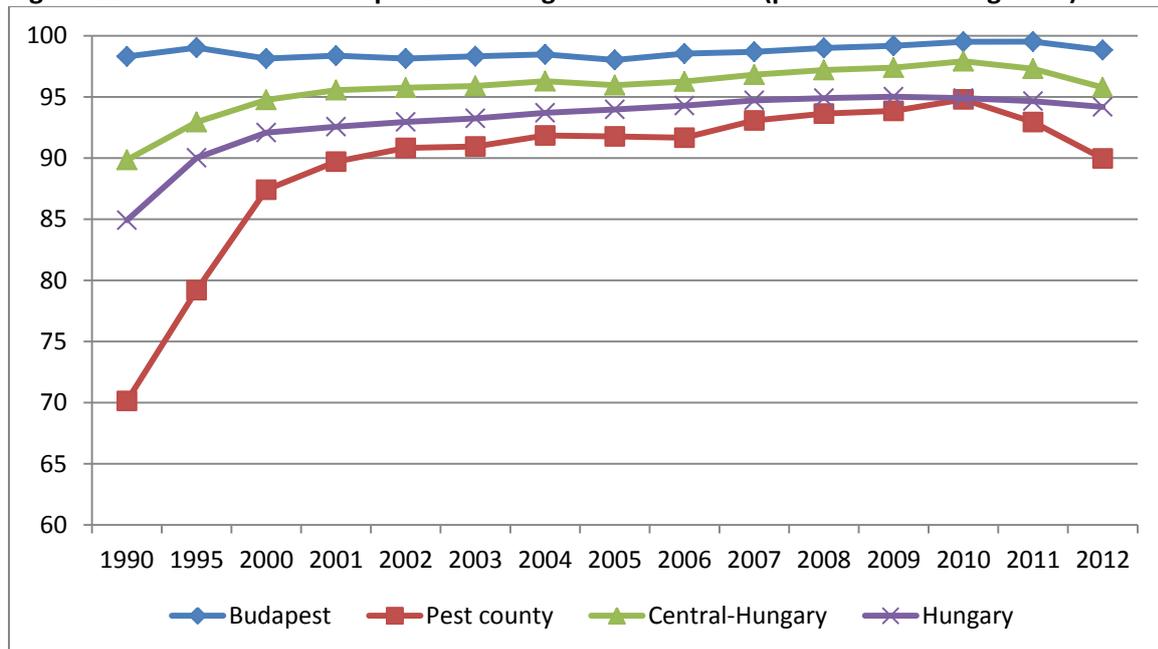
Source: KSH (Central Statistics Office) [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_qpk006.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qpk006.html)

