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HUNGARY

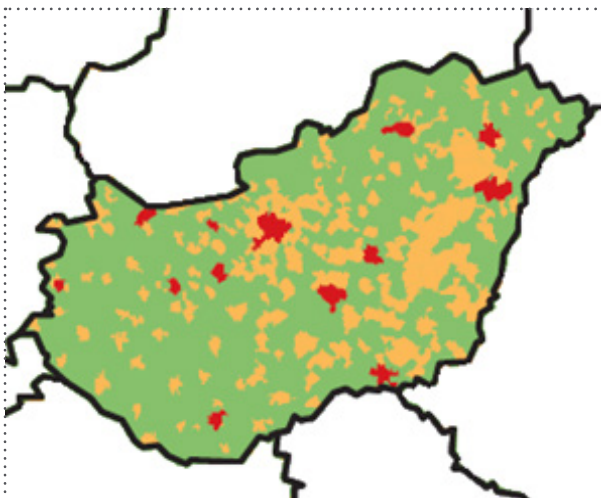
INSIGHT PAPER

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RURALITY (1)

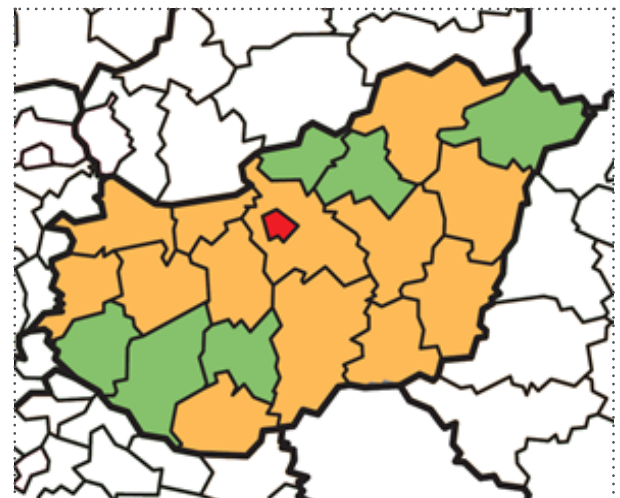
Degree of urbanisation for local administrative units level 2 (LAU2)



- Cities
- Towns and suburbs
- Rural Areas
- Data not available

Source: Eurostat, JRC and European Commission Directorate-General for Regional Policy, May 2016

Urban-rural typology for NUTS level 3 regions



- **Predominantly urban regions**
(rural population is less than 20% of the total population)
- **Intermediate regions**
(rural population is between 20% and 50% of the total population)
- **Predominantly rural regions**
(rural population is 50% or more of the total population)
- **Data not available**

Source: Eurostat, JRC, EFGS, REGIO-GIS, December 2016

DISTRIBUTION OF POPULATION

31,8%

Share of people living in cities

35,4%

Share of people living in towns and suburbs

32,8%

Share of people living in rural areas

Source: Eurostat, 2017

GEOGRAPHY

According to the Rural Development Programme for 2014–2020, Hungary is a predominantly rural country, from a territorial perspective, with 66.3% of its area classified as rural, 33.1% as intermediate and only 0.6% is considered urban. As seen on the map with the degree of urbanization, the urban areas are condensed in the central and eastern part of the country, while the south-western and western part of the country is mostly rural. The same cannot be established in term of population, as only close to 33 % of the population lives in rural areas.

The Hungarian administrative regions, as established in 1994 are the following: 3 NUTS-1 divisions, 7 NUTS-2 regions, 19 counties and the city of Budapest (NUTS-3), 174 micro-regions (LAU-1, previously named NUTS-4) which received municipality prerogatives in 2013 and 3178 local self-governments. According to the urban-rural typology for NUTS level 3 regions classification from 2016, presented visually above, the regions are classified as follows: 6 counties are predominantly rural regions, 13 counties are intermediate regions and Budapest is a predominantly urban region.

The definitions of rural areas in Hungary are not always consistent with each other and there is no single definition for rurality. The most widely accepted interpretation is based on the types of settlements. Hungarian settlements (communities, LAU-2 previously named NUTS-5) are grouped in 5 legal categories: the Capital Budapest, which has 23 Districts not declared settlements but with

self-governing rights; 23 Towns with county's rights (of which 19 are county seats and 4 are not); 322 Towns; 127 Large villages and 2682 Villages. In this classification, large villages and villages represent rural areas and towns should represent urban areas, but many towns were granted urban status based on criteria other than their urban characteristics. Hungary had a total of 3155 settlements on January 1st 2018.

