

## **Benefits from national operational programmes in the subregions on the border of the South Transdanubian Region**

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### **ABSTRACT**

*According to the main objective of the study, the authors' intention was to contribute to the results of the OTKA research on regional differences in the South Transdanubian Region. The study focuses on the use of the grants funded by the operational programmes of the National Development Plan I, in the subregions situated on the border of Hungary. Two out of these that were classified as "closing up" subregions were also the stronger in both the number and the amount of approved grants; while, those with poorer economic strength could benefit less from the grants. It seems however that each subregion has its own specific area in case of almost all of the OPs, if we consider the subregional break down of the specific objectives of the programmes (Keywords: operative programme, approved grants, subregions of South Transdanubia, development status)*

### **Hazai operatív programok a Dél-dunántúli régió határmenti kistérségeiben**

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### **ÖSSZEFOGLALÁS**

*A tanulmány fő célkitűzése volt, hogy a szerzők hozzájáruljanak a K63209 számú OTKA kutatás eredményeihez a Dél-dunántúli régió fejlettségbeli eltéréseinek vizsgálata témakörében. A cikkben feldolgozott elemzés a Nemzeti Fejlesztési Terv operatív programjainak támogatását vizsgálja a Dél-dunántúli régió határmenti kistérségeiben annak érdekében, hogy összefüggéseket állapítsunk meg a kistérségek fejlettségi státusza és a térségben lehívott pályázatok jellemzői között. Habár megállapítható volt, hogy a vizsgált kistérségek közül a nagyobb fejlettségi szinten lévők számában és összegében is jobb pályázati eredményeket értek el, mint a kistérségi besorolás szerinti kevésbé fejlett térségek; az elemzések rámutattak, hogy majd minden operatív program esetében kimutathatók voltak kistérségre jellemző specifikumok.*

*(Kulcsszavak: operatív programok, nyertes pályázatok, Dél-Dunántúli régió, kistérségek, fejlettség)*

### **INTRODUCTION**

The study is part of the OTKA (K63209) research on regional differences of development.

The aim of the study was to reveal relations between the development status of specific subregions and the use of operational programme supports and to find the peculiarities of the development status of subregions.

According to *Faluvégi* (2004), almost half of the subregions in the South Transdanubia are “stagnating” and “lagging behind”. Many of these are situated along the former Yugoslavian border, such as the subregions of Csurgó, Barcs and Sellye. Another two subregions of the region are that of Mohács and Siklós, which are ranked as “closing up” areas. Although this classification was based on the former system of development level types, the new classification system being forced from January 2007 has not got influence on these areas (*Faluvégi and Tipold, 2007*).

### **Sapard**

Sapard funds were used to co-finance the rural development programmes of the applicant countries. (*European Commission, 2008*) It involved two major objectives. Firstly, it aimed to contribute to the implementation of the *acquis* – the body of existing EU legislation – in the agricultural sector; secondly, it aimed to solve priority and specific problems in the area of agriculture and rural development. It also supported measures to enhance efficiency and competitiveness in farming and the food industry and create employment and sustainable economic development in rural areas.

### **Operational Programmes**

The ultimate and long-term goal of Hungarian development policy, and therefore NDP strategy, is to improve the quality of life of the population, which, beyond improving the income status, also covers the quality of the environment, health, education and social protection, as well as access to these.

The sectoral operational programmes of National Development Plan I (*National Development Agency, 2008*) were: ECOP promoting economic activity, EIOP supporting investment in environmental protection, ARDOP operating in the area of agriculture and HRDOP targeting training and the development of the labour force and RDOP targeting regional development and supporting the spatial structural transformation of Hungary adjusting to the regional policy of the European Union.

The Regional Development Operative Programme (RDOP) provides funding within the framework of 9 measures within the three areas of intervention (tourism, infrastructure and human resources) for implementing projects targeting regional development.

The Agriculture and Rural Development Operational Programme (ARDOP) provides support for a more competitive and sustainable agricultural sector (including agriculture, fisheries and food processing) and promotes an integrated development of rural areas, based on the improvement of the income level and the job opportunities of the population. The specific objectives of the Operational Programme are: improving the competitiveness of agricultural production and food processing, and assisting the realignment of rural areas.

Comprehensive goals of Human Resource Development Operational Programme: Increasing level of employment, Improve the competitiveness of workforce on the market by education, which is adequate to the needs of economy, Promote social inclusion. The strategy of HRD OP predominates through subsidy of development of employment, vocational training, social services and health care system.