**Figure 11: Levels of Foreign Capital of firms with foreign participation in Billions of HUF.**



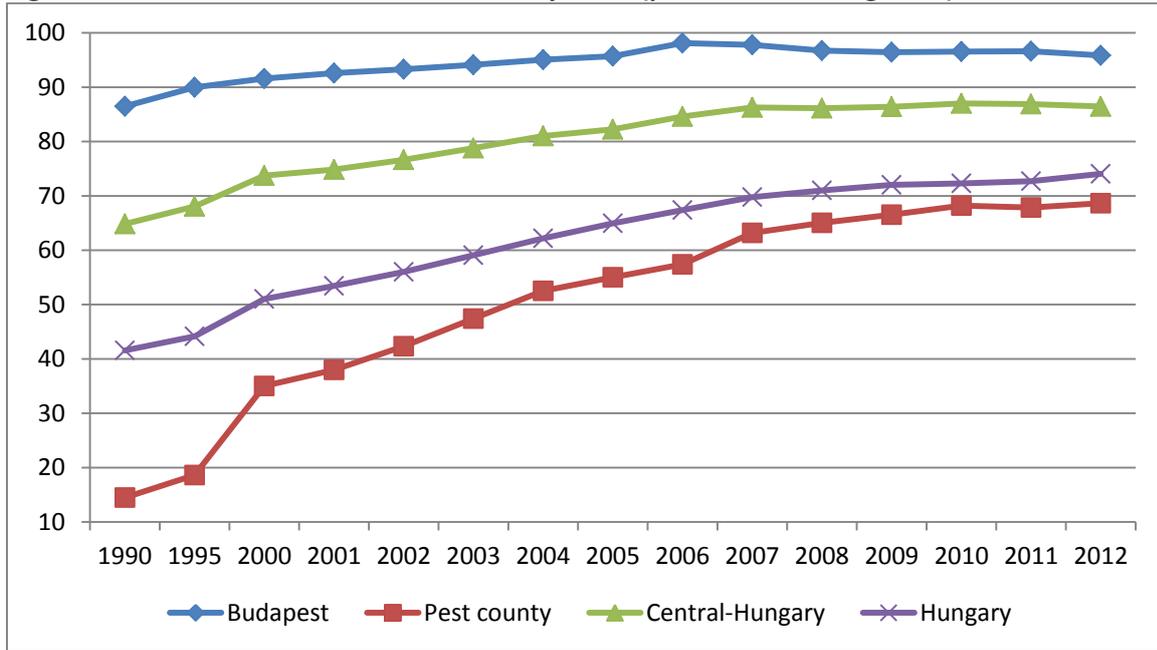
Source: KSH (Central Statistics Office) [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_qpk006.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qpk006.html)

**Figure 12: Connections to the public drinking water networks (percent of housing units).**



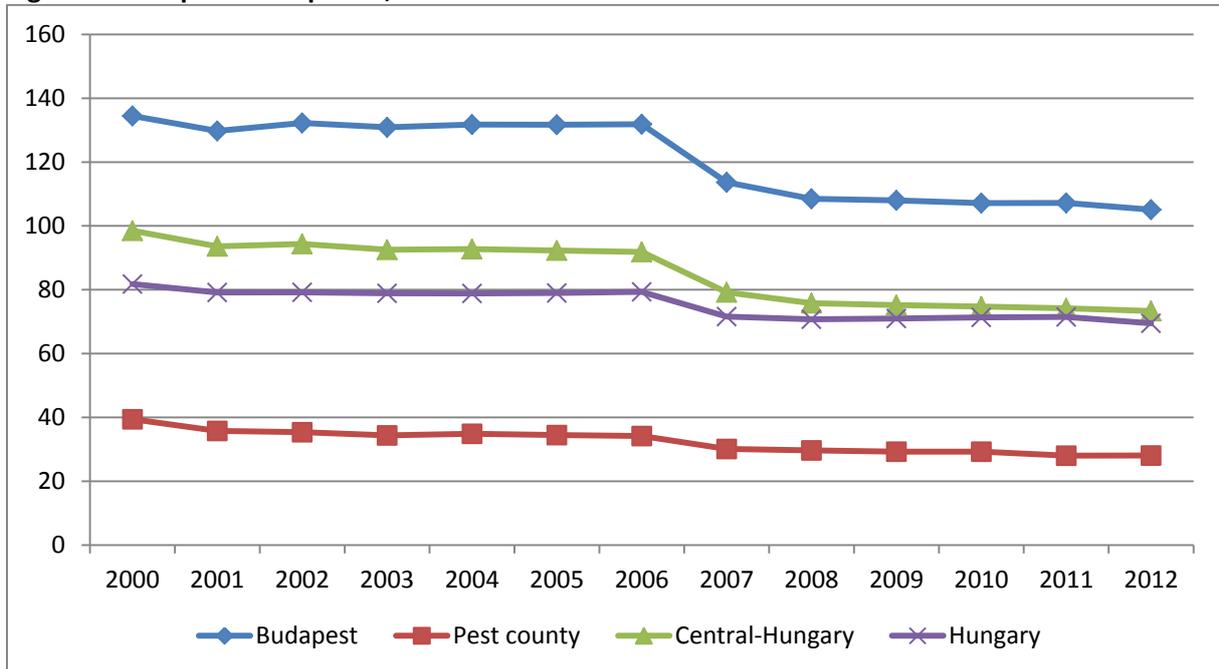
Source: KSH (Central Statistics Office) [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_zrk005.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_zrk005.html)