The country is characterised by urban-rural disparities and disparities between the western and eastern settlements, resulting in lower national productivity performance and increasing inequalities. The transformation process of Hungarian rural areas is characterised by weakening production functions, the diminishing contribution of agriculture to the rural economy, the division of the agricultural sector between large farms with good productivity and small family farms. Severe market imbalance evolved, including the lack of workplaces and incomes, leading to low rural employment rate, especially high unemployment rate for women and young people compared to the national average.

Most rural areas in Hungary can be characterised by unfavourable accessibility combined with weak transportation and communication networks, resulting in a low quality of life and reduced competitiveness of rural settlements. The regions lagging most behind are North Hungary, South Transdanubia and South and North Great Plain.

RURILITY (2)

31%

Share of people at risk of poverty or social exclusion in rural areas, **2016**

0,8%

Share of people aged 16 and over who reported unmet needs for health care in the previous 12 months due to expense, distance to travel or length of waiting list in rural areas, **2016**

5%

Unemployment rate, persons aged 15–64, in rural areas, **2017**

19,1%

Share of young people aged 18–24 neither in employment nor in education or training (NEETs) in rural areas, **2017**

Source: Eurostat

NATIONAL POLICIES RELATING TO RURAL MOBILITY AND PUBLIC TRANSPORT

In Hungary there are several documents that establish the national development priorities for the transport sector, regional and rural development. The rural mobility policy is mainly an extension of the urban mobility policy and focuses on rural settlements in connection to urban cores.

National priorities are established in connection to the country's specific challenges and funding opportunities provided by the European Union. In this context the most relevant policy documents identified are: the Integrated Transport Operational Programme 2014-2020, the Territorial and Settlement Development Operational Programme 2014-2020 and the Rural Development Programme 2014-2020.

and railways across the country, improving public transport services not only in and around the capital, but also in the main cities, and, in improving regional accessibility. There is a dedicated priority that supports the development of sustainable urban and suburban transport, and for rural areas the focus is on the upgrade or development of local train lines. The programme establishes several quantifiable targets, none of which addresses rural mobility.

The Territorial and Settlement Development Operational Programme (TSDOP) 2014-2020 supports regional, decentralised economic development and an increase in employment based on local resources.



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The Rural Development Programme (RDP) 2014-2020 supports the development of the agricultural sector and rural areas through the diversification of farmers' activities and improved access to basic local services (local markets, social enterprises, secondary roads, and homesteads). The RDP will support small and very small villages' basic service development. Local Development Strategies will be implemented through LEADER Local Action Groups and will cover over 68% of the rural population. As a result of the operations programmed under this priority, it is expected that 4,500 additional jobs will be created and 68% of the rural population will benefit from improved services.

The Integrated Transport Operational Programme (ITOP) 2014-2020 includes the main transport infrastructure investments. It focuses on further developing highways

One of the development priorities is "friendly and population preserving urban development", which includes support for sustainable urban transport development, expansion and development of public services and development of deprived urban area. Although the main focus of the priority is sustainable urban transport, rural mobility is covered by the development of "community transport".

This includes demand-driven passenger transport services in the area of urban-rural (small town) and rural development, with the purpose of solving traffic problems in small villages and sparsely populated urban areas (i.e. suburbs). The programme establishes several quantifiable targets, the most relevant for rural mobility is the reduction of CO₂ emissions by 56.000 tones/year for both urban and rural environment.

INSTITUTIONAL FRAMEWORK

Hungary is a parliamentary republic. The institutional framework after 1990 was initially based on the principle of subsidiarity, with two main frameworks of the public administration, i.e. Central Government and Local Government, with responsibilities established by the 1990 Act on Local Governments.

Responsibilities for rural mobility are not consolidated in one institution but rather sectorial, either focused on rural development, coordinated by the Ministry of Agriculture (MA) and transport and regional planning, coordinated by Ministry for Innovation and Technology (MIT). The Ministries have designated bodies to ensure the fulfilment of policies in each sector.

Air, road, railway, and water transport are governed by the National Transport Authority, an institution operated and managed independently under the direction of the minister responsible for transport. The Authority is the sole entity executing all administrative and supervision activities related to transport in the country. The National Transport Authority as the central institution of transport administration supervises and monitors the market participants' activity and operation.

