

Possibilities of Hungary Regarding the EU Accession – The National Development Plan of Hungary

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SUMMARY

One of the main results of Hungary becoming an EU state that can get developing payments from the Structural and Cohesion Funds between 2004-2006. These sources together with the Hungarian partner payments can contribute to a development of 1200-1500 billion forints in Hungary during 3 years.

EU's states and accessional states have to elaborate their National Development Plan including objects and priorities and have to submit it to the European Committee to be able to get the aids of Structural Funds.

KEY WORDS

EU, Hungary, National Development plan

INTRODUCTION

Joining the EU states Hungary is entitled to get aids from the Structural and Cohesion Funds. The main aim of Structural Funds (SF) is the decrease of the difference of development existing between the statements and their regions to support the economical and social cohesion.

THE IMPORTANCE OF NATIONAL DEVELOPMENT PLAN

EC Regulation No. 1260/1999 laying down general provision on the Structural Funds. The states with undeveloped regions falling within the first objective - where the GDP per capita doesn't reach the average of 75% of EU – have to elaborate their National Development Plan (NDP) with objections and priorities and have to submit it to the European Committee. Government of Republic of Hungary responsible for the elaboration of NDP, which is a national strategic document. The European Committee according to the negotiations with Hungarian Government elaborates Community Support Framework (CSF). CSF is a document involving legal framework of EU's support. The CSF contains the financial responsibilities of EU as well Hungarian partner regarding the development areas financed by SF between 2004-2006.

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Received: June 20, 2003



Sectoral and regional operational programmes and their objectives serve the implementation of CSF realised within Operational Programmes (OP-s). OP-s specify priorities and measures which can be supported by SF of EU. Rules of priorities and measures existing in NDP and OP-s to reach economical and social targets have to be provided with data. Representing of efficient and transparent institutional system to the implementation, monitoring and control of development plans including in OP-s is required.

NDP is a comprehensive concept, which concludes, summarize the appropriation draft of sources of EU's Structural Funds and Cohesion Funds to Hungary.

The first chapter is the situational analysis of Hungary in which the Hungarian economical and social situation is described based on information of institutes of ministries and regions. The strategy has been drawn on the basis of this data. Strengths, weaknesses, opportunities and threats of Hungary has been determined on the basis of national SWOT. According to the mentioned analysis the long term objective of all development actions of the NDP, the improving the quality of life for the population of Hungary has been defined.

THE STRATEGY

NDP and the connecting OP-s of Hungary contain programmes executed by the complementary financing of EU. The Strategy of NDP is the improving the quality of life and the main target in this term is the decreasing of the territorial differences compared with EU, and within Hungary.

OBJECTIVES

The NDP describes the objectives as follows: „The long term objective of all development actions of the NDP and domestic development policies is to improve the quality of life for the population of Hungary. This

depends on the income level of the population, and on many other aspects, including the state of the environment, the level and quality of public services and how successful development of all regions and all groups of society is.

In most of these areas there are considerable gaps between the states of Hungary and that of the EU average.

The overall objective of the current planning period is therefore to reduce the income gap relative to the EU average. The reduction of this gap to a large extent depends on how successfully Hungary can increase her income, and so actions should contribute to this overall objective. For the reduction of the income gap a sustained period of high growth in the economy is required. The necessary condition for that is the creation of a competitive economy that performs well in an international context. For a small and open economy such as Hungary's the establishment of well performing enterprises and conditions that allow for businesses to start up and modernise, these activities is essential. Therefore, the first specific objective of the development strategy aims at increasing the competitiveness of economy. In addition to economic competitiveness, an improved use of human resources also becomes a specific objective. This objective has two aspects. It means an improved human capital that relates to the abilities, skills and knowledge of labour, and it also allows a fuller use and more efficient use of the existing labour.