**Figure 13: Connections to water treatment systems (percent of housing units).**



Source: KSH (Central Statistics Office) [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_zrk005.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_zrk005.html)

**Figure 14: Hospital Beds per 10,000 Inhabitants.**



Source: KSH (Central Statistics Office) [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_fek006.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_fek006.html)

## **Part 3. Relationship between the metropolis and the region**

### **3.1 What are the most important examples of links between the metropolis and its surrounding region? What are the most important examples of the positive influence of the metropolis on its surrounding region? What are the most important examples of the negative impact of the metropolis on its surrounding region?**

There are numerous functional links between the metropolis and its hinterland as the central city and its suburban ring are the major attraction zone for employment, shopping, cultural activities and health services in the entire Pest County and beyond. These functional links based on everyday patterns of commuting are not accompanied by institutional links between local governments.

Positive:

- The Metropolitan Area provides employment and a wide variety of services for the inhabitants of the wider agglomeration zone.

Negative:

- Since the city is easily accessible people use cultural facilities of Budapest instead of participating in local happenings. In addition, as the secretary of FAOT indicates, people commuting every day to the capital use their home in the agglomeration only for sleeping which has a negative effect on development of the local community.
- The road pattern of the region is radial with a center of the capital, with a very negative impact on the whole agglomeration zone; namely that the settlements of the agglomeration zone are not connected with public transport facilities, for example if one wanted to approach Gyál's neighboring settlement, Vecsés (situated 5 km from Gyál) it is only possible through the capital; which takes at least 3 hours.
- Due to the proximity of Budapest to the settlements of the agglomeration zone, has to face special public-safety-related problems; criminals who "work" in the city often settle down in the agglomeration zone.
- It is problematic that the GDP-calculation used by EU-tenders cannot distinguish between Budapest and its agglomeration zone. As GDP/capita is estimated to be much higher in Budapest than in the agglomeration zone, the towns experiencing disadvantages when applying for EU-projects as they are not eligible to apply (as explained in section 2.3).

### **3.2. What are the changes in regional settlement system and its drivers?**

The main pattern is that of residential suburbanization and the development of commercial and logistics activities in the immediate vicinity of Budapest. The processes do not extend to the wider agglomeration, where population decline still continues.

### **3.3. What are the changes in regional production system and its drivers?**

The de-industrialisation of Budapest began already in the 1970s (Kiss 2009). The city is now characterised by a large and variegated service economy that includes finance, investment banking and tourism. Industry and logistics have developed in the Budapest agglomeration, which is linked to the neighbouring areas of Esztergom, Tatabánya and Komárom. Nevertheless, this overall picture of strength masks the fact that the CHR is also characterised by large gaps in GDP and other development indicators; the Budapest agglomeration is in fact surrounded by numerous smaller municipalities that lack many social amenities, are poorly connected to transportation and public utility infrastructures and where outmigration remains a serious problem.

Furthermore, the Budapest Agglomeration (BAFT), has also faced major challenges in responding to suburbanisation tendencies and addressing the resulting need for greater inter-municipal political cooperation and development dialogue. Budapest must resolve problems caused by the overconcentration of economic and political functions in the central city and a lack of structural/functional cohesion between the capital and its surroundings and environmental concerns. This manifests itself in problems of accessibility, poor interconnectivity, traffic congestion and a lack of overall planning coordination within the BAFT which could seriously handicap the region. Decentralisation and comprehensive urban renewal remain central priorities for BAFT. As a result, large projects with symbolic and concrete spillover effects for urban renewal were made a CP priority. In terms of employment development and enterprise support, the agglomeration in particular has pointed to a need for development in the area of business and production-oriented services, vocational training and more effective support to enterprise networks (BAFT 2007).