The Ministry of Agriculture is the Managing Authority for the rural development with decision making prerogatives, the Hungarian State Treasury is the accredited Paying Agency and manages financial

resources and the Government Agencies (i.e. 19 county agencies) carry out the application, inspection and enforcement of tasks as an interlocutor. The Hungarian State Treasury is the only Paying Agency in Hungary, performing the paying agency tasks of EAFRD and of EAGF. The Government Agencies are within the jurisdiction of the Prime Minister's Office, which until 2018 also held Managing Authority responsibilities.

The national road network (i.e. motorways, highways) is handled by the Hungarian Road, while the local government, i.e. municipality, is responsible with local transport infrastructure (i.e. local streets and roads) as a compulsory task and with public transportation as an optional task, with freedom regarding the organization of service delivery.

As part of the public administration reform initiated in 2013 several changes occurred in terms of centralisation / decentralisation as follows: (i) NUTS-2 and NUTS-5 levels lost their power, (ii) NUTS-3 (county level) received additional power, (iii) NUTS-4 became fully centralised by the newly established local governor office. These changes resulted in administrative and development institutions being concentrated at national and county levels; cities and towns having bigger representation in decision making; and villages losing their powers and self-managed budgets.

FINANCIAL FRAMEWORK

In Hungary, funding for rural mobility is dispersed across multiple funding sources, either for the transport sector, regional or rural development. The main funding sources for investments in rural development are funds from the national budget, local budget or European structural funds.

Rural policies are mostly centralised, with rural development being implemented at central or NUTS 2 regional level. There appears to be little scope for decentralised action, because the resources are scarce at the local level, especially after the 2013 public administration reform.

Communities have revenue from local taxes, which usually constitutes, on the average only about 10 per cent of their revenues.

Most local revenues come from the central government and are designed to cover the cost of central policies and programmes implemented locally. These revenues are regulated on a normative basis, taking into account socio-economic indicators of settlements and usually cover only the expenses of the services, with little or no margin for resource reallocation. EU development programmes and funds represent a good opportunity for rural development as communities (or associations of communities) can apply for various grants and other development funds.

The problem is that, especially in the communities where such resources would be most needed, the contributing capacity of the community to co-funding is inadequate.

ORGANISATIONAL FRAMEWORK

In Hungary, rural settlements have limited accessibility compared to urban areas, but all settlements are accessible by public roads. The quality of the public roads fluctuates based on the characteristics of the areas: most of the rural areas can be characterised by unfavourable accessibility, weak transportation and communication networks, with small villages and scattered homesteads being the most disadvantaged in terms of availability and level of infrastructure.

The mobility services available in rural areas are bus and train public transport services. The public transport services in the vicinity of main towns or that are next to main highways and railways have a higher quality. The railroad network does not reach all settlements, but bus transport is available in settlements that are not along the railroad lines. Small villages, although accessible by rail or bus public transport, may present several challenges that make commuting difficult for inhabitants, i.e. scarce public transportation in terms of employment friendly timetables, bad road conditions or high transportation costs.

In Hungary, the Ministry for Innovation and Technology orders the bus and rail services from public operators. This is quite an inflexible system that does not fully take into account local needs.

Bus operators coordinate the bus timetables in their own territory (i.e. regional level), but the regional companies do not cooperate for the inter-regional coordination of their timetables. The timetables of bus and railway services are not presently coordinated, but the Government is committed to coordinate these schedules and the Ministry for Innovation and Technology began working towards this goal in September 2018. However, a journey planner integrating railway and bus schedules has been developed (i.e. <https://menetrendek.hu>).

Rural mobility by bus

The national bus network in Hungary has been operated until 2015 by 24 state run companies, united under the Volán Association. The Volán Companies also provided local transport in cities and towns that did not have their own public transport company, and operated bus lines in cities where the local company operated only tram and trolley bus lines. As of 2015, the system has been changed and the 24 companies were organised into 7 regional companies, with the purpose of: i. more efficient operation, ii. more uniform passenger service

levels, iii. more balanced number of employees and reduction of redundancies. The territorial coverage of the regional bus companies can be seen in the adjacent map (their boundaries do not correspond to the NUTS 2 regions). Between Budapest and the main cities, the long-distance buses and trains provide parallel and competing services, with bus transport being at least as fast as rail transport. Hungarians prefer to travel by bus and therefore buses tend to get overfilled. Tickets can be purchased at bus stations or directly from the driver and several fare reductions and free travel options are in place. Several examples of these reductions are: (i) children under the age of 6 and EU seniors after the age of 65 can travel for free, (ii) children between the age of 6 and 14 and students with a valid student card are eligible for a 50% discount. The ticket system is common, kilometre-based and inflexible.