There are wide differences in the standard of living across Hungary. Action is required to create the conditions in which all regions benefit by making use of their potential and the resources available. At the same time an improved environment also increases the real value of income of the population. A better environment is a condition to a sustained development and the NDP strategy aims to reduce

Table 1. Chapters of NDP and their contents

Chapters of NDP	Contents
0. Conditions for the establishment of the development plan	Conditions for the establishment of the NDP and the connecting laws.
I. Situation analysis	Analysis and assessment of economical and social cohesion of Hungary and regions NUTS II comparing with EU's states.
II. The strategy and the priorities of the NDP	Strategy to support the economical and social cohesion and to decline the inequality of regions and the connecting objections.
III. Coherence and consistency of the strategy	The target is that the developments of OP's should be executed in complementary way, utilizing the synergistic effects.
IV. Finance	Finance tables of NDP by priorities and by years between 2004-2006. (EU's, Hungarian and other sources to realize the development.)
V. Brief description of the Operational Programmes	Brief description of the OP-s (four sectoral and the regional).
VI. Implementing provision	Description of treatment of sources and of the corresponding institutional system.
Appendix: Socialization	Ensuring the requirements of socialization.

Sources: The table is compiled by the authors on the basis of NDP (www.ddrft.hu).

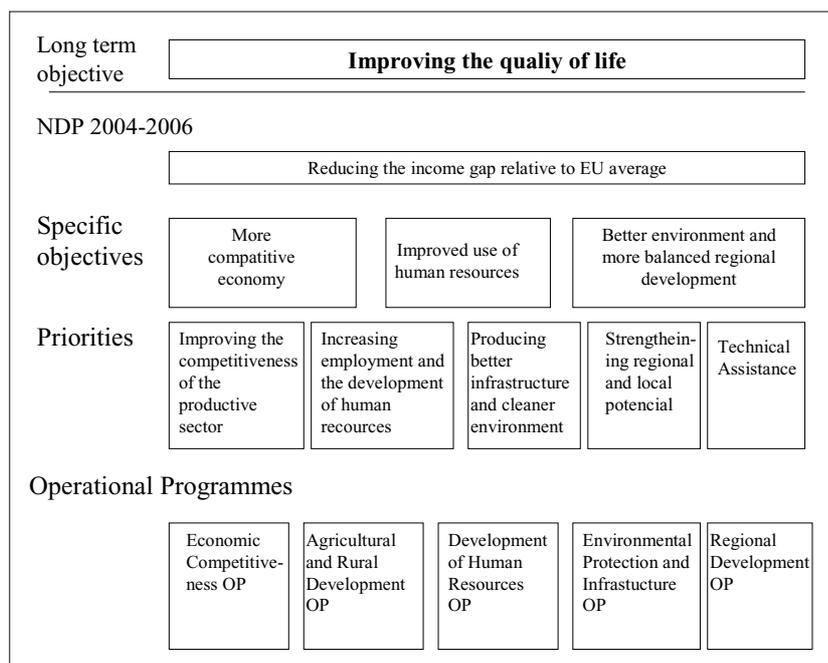


Figure 1. Objectives, priorities and the Operational Programmes of NDP

negative impacts on the natural resources of Hungary and promote a more rational use of them. The third objective is therefore the achievement of a better environmental and a more balanced regional development., (National Development Plan, 141. pp)

SOCIALIZATION

One of the main principles of EU, the partnership is that must be realized. However NDP has to be elaborated by the Hungarian government coordinated by Office of the Prime Minister, Office for National Development, together with the ministries and other institutions in the elaboration and in the financing during the implementation of the strategy.

The principle of partnership is given a big emphasis in European Community, that is why there is a special chapter in the NDP. Several trade-, civil- and interest-protection associations, representations of local governments and regional institutions were involved in the basing work of all period of elaboration of NDP. Due to the short terms there were only short periods of time for the elaboration and social discussions.

SOURCES TO GAIN

By prediction EU offers about 1765,4 million euros, i. e. 425,7 billion forints as financial assistance to the implementation of NDP throught SF between 2004-2006. These supports will be complemented by national complementary financing. Also others EU's means are besides SF to reach the strategical objections.

Hungary can obtain altogether 812 billion forints, as developing support from EU. Together with Hungarian complementary financing development of 1500 billion forints could be realized during the 3 years.