### **3.4. What are the labour commuting patterns at regional level and its drivers?**

More than 100.000 people (2007) commute each day between the city and the agglomeration zone, and the commuting shows a two-way pattern; 2/3 of people commuting work in Budapest, as it is the main employer of the region<sup>8</sup>. On the other hand multinational companies settled down in the metropolitan area hire a number of employees from Budapest. The secretary of FAOT estimates that 90% of Gyal's population work in the capital. In addition they can use all the facilities provided by the city. After 1990 a number of multinational enterprises appeared in the agglomeration, especially in the zones with an adequate infrastructural network (Budaörs, Szentendre) that also supported economic suburbanization processes. The biggest settlements where people commute: Budaörs, Törökbálint, Dunaharaszti, Dunakeszi, Gödöllő, Budakalász, Érd, Fót.

### **3.5. Are there examples of cooperation / competition of public administration actors within the metropolitan region? Which one dominates?**

A general critique regarding the settlements of the agglomeration is their incapability for cooperation illustrated by several telling examples. The leader of Pro Regio considers the agglomeration as a mosaic with very different and fragmented pieces, they do not constitute a network, and information flow is not sufficient. FAÖT is the only lobbying organization but they cannot work properly as the institutional system is changing. There used to be a regional development and lobbying organisation called BAFT (see 4.2. below) but it was eliminated as it had no political support behind it. Its functions were not defined well as it was not embedded into the institutional structure and it hasn't received any funding either from the municipalities or from the EU. David Szebeni takes an example for non-

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<sup>8</sup>Source, KSH(2007): <http://mek.oszk.hu/06000/06090/06090.pdf>

cooperating municipalities that although the parts of road4 from Budapest to Szolnok is considered one of the most dangerous roads of Hungary the majors cannot persuade the governance to finalize the renovation (after 10 years). According to him the reasons behind are that municipalities are overburden, have no capacity to contact and maintain a relationship with other municipalities within the agglomeration.

We found one single example for actual cooperation within the agglomeration, namely that FAÖT tries to co-operate and lobby with those settlements who pay a fee at BKK (public transport company) in order to reduce their obligations by renewing the contract between the transport company and the settlements.

## **Part 4. Governance and local/regional development policies**

### **4.1. Whether local/regional policies have significant impact on metropolis-region relationship? If, yes which one? Please indicate the most effective and efficient policies.**

In terms of regional policy governance, there were coordination bodies (Regional Development Agency and Council) that were installed for the region as a part of Hungary's regionalization process after 1996. These helped create a certain degree of dialogue between the capital city and its hinterland within the context of Cohesion Policy. However, the loss of convergence region status for the Central Hungarian Region (because of Budapest's sheer static weight) ironically helped fragment the region yet again. In addition, the regional coordination bodies were dissolved in 2012. Since then, largely volunteerist forms of cooperation have been practiced.

In terms of concrete development policies our informants argue that it is in the area of transport development and water treatment where the relationships between metropolitan centre and hinterland have been most visibly effected: quality of service, accessibility and interregional connections have been improved

### **4.2. What actions are taken in order to increase the positive influence of the metropolitan centre on its surrounding region?**

The long-term (15 year) Development Strategy of Budapest, Known as the "the New Development Concept", aims to involve civil society such as the municipalities of the agglomeration in order to create a poly-centric structure of the region<sup>9</sup>. At present they have not produced any tangible results. In May 2005 the BAFT<sup>10</sup> (Development Council of Budapest Agglomeration) was founded in order to develop the economy of the whole agglomeration region by harmonizing the development aims of the agglomeration. This organisation also aimed turn the metropolitan region from Budapest-centric to a polycentric one with developing the cohesion, cooperation and coordination. BAFT promoted the following:

- initiating active participation of all actors in the regions in forming common development strategies

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9 Pongrácz Katalin (2012) „A fővárosi városfejlesztési koncepció újragondolásának folyamata és az agglomerációt érintő irányai” c. előadás a Budapesti Agglomerációs konferencián, 2012, konferenciakiadvány.