Figure 1. Spatial representation of new organizational structure
 Source: Multicriteria Analysis of Hungarian Journey Planners, Periodica Polytechnica Transportation Engineering

The Ministry for Innovation and Technology orders the bus services (lines and schedules) from public bus operators. Furthermore, all changes to existing operations are possible after receiving consent of the aforementioned ministry or local authorities. Increasingly the quality of service receives a high priority within the companies, all means are used to provide reliable, well-defined timetables, and maintaining these parameters under worsening road situations.

One of the regional bus service providers is the VOLÁNBUSZ Transport Company that is a 100% state owned public transport company based in Budapest. It operates most of the international and domestic coaches from Budapest and regional lines in the country. The company currently operates a fleet of 1067 buses. VOLÁNBUSZ operates 500 domestic long-distance coaches to 100 cities of the country daily, creating a direct link between 17 counties and the most important

ORGANISATIONAL FRAMEWORK

regions and resorts of the country and Budapest. During the day, services are provided every hour or more often in the direction of Eger, Salgótarján, Gyöngyös, Jászberény, Kecskemét, Székesfehérvár, Veszprém, Tatabánya and many lines go to the Mátra, the great plain, lake Balaton or other destinations. In Pest County, VOLÁNBUSZ provides transport between 170 cities and towns and Budapest or the regional centres, with 6500 trips per day. For certain lines of the agglomeration, like Érd, Diósd, Fót, Dunakeszi, Zsámbék, Páty, Perbál, Vecsés, Maglód, Ecsér, Gödöllő, Veresegyház and from other towns, the frequency of coaches is 5–10 minutes, with a maximum of 20 minutes during peak hours.

The Ministry for Innovation and Technology orders the railway services (lines and schedules) from public railway operators.

Tickets can be purchased at railway stations, online or directly from the ticket inspectors when ticket office or ticket machines are not available at railway stations. Several examples of these reductions are: (i) children under the age of 6 and EU seniors after the age of 65 can travel for free, (ii) children between the age of 6 and 14 and students with a valid student card are eligible for a 50% discount. The ticket system is common, kilometre-based and several fare reductions or free complementary tickets are available.



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Rural mobility by train

Trains in Hungary are run by Hungarian State Railway (Magyar Államvasutak (MÁV)) or in the western countryside Raaberbahn (Győr-Sopron-Ebenfurt Vasút (GySEV)). The Hungarian State Railway company went through a major restructuring in 2008, when it was divided into a passenger carrier (MÁV-Start), a traction company (MÁV-Trakció), and a rolling stock maintenance department (MÁV-Gépészet). In 2016 HÉV suburban rail service went from Budapest Transport Plc. (BKV) to MÁV group and it was renamed to MÁV-HÉV. The headquarters of MÁV became the infrastructure manager and leader of the holding company.

The current government, which came to power in 2010, expressed interest in the re-opening of secondary lines and reinstating services. However, so far, no such action has been undertaken, but the government reduced service on these lines to two or three trains per day in an effort to reduce public transport expenditure. Altogether 410 trains per day were withdrawn, including some mainline services.

Trains at non-peak hours are cheaper, and several discounts available with online tickets. The MÁV-Start and GySEV cooperates with Ministry for Innovation and Technology for the design of lines and schedules. The MÁV-HÉV cooperates with Ministry for Innovation and Technology and BKK-Centre for Budapest Transport for design schedules.

No general targeted mobility services were identified, but there are examples of community-based school public transport. One example is the improvement of school transportation in the Municipality of Kecskemét, as part of the EU funded ARTS project (i.e. Actions on the Integration of Rural Transport Services). The service consists of two regular school buses, which transport pupils living in the settlements of Matkópuszta and Szarkás to elementary schools in Kecskemét during the morning and back home in the afternoon. The service is provided with buses from the local Volan company (i.e. Kunság Volán).