TIMING OF NDP

Elaborated NDP accepted by Hungarian government was submitted to the European Committee on 31th March, 2003, the OP-s on 5th May, 2003. Continuous consultations were being realized between the Hungarian's and EU's organizations to realize the plan as effective as possible. After that European Committee had got six months to prepare the CSF

Table 2. Supports throught NDP (billion euró)

Priorities	All costs	Support of EU	Hungarian supports	Private
Improving the competitiveness of the productive sector	2425.6	717.1	239.0	1469.5
Increasing employment and the development of human resources	652.5	489.4	163.1	0.0
Producing better infrastucture and cleaner environment	295.9	191.2	63.7	41.0
Strengthening regional and local potential	466.6	316.0	111.1	39.4
Technical assistance	69.0	51.7	17.2	0.0
Costs altogether	3909.5	1765.4	594.3	1549.9

Sources: The table is compiled by authors on the base of NDP (pp 188) (www.ddrft.hu)

Table 3. NDP according to OP-s 2004-2006

Operational Programmes	EU's support altogether (billion euró)	Support in percent (%)
Human Resources Development Operational Programme (HRDOP)	421.7	23.89
Economic Competitiveness Operational Programme (ECOP)	411.8	23.33
Environment Protection and Infrastructure Operational Programme (EIOP)	320.6	18.16
Agricultural and Rural Development Operational Programme (AROP)	290.9	16.48
Operational Programme for Regional Development (OPRD)	316.0	17.90
Technical Assistance	4.23	0.24
Structural Funds altogether	1765.4	100.00

Sources: The table is compiled by authors on the base of NDP (www.ddrft.hu)

according to the NDP. Hungarian partner have to prepare the Programme Complete Document in detail, which regular the descriptions of certain measures till September of 2003. That all is an obligation for Hungary to start the realization of well-prepares projects.

OPERATIONAL PROGRAMMES

Strategic target of NDP is being executed in frame of five Operational Programmes. OP-s and their priorities are the follows:

Human Resources Development Operational Programme (HRDOP)

The main target of this OP is the decreasing of unemployment. Disadvantaged social stratas could get help to join labour market and decrease their social exclusion.

The priorities of HRDOP:

- Supporting active labour market policies
- Fighting social exclusion by promoting access to the labour market
- Supporting education and training as part of the lifelong learning policy
- Improving adaptability and entrepreneurial skills
- Developing the infrastructure of education, social services and health care
- Technical assistance

Economic Competitiveness Operational Programme (ECOP)

Average compatitiveness is intended to be raised by supporting of investments to manufactural sectors with the technical modernization, supporting of innovational activity and network of small and medium-sized enterprises.

The priorities of ECOP:

- Investment promotion
- Development of small and medium-sized enterprises
- Research and development, innovation

- Information society and economy development
- Technical assistance

Environment Protection and Infrastructure Operational Programme (EIOP)

The target of this OP are the environmental and transportional infrastructural investments in Hungary.

The priorities of EIOP:

- Environment protection
- Transport infrastructure development
- Technical assistance

Agricultural and Rural Development Operational Programme (AROP)

It's target is to make an agricultural modernization more active by developing the technologies and food production processing. The other purpose of the program is the rural developing, as well as the developing of the rural infrastructure and services to ensure more income for the inhabitants in the region. Also important is the defence of the cultural inheritance.

The priorities of AROP:

- Establishment of competitive basis material production in agriculture
- Modernization of food processing
- Development of rural areas
- Technical assistance

Operational Programme for Regional Development (OPRD)

The main purpose is the developing of the regions which are considered to be the most important ones. The basic part of this conception is the improvement of the economic environment, giving help to the tourism and improving the human knowledge of the regions by the developing of the infrastructure.

The priorities of OPRD:

- Strengthening potentials of tourism
- Development of regional infrastructure and communal environment

- Development of the Human Resources of the Regions
- Technical assistance

The main tasks of 2003 are the planning, the developing of intitution and the project generation. This last one is the key importance, because the elaboration of corresponding projects is necessary for the fast and effective utilization of EU's resources after the EU's accession.

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