In compliance with the industrial policy of the EU, the preliminary strategy of investment promotion helps improving competitiveness, extending employment and balancing off regional differences. The aim of the Operative Programme for Economic Competitiveness (ECOP) is to broaden and expand the basis of economic development, according to branches, sectors and regions, and to maintain the high rate of growth, through boosting productivity and the rate of employment, which ensures a gradual convergence between the economic development of the country and the EU.

## MATERIALS AND METHODS

The study analyses the use of supports of the national operational programmes in the South Transdanubian subregions situated by the border of Hungary. The analysis compares the five subregions according to the number and amount of the grants approved by the Managing Authorities between 2002 and 2005. The data were selected from the National Support and Monitoring System (*OTMR*), and these covered altogether 233 records in four operational programmes and in SAPARD. The data processing and presentation were done with Microsoft Excel.

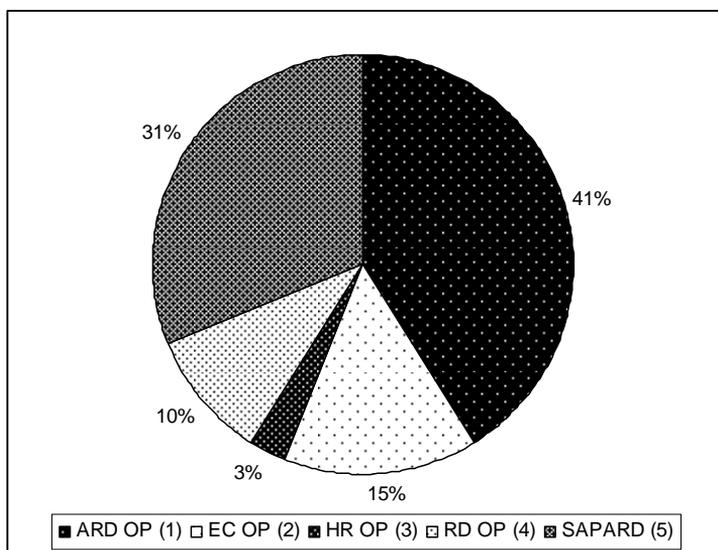
## RESULTS AND DISCUSSION

The data were selected from the database provided by the Support Monitoring System. According to the registered figures of the analysed subregions, applicants from none of them awarded grants in the operational programme for ecological and infrastructural development.

Despite of that none of the other schemes (ISPA, PHARE) were registered in the database; as one of the pre-accession support schemes, which provided support for agricultural development, SAPARD was reasonable to be involved in the analysis, especially if we consider that the later operational programme for agricultural supports gave the highest share in the number of approved grants (*Figure 1*).

**Figure 1**

### Break down of the number of support by operational programmes



Source (*Forrás*): Based on OTMR data (*OTMR adatok*)

*1. ábra: A támogatások száma operatív programok szerinti bontásban*

*AVOP(1), GVOP(2), HEFOP(3), ROP(4), SAPARD(5)*

While the agricultural and rural development grants (ARD OP) represented the majority of the approved grants in the period analysed; for economic competitiveness development only 15 per cent and for regional and human resource development altogether 13 per cent of the grants were approved in the five subregions.

The agricultural and rural development grants were mostly awarded for building related agricultural investments (57%). Also the improvement of competitiveness and melioration had high importance (22% and 19%, respectively).

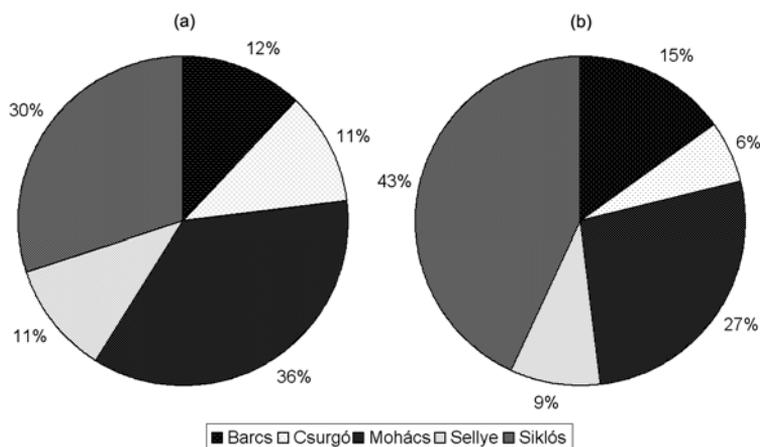
According to the data, the highest amount of RDOP grant was given for the development of building public roads between settlements (51%), 19% of the grants was awarded for educational tasks, 13% for the improvement of accommodating facilities and environment and less than 10% for projects to improve tourism and employment.

Out of the specific objectives of ECOP, the most popular was the technological development in all of the subregions analysed, which represent almost 76 per cent of the amount approved. Almost 18 per cent of the amount approved was used for modernisation of telecommunication, which however was awarded by only one subregion (Mohács). With the exception of Sellye, the subregions awarded grants for the development of quality management (3%).

If looking at the break down of the supports by subregions (*Figure 2*), the dominance of the subregions Mohács and Siklós is eye-catching in both the number and the amount of approved grants.

**Figure 2**

**The subregional break down of the number (a) and amount (b) of supports**



Source (*Forrás*): Based on OTMR data (*OTMR adatok*)

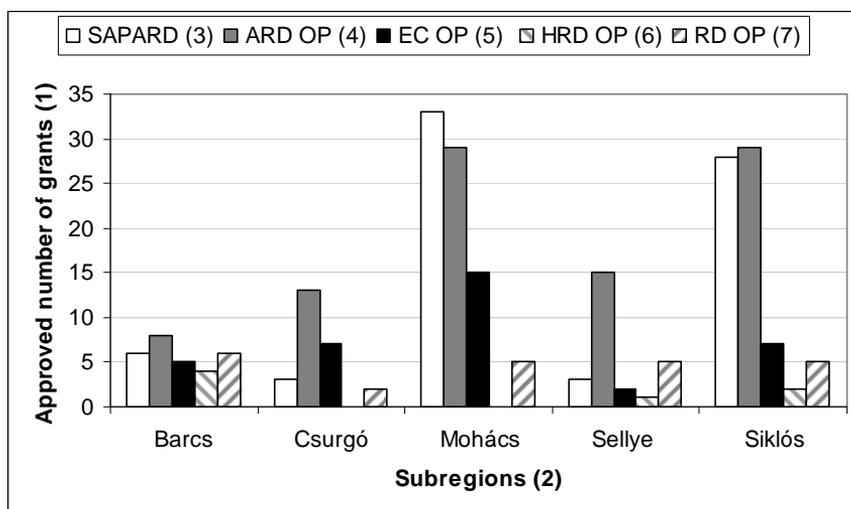
*2. ábra: A támogatások száma (a) és a támogatási összegek (b) alakulása a vizsgált kistérségekben*

Considering that these subregions (Mohács and Siklós) belong to the more developed ones analysed in the study, it is worth mentioning that the least developed (lagging behind) Sellye subregion and Csurgó (stagnating) could exploit the least their opportunities provided by the Operational Programmes.

The subregional break down of the supports of different operational programmes is shown in *Figure 3*.

**Figure 3**

**The number of approved grants by subregions**



Source (*Forrás*): based on OTMR data (*OTMR adatok*)

3. ábra: Az OP támogatási összegek kistérségek szerinti bontásban

*Megítélt támogatások száma(1), Kistérség(2), SAPARD(3), AVOP(4), GVOP(5), HEFOP(6), ROP(7)*

The figures show that those regions that could better use the supports of the SAPARD scheme awarded the higher number of ARD OP grants. Secondly, grants of the ARD OP were available for more appliers than the other OP's in all of the subregions analysed. With the exception of Mohács, the agricultural grants overtook SAPARD in the operational programme. RDOP and ECOP grants were also awarded in all of the subregions analysed, while only in three of them (Barcs, Selye, Siklós) grants were approved for human resource development.

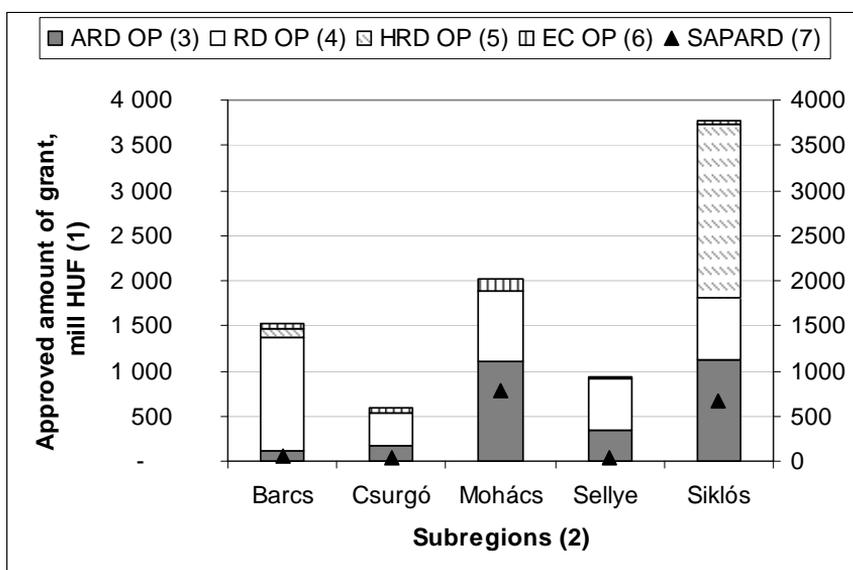
The approved amount of the grants awarded by the subregions analysed can be seen in *Figure 4*.

The columns of the chart well reflect on that the grants of RDOP were of higher importance for the less developed subregions: Barcs, Csurgó and Selye. Also, the highest share of the amount of regional development grants was awarded by the subregion Barcs, of which 75% (954 million HUF) was spent on building public roads between settlements; although creating jobs, educational tasks, and development of accommodating facilities and environment were also supported in the subregion. Despite of being the most significant type of support in Csurgó subregion, RDOP grants represent only one fourth of that of the subregion Barcs. With its only project on improvement of tourism, the subregion of Csurgó awarded 337 million HUF (94%) for

this objective. In case of subregion Selye, building roads had higher importance (368 million HUF), while 184 million HUF was awarded for educational tasks. Surprisingly enough, larger amount of grant (230 million HUF) for creating jobs was only awarded in the subregion of Mohács, where more than double of it was spent for building roads. Contrary in Siklós subregion, even the educational tasks and the development of accommodating facilities and environment were supported (386 and 290 million HUF, respectively).

**Figure 4**

**The composition of the approved amount of grant by subregions**



Source (*Forrás*): Based on OTMR data (*OTMR adatok*)

4. ábra: Az operatív programok részesedése a támogatási összegből kistérségek szerint

Megítélt támogatás összege, millió Ft(1), Kistérségek(2), AVOP(3), GVOP(4), HEFOP(5), ROP(6), SAPARD(7)

The highest share of the amount of agricultural development grants was awarded by the subregion of Siklós, where the main character of the development reflects on the importance of improving competitiveness, which represents half of the total amount of the ARDOP grants. Another two objectives on building related agricultural investments and the improvement of artificial environment together were supported about in 43 per cent, and for melioration, 70 million HUF was approved. For development of tourism, employment related investments and product development was awarded altogether less than 20 million HUF. The subregion of Mohács, with almost the same amount of ARDOP grants as Siklós, preferred rather the building related agricultural investments (54%) and melioration (37%), while only 80 million HUF was used to improve directly the competitiveness of the agricultural production.

While in its number, the economic competitiveness operational programme grants were available for the second highest number of applicants (see *Figure 1*), the amount provided by the programme represented very small part of the grants (less than 3 percent, in average), of which 46% belongs to Mohács subregion. Out of the EC OP grants, 76 per cent was awarded to improve technology, with the leading position of the subregions Mohács (32%), Csurgó (26%) and Barcs (21%). The ECOP provided the least financial source for Sellye subregion.

In case of the grants for human resource development, it can be also seen that the programme provided much lower financial sources than the others, with the exception of Siklós subregion, where the development of health infrastructure was supported by the programme. Although it must be emphasised that the data were available for the period from 2002 to 2005, with only partially progressed data by the Support Monitoring System in the last year.

## **CONCLUSIONS**

According to the main objective of the study, the authors' intention was to contribute to the results of the OTKA research on regional differences in the South Transdanubian Region. The study focused on the use of the grants funded by the operational programmes of the National Development Plan 1, in the subregions situated on the border of Hungary. Two out of these that were classified as "closing up" subregions were also the stronger in both the number and the amount of approved grants; while, those with poorer economic strength could benefit less from the grants. It seems however that each subregion has its own specific area in case of almost all of the OPs if we consider the subregional break down of the specific objectives of the programmes. The grants of RDOP were of higher importance for the less developed subregions. In these subregions, most of the grants were used for building public roads between settlements. It can be said in case of Mohács subregion as well, only where grants for creating jobs was awarded. Contrary in Siklós subregion, the educational tasks and the development of accommodating facilities and environment were supported by the RDOP.

The highest share of the amount of agricultural development grants was awarded by the subregion of Siklós, where the main character of the development reflects on the importance of improving competitiveness. The subregion of Mohács, with almost the same amount of ARDOP grants as Siklós, preferred rather the building related agricultural investments in the less developed subregions, however, ARDOP grants were used for only the basic investments (buildings, melioration), and nothing for any improvement of the production (product development, competitiveness, tourism).

Compared to the previous two OPs, the amount provided by the economic competitiveness and human resource development operative programmes represented very small part of the grants. More than half of the approved amount of ECOP grants went to Mohács subregion, although all of the subregions benefit from the OP's most popular specific objective to enhance technologic development. The human resource development OP was for the largest benefit of Siklós subregion, where almost the entire amount approved was spent on the development of the county health bath.

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