

Eötvös Loránd University, Faculty of Natural Sciences
Institute of Regional Sciences and Geography
Department of Regional Sciences

Evaluation of regional development interventions

Kulcsár Gábor

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Supervisor: Nemes-Nagy József, D.Sc.

Eötvös Loránd University, Faculty of Natural Sciences

Ph D. academy of Earth Sciences

Geography-Meteorology Ph. D. program

Leader of Ph.D. academy: Monostori Miklós D.Sc.

Leader of Ph. D. program: Gábris Gyula D.Sc.

Introduction

Development policy interventions play an important role in Hungary with its contribution to the changes of regional imbalances as well as in the European Union. National Development Plan II. emphasis: „following principles will be taken into account in the course of development. These developments must be subsidised which have multiplication effects for regions.” By this, Plan mainly expect to reach cohesion objective as a horizontal principle.

Question will raise about efficacy of Plan which consists sectoral priorities and take into account competitiveness and concentrate for development whole countrys' scope mainly. How will influence the regional inequalities and will that cause further growth of socio-economic inequalities? Answer will be given from Plans' regional evaluation across summing up impact of expected developments project by project.

Earlier researches mainly focused to individual intervention instruments' (e.g. highways) impacts or dealt with macro-economic impacts of plans taken not into account interactions amongst these instruments. There have not been yet any research which connected to development plans and which took into into account characteristics of development intervention instruments'.

Aim of current research to introduce NDP II. (ÚMFT) intervention instruments by their impact mechanism and potential spatial allocation and their role in regions' development with interactions amongst instruments. Thesis will consist individual instruments and its impacts to regional development which will be relevant component of synergy evaluation.

Research based on two **hypothesis**:

(1) Market players create and increase regional socio-economic development inequalities by the order of their magnitude and public policies could moderate its consequences only. Measure of this depends on mainly that plans take into account development instruments' working mechanism in what ways.

(2) Sectoral-based development plans not serve mid- and longterm objectives of regional development, taken into account neither their contents nor operational systems.

I. Applied methods

Research background based on relevant statements of earlier studies dealt with individual development instruments, but some consequences of evaluation reports will be also taken account.

In the course of testing regional development objectives, homogenised group of instruments will be separated by their impact mechanism firstly. Then necessary conditions and expected their spatial distribution and characteristics of the influence to regional development will be identified. Besides of direct interactions, experimentally thesis will introduce indirect interactions too.

II. Main findings

From one hand added-value of the research is coming from the introduction of development instruments by their impacts, from the other hand unique adaptation of assumed knowledge and describing indirect interactions tested on recent development plan.

(1) Sectoral development priorities do not take into account regional inequalities in the course of planning when instruments are described which compose development strategy. Regional policy instruments are some marginal sectoral and city/town development instruments are not coordinated with sectoral development actions.

(2) Taken into account order of magnitude development sources– if these are used in material investments - are fit to moderate regional inequalities but spatial allocation is very unequal. By the logic of the Plan in given region/county/small region socio-economic development will create emitter impacts in other settlements. These impacts require developments which will change functional connections amongst actors or their magnitude will induce development in affected topics and places.

(3) In the case of complex interventions impact evaluation is probable as a prospective, formulative, thematic (regional inequalities) one with aggregating (bottom up) approach which based on instruments with homogen impacts. Impacts summarised by experiences could verify using of significant instruments by territorial point of view

Evaluation will be done in macro level first with decision about investment-type instruments by their potential impacts to regional development inequalities. Spatial intervention categories will be described on micro-level by individual instruments' impacts where expected impacts can appear. Potential synergies will be identified in the course of synthesis by individual instruments' impact mechanism and by their spatial appearance, which marks possibly synergy impacts.

(4) The 2/3 of NDP II. sources can be seen as a source (cca. 4.500 billion Ft) which can influence (directly or indirectly) regional inequalities on macro-level. Allocated sources for different topics in the framework of NDP II. will increase sources significantly development sources of R&D&I, economic development, transport, environment and smaller HR development. For certain counties (Békés, Nógrád, Tolna, Szabolcs-Sz.-B., Zala) development sources (100-200 mrd Ft) will be twice as much as before by GMR-Hungary allocation NDP II. sources. This fact seems important, but slightly unreal taken into account allocation of NDP I. sources.

(5) This is obvious that the content (development instruments as projects) of Plan have crucial role in the reducing of regional inequalities. To consider correlation between development and investments it could be realised producers' investments as an important factor. Changes of regional inequalities can be waited from producers' investments a lot better than investments to building or other constructions. Mainly in the case of investments to industrial producers' projects have strong connection to development measured by GDP per capita in the same year, but in the case of one or two years earlier data series connections become stronger.

(6) Role of investments of capital goods to regional inequalities were estimated by linear regression. By these research the volume of investments of capital goods explains the changes of GDP per capita by county in certain periods (between 2000-2002 and 2004-06). Especially investments of capital goods in the period between 1999-2000 and 2003-05 explains substantively the regional inequalities. Allocation amongst counties of producing investments realised in these periods are the same – taken into not only account gross value-added in same year, but time-series one or two years before too. If these research results taken not into account role of Budapest and industrial investments, explanation of hypothesis more stronger than in the case of basic search. These results made clear that producing investments done by

public and private can modify substantively development inequalities across their spatial allocation.

(7) Regarding to the composition by quality of development sources, it was necessary to examine the individual impacts of any development instruments too. The most important instruments for economic development were tax preferences for MNCs and the system of Single Government Decisions. Impact of direct company developments were realised in developed regions mainly. Cluster cooperations amongst companies connected mainly regions where required highly developed company culture exist and number of companies with similar activity in the same sector have already reached this necessary development level.

Supporting company R&D activity promotes further development of traded companies operating in cities and spreading impacts are just in employment sphere will appear. Cooperational R&D centres (by the participation of company and university) and innovation-transfer centres are realised in the closely neighbourhood of university and these development can strengthen position of higher educational centres located in capital and countryside. Development of industrial parks and incubation facilities could be important role amongst domestic economic conditions. Developments of logistic centres are connected to specific (transport-)geographical places and supporting developments of highband infrastructure in regions lagging behind are important also.

(8) Regarding to interventions based on fascination as turistic developments and town renewal are compose specific group by their impact mechanism, are located in specific geographical places and promote development of these places only. Renewing touristic fascinations and these ability of receptions of guests serve competitiveness of already existing destinations and are realised spatially unequal ways. Town renewal will be realised in the centres of towns mainly for improving living quality.

(9) In the sphere of transport development quantitative research