REGULATORY FRAMEWORK

The main regulatory instrument that establishes the legal framework for passenger transport in Hungary was changed in 2012. The new transport act is considered to result in a huge shake-up of passenger services designed to improve efficiency and introduce minimum service levels.

Under the act, transport organisers (TOs) are responsible for ordering domestic and international scheduled passenger services; and operating ticketing and passenger information systems. Transport organisers are appointed by national or local governments, e.g. the transport organiser in Budapest is Budapest Transport Centre (BKK).

Furthermore, the act establishes minimum level of service for transport modes, for example, for rail

passenger transport the train service level is defined as three trains/day/direction for each settlement. An important provision regarding connectivity establishes that each settlement needs to be able to reach the nearest regional centre with just one connection, or Budapest with two changes en route, and county towns must have direct links to Budapest as well as their neighbours.

Currently, the public transport market is not open to market participants. Market liberalization of bus services is expected in 2020. The market liberalization of rail services is not clearly expected as the national rail provider (MAV Start) and the Hungarian State have a Public Service contract valid through 2023, with the possibility to extend it for another for 10 years.

OTHER INFORMATION

European funding in rural areas

2014-2020 Operational Programmes and Management Authorities

Programme	Management Authority
Rural Development Programme for Hungary (RDP)	Ministry of Agriculture, State Secretary for Rural Development
Territorial and settlement development Operational Program (TSDOP)	Ministry of National Economy, Managing Authority for Regional Development Programmes
Integrated Transport Operational Programme (ITOP)	Ministry for Innovation and Technology

RDP Hungary - is putting emphasis on actions related to restoring, preserving and enhancing ecosystems, promoting social inclusion, poverty reduction and economic development in rural areas and promoting food chain organisations and risk management in agriculture. In 2014-2020 Hungary is allocated EUR 3.45 billion from the European Agricultural Fund for Rural Development (EAFRD) which will be devoted to development of the agricultural sector and rural areas. RDP has a dedicated priority which provides financial support for social inclusion and local development (i.e.

Priority 6), with 2 measures that can finance basic infrastructure and other rural development priorities: Measure 07 Basic services and village renewal and Measure 19 LEADER / CLLD. The programme estimates that 68% of the rural population will benefit from improved infrastructure.

TSDOP Hungary - aims to support decentralised regional development. The programme allocates more than EUR 1 billion to integrated sustainable urban development actions in the framework of a dedicated

priority. There is a dedicated measure providing support for “*low carbon strategies for all spatial types, but in particular in urban areas, including support for sustainable urban mobility and mitigation adaptation measures*”. The framework of the measure permits development of rural mobility projects, especially in connection to urban centres. For rural areas, the planned transport development interventions have to fit into the county spatial development concept and spatial development program as well as the development goals included in the Integrated Settlement Development Strategies.

ITOP Hungary – finances the main transport infrastructure investments. The programme is structured along 3 priority axes: (i) Priority axis 1 “*Improving international (TEN-T) road accessibility*” financed from the Cohesion Fund; (ii) Priority axis 2 “*Improving international (TEN-T) railway and waterway accessibility*” financed from the Cohesion Fund; (iii) Priority axis 3 “*Development of sustainable urban transport and suburban railway accessibility*” financed from the ERDF and the Cohesion Fund; (iv) Priority axis 4 “*Improving road accessibility of TEN-T network*” from the ERDF.

KEY STAKEHOLDERS AND MINISTRIES ADDRESSING RURAL AREAS

TITLE	ROLE
Ministry of Agriculture (MA)	The Ministry of Agriculture is responsible with the development and implementation of state policy for agriculture, rural development, environmental protection and state land programmes. The ministry functions as the Management Authority for the Rural Development Programme 2014-2020.
Ministry for Innovation and Technology (MIT)	The Ministry for Innovation and Technology, is a newly founded ministry, created in 2018, which took over the role of the former Ministry of National Development. MIT has responsibilities for the implementation of state policy for transport and regional planning, sustainability, Knowledge and Innovation Management and Energy and Climate. Also, MIT oversee the activity of the Hungarian National Transport Authority. These prerogatives are currently provisional, established in July 2018.
Prime Ministry's Office	The Prime Minister's Office is a central state administration body with special powers in the government's administrative work organization of the Prime Minister. Among the Office's responsibilities are the county Government Agencies, which support the implementation of development projects with European structural funds.
Hungarian State Treasury	Hungarian State Treasury – paying agency, working closely with the Ministry of Agriculture The Hungarian State Treasury is a central budget agency under the direction of the Minister of Finance concerning both functional and regulatory aspects. The mission of the Hungarian State Treasury is the disbursement of public funds, and control of these payments. Starting with January 2017, the Hungarian State Treasury performs the Paying Agency activities for funds from the Common Agricultural Policy of the European Union (CAP), and in addition to this it performs the payment of agro-rural development subsidies.