10 In Hungarian: Budapesti Agglomerációs Fejlesztési Tanács

- providing organizational frames for the participants
- building up coordinational plans

On January 1<sup>st</sup>, 2012 a new law came into force<sup>11</sup> that aimed to rationalize the organization of regional development with a centralization process, which meant that former regional, micro-regional and BAFT was melted into the county and Budapest municipality.

#### **4.3. What actions are taken in order to limit the negative impact of the metropolitan area on its surrounding region?**

In order to prevent the deterioration of local communities, NGOs in Gyal and FAÖT members try to organize several festivals and happenings to encourage people to spend their money where they live. In addition the settlements of FAÖT promote other FAÖT settlements in the local newspapers, homepages in order to improve local tourism instead of tourism to the capital. FAÖT is also promoting subregional fora in order to improve public safety within the agglomerations, but these have resulted in discussion rather than practical solutions (they met 2 times a year plus ad-hoc problem-solving sessions.)

#### **4.4. Are the actions of various actors coordinated within: a) the metropolitan area b) the metropolitan macroregion?**

At this stage this answer is clearly no. what remains from the governance mechanisms that were eliminated by the present government are framework plans for the Budapest Agglomeration which are supposed to guide/orient local planning decisions. There are however first indications of voluntary municipal organisations within the Agglomeration that are aiming at joint strategies and project development

#### **4.5. What is the role of authorities at regional level in co-ordination of development process in metropolitan region? Whether existing public authorities at this level are effective?**

Existing public authorities were not regarded effective by any of our interviewees that has several reasons behind. According to David Szebeni's explanations, people working at municipalities are contra selected, as they are underpaid so those people would like to work there, who are not the 'most hardworking, and innovative' ones. Another reason for not being effective is that they have very tight budget (with very serious debts), some settlements of the agglomeration could not join FAOT as were not able to pay the annual contribution which is 10 HUF (0,03 EUR) /inhabitant/year. The third reason mentioned by interviewees were the lack of cooperation between municipalities (see at Chapter 3.5)

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11 A területfejlesztésről és a területrendezésről szóló 1996. évi XXI. törvény módosítása

## **Part 5. External interventions: national and eu policies**

### **5.1. Which type of external interventions have had the most significant impact on metropolis-region relationship?**

Large investments in the area of infrastructure (transport, energy, water) have facilitated the growth of local labour markets and increased traffic flows between Budapest and hinterland. In particular, the development of the motorway network and suburban trains have increased the functional interdependence between metropolitan core and larger settlements in the hinterland. In terms of more place-specific interventions, urban redevelopment on an important scale, environmental improvements and investments in public amenities (green spaces, cultural centres, etc.) has also had a major impact on the capital city region. Thanks to these measures, the centrality of Budapest has been considerably enhanced and greater interaction between the centre and its hinterland has been the most visible effect (including increasing traffic congestion). At the same time, external interventions that have enhanced interregional connectivity have also made the more sparsely populated hinterland more accessible as a recreational space and area for acquiring more affordable housing.

### **5.2. Does the structure of external intervention address needs of a) metropolitan area b) regional hinterland?**

External interventions – both public and private – have tended to one-sidedly favour the central city and its immediate hinterland. The greater region lacks attractiveness for private investment and is not considered a priority area for public policy.

### **5.3. Does the outcome of Cohesion Policy implementation affect more economic competitiveness or social well-being? Is the outcome similar in metropolitan area and regional hinterland?**

Based on the information we have collected on Cohesion Policy up to 2013 the results appear rather modest. Furthermore, CP has benefitted the central area of the region more in terms of absolute expenditures, but this has not appreciably affected the competitiveness issue. This goes for both the metropolis and its hinterland. In terms of social well-being, CP has indirectly contributed to this goal by financing social infrastructure, both in the metropolis and the greater region. Welfare effects of CP are seen to have been indirect, primarily by supporting social infrastructure, creating employment and freeing up national funds for welfare measures.

#### **5.4. Does external intervention properly coordinated in metropolitan region?**

### **Part 6. Future prospects**

**6.1. Will the differences between the metropolis and the region increase or diminish? What is going to be the main driver of this process?**

**6.2. What are recommended future objectives (spheres) of national development policy regarding metropolis-region relationship?**

**6.3. What are recommended future objectives (spheres) of the EU Cohesion policy regarding metropolis-region relationships?**

All indicators point to increasing disparities between the hinterland and the metropolitan core. For those areas of the Central Hungarian Region that do not directly profit from proximity to the core and have established functional relationships that will stabilise local populations and economies the prognosis is one of continuing outmigration and marginalisation. This follows a more general national trend of metropolisation and concentration in urban centres to the detriment of rural and semi-rural communities. As local services of all kind (education, health, transportation, markets, etc.) diminish, the ability to maintain population will also decrease. Centralization has not helped the situation as it has tended to reduce the decision-making and action spaces of local governments in their search for solutions. In terms of a solution, only a forceful and inclusive regional context for development can address increasing imbalances as well as promote an implementation of Cohesion Policy that is based on local needs. This is however seen less to be an EU problem than a national issue – Hungarian regional policy has simply failed to provide a platform for openly addressing urban-rural disparities and the hegemony of Budapest.

### **Part 7. Conclusions**

**7.1. How does the metropolis perform at the international scale? What are the main drivers of its success/failure? Are their nature exogenous or endogenous?**

**7.2. How does the regional hinterland perform in comparison to the metropolis? What is the role of natural resources in the development process? Does the success in regional hinterland rely on exogenous or endogenous factors?**

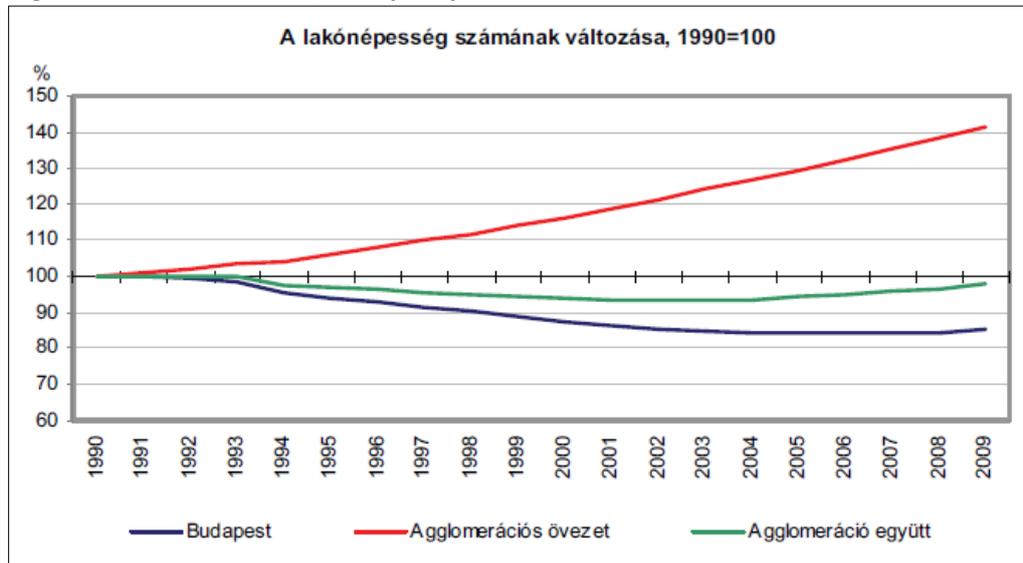
**7.3. What is the role of migration processes in relation between metropolis and their region? Could we observe segmentation of migration (eg. young to the core, elderly to hinterland)? How the quality of life in regional hinterland does affect this process?**

The metropolitan area has a positive migration balance since the second half of the 1990s (+15-18.000 people/year). Determining factors of these migration processes include the following:

- for job opportunities in-migration from all of Hungary to Budapest and the agglomeration zone

- Suburbanisation: The wealthier move from Budapest to the northwest/northern sector which is environmentally attractive. Between 1991 and 1998 206.000 budapest residents moved to Pest County and the suburban

**Figure 17: Population Change in the Budapest Agglomeration indicating a) Budapest, b) the regional hinterland and c) Budapest plus hinterland**



#### 7.4. How does the accessibility affect development processes in regional hinterland?

Very much so, especially in more peripheral parts of the region. The lack of a good interregional road network is a major handicap. The roads are radial, centred towards Budapest, and connections between settlements, including public transportation are weak. As a result, much of the regional hinterland is marginalised in terms of development potential. Accessibility to major transport axes is a *sin qua non* while potentials for place-based local actions (such as ITIs) could be limited by poor communications.

#### 7.5. What are the most important policies for development of regional hinterland?

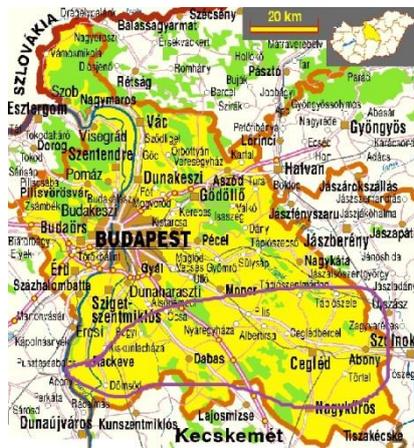
**What is the interplay between policies supporting exogenous factors (eg. transport policy) vs. endogenous factors (eg. education policy) of development?**

#### 7.6. Are the authorities at regional level necessary from perspective of metropolis-region relationships?

#### 7.7. Do the metropolis and its surrounding region mutually need each other? Does the metropolis need the region? Does the region need metropolis?

There are good reasons for separating Budapest from the rest-NUTS II level, like Bratislava or Prague, but the Hungarian government is not able/does not want to take this step. The reason behind not separating Budapest from the other parts of Central Hungary is the extreme strong lobbying-power of the capital: the political will always wanted to implement the huge- mainly transport- related - projects in the capital at the expense of the rest of Central Hungary. As a result every settlement in Pest County contributed with more hundred million Forints to the implementation of the Metro4 project. These problem will not disappear but strengthen in the next period and has serious

consequences for the Central Hungary region; right under the agglomeration area there is a half-moon shaped area bounded by Ipoly, Aszód, Nagykáta, Tápiószéle, Cegléd, Ráckeve (purple line on the map) that has been decaying.



This underprivileged region should be a convergence region regarding their economic indexes. As a result of the underprivileged situation the workforce moves to the western, the capital to eastern parts of Hungary from here; the enterprises choose Szolnok or Kecskemét instead this region as they can be supported in the east part from EU-sources while here they can't. People living in the half-moon area mostly work in Budapest or Szolnok. In addition there are no universities in the region because of the proximity of Budapest which is well-supplied with universities. As a result it is difficult for companies to find not only well-educated workforce but also financial support in the area. He has a very negative picture in his mind about the future of this "dead space", that is reflected by the low real estate prices, and lacking economic links to its environment. The other problematic issue, not only in this region but in the whole agglomeration area, is that municipalities do not cooperate at all, they simply cannot lobby together for a common aim because they are overburdened, have no capacity to contact and maintain a relationship with other municipalities. As an example for the lack of any cooperation and lobbying activity he points that although the parts of National Route 4 from Bp. to Szolnok is considered one of the most dangerous roads of Hungary the majors cannot persuade the governance to finalize the renovation (after 10 years). The problem is that this road is not part of trans-European network, and if "there is no EU-money to build a road, than no roads will be built."

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## List of interviewees

ID	Date of the interview	Name of the interviewee	Organisation of the interviewee	Position of the interviewee	Main topics (WP-s affected)
1	06.05.2013	Gyula Ocskay	CECI	Director	CBC, Esztergom EGTC WPs 6 and 8
2	06.06.2013	Zoltán Pamer	DDRF South Transdan. Reg. Dev. Agency	Manager	CP, CBC overall assessments WPs 6 and 8
3	25.07.2013	Ilona Kovács	RKK- Centre for Regional Studies, Pécs	<b>Former Director</b>	Expert assessments of ROPs and CP WPs 6 and 8
4	20.01.2014	Tamás Sándor, Phd	Association for Municipalities from Budapest Agglomeration (FAÖT)	Cabinet-office (deputy office leader)	Co-operation among settlements of the aggl. zone, main problems of the aggl. WP6, WP8
5	22.01.2014	Katalin Gyertyán	(former) National Development Agency	Transport Operational Programme, Head Advisor	EU-financed transport- related projects. WP8
6	22.01.2014	Zoltán Takács	(former) National Development Agency	Transport Operational Programme, programme manager	EU-financed transport- related projects. WP8
7	22.01.2014	Tímea Baán	(former) National Development Agency	Transport Operational Programme, programme manager	EU-financed transport- related projects. WP8
8	23.01.2014	Ágoston Flaisz	Planet Energy Ltd.	Former project manager at National Development Agency	Experiences on tendering, cooperation between intermediary bodies, NDA and beneficiaries. WP8
9	28.01.2014	Géza Salamin	The Central Bank of Hungary		Overview on the Cohesion Policy in Hungary. WP8
10	30.01.2014	Dóra Kókai	Municipality of Budapest	Leader of Project management department	Experiences on tenders of the municipality. WP8
11	30.01.2014.	Dávid Ambrus	BKK-Centre for Budapest Transport	Project manager	Experiences on 4 preparatory projects funded from the Cohesion Found, WP 8, WP6
12	30.01.2014.	Norbert Konradek	BKK-Centre for Budapest Transport	Project manager	Experiences on 4 preparatory projects funded from the Cohesion Found, WP 8, WP6
13	06.02.2014	Tamás Gordos, Phd.	Agency Pro Régió	Programme Office leader	Development of the central region, tenders. WP6, WP8
14	28.02.2014	Piroska Horváth, PhD	DBR (Dél-Buda- Rákospalota) Metro Ltd	Leader of the Metro4 project	Experiences of the Metro4 project, reasons behind the delays, WP8, WP6

<b>15</b>	28.02.2014	Ágota Csuka	DBR (Dél-Buda-Rákospalota) Metro Ltd	PR associate	Development of the project WP6, WP8
<b>16</b>	28.02.2014	Zsuzsanna Kondor	(former) National Development Agency	Former leader of the Coordination MA	Experiences on the 2007-2013 period; institutional structure, tendering system, evaluations of programs. WP8
<b>17</b>	04.03.2014	József Fehér	MAG – Hungarian Economic Development Centre (intermediary body)	Managing director	Institutional system, cooperation with NDA and EU-bodies, evaluation of programs WP8.
<b>18</b>	06.03.2014	Tamás Tóth	(former) National Development Agency	Leader of the Coordination MA	Development of tendering system, program coverage. WP8
<b>19</b>	21.05.2014	Zoltán Pitti	Corvinus University of Budapest, Societal Policy Research Center	Researcher	The situation of SME-sector in Hungary.
<b>20</b>	04.06.2014.	Dávid Szebeni	Corvinus University of Budapest, Societal Policy Research Center	Lecturer	WP8, WP6
<b>21</b>	23.06.2014.	Gyula Ocskay	ex-VÁTI employee		WP8, WP6-Esztergom