KEY STAKEHOLDERS AND MINISTRIES ADDRESSING RURAL AREAS

TITLE	ROLE
National Transport Authority (NKA)	The National Transport Authority is an institution operated and managed independently under the direction of the minister responsible for transport. The core activity of the Authority is public administration, with tasks in the following fields: road transport, civil, state aviation, road, railways and railways management and shipping. The main objective of the Authority is to enhance and maintain a high level of transport safety in accordance with the targets set by the European Union in this field.
Hungarian Roads Non-profit Ltd. (Magyar Közút Nonprofit Ltd.)	Hungarian Roads is a state-owned company with responsibilities for operation and maintenance of the road network and motorways. It is responsible for the maintenance and operation of almost 32.000 km of the national road network. The aim and task of the road maintenance activities is to ensure smooth mobility for all road users in Hungary. The company is also active in raising awareness about the role of public transporters, promoting environmentally conscious behaviour, improving traffic morale and road safety.
Volánbusz Transport Company	The Volánbusz Transport Company is a state-owned public transport provider company, with the main activity of scheduled public transport. VOLÁNBUSZ operates most of the international and domestic coaches from Budapest; the regional lines; and the ones traversing the Budapest agglomeration. This is one of the 7 regional operators, part of the Volán Companies, currently providing bus services in Hungary.
Hungarian State Railway (MÁV Group)	The Hungarian State Railway (MÁV Magyar Államvasutak Zrt.) is a state-owned railway company. Approximately 30 companies, under the MAV Group, carry out a wide range of activities, the most prominent being the provision of services and passenger transportation, performed under Public Service Contracts with the Hungarian state.
Hungarian National Rural Network (HNRN)	Hungarian National Rural Network is an umbrella network of private and public networks - government, local government, civil society, business organizations, professional bodies and other organizations involved in the rural development. The primary goal of the HNRN is to support the implementation and evaluation of the Hungarian Rural Development Programme, and to bring together a variety of rural stakeholders. It ensures a good level of communication both at regional, national and international level.
Hungarian Scientific Association for Transport (KTE)	The Association is one of Hungary's largest national technical and scientific NGOs. KTE aims to cultivate transport science, both theoretical and practical; promote professional and social cooperation between transport practitioners; increase traffic safety; develop the transport culture; and participate in the education of society in relation to the transport field. The association covers a wide range of transport professions and it has a good territorial coverage with 9 departments in Budapest and 19 territorial organizations.

LINKS TO WEBSITES

- Ministry of Agriculture - www.kormany.hu/en/ministry-of-agriculture
- Ministry for Innovation and Technology - www.kormany.hu/en/ministry-for-innovation-and-technology
- National Transport Authority - www.nkh.gov.hu/web/english
- VOLÁNBUSZ Transport Company - www.volanbusz.hu/en
- Magyar Államvasutak; Magyar Államvasutak passenger carrier - www.mavcsoport.hu/en
- Hungarian Roads Non-profit Ltd. (Magyar Közút Nonprofit Ltd.) - <https://internet.kozut.hu>
- Hungarian State Railway (MÁV Group) - www.mavcsoport.hu/mav-csoport/bemutakozas
- Hungarian National Rural Network - www.mnvh.eu
- Hungarian Scientific Association for Transport - <http://ktenet.hu>

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- Integrated Transport Operational Programme for Hungary, 2014-2020 - http://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/hungary/2014hu16m1op003
- European Rural Parliament Campaign in Hungary – Report - [Web-link for document download](#)
- Hungary sets 2015 – 2025 transport plan – Article - www.railwaypro.com/wp/hungary-sets-2015-2025-transport-plan/
- Actions on the Integration of Rural Transport Services – ARTS project; Rural Transport Handbook www.epomm.eu/old_website/docs/ARTS_Rural_Transport_Handbook_english.pdf
- Centre for Budapest Transport (BKK – Budapesti Közlekedési Központ) - <https://bkk.hu/en/main-page/bkk-in-brief/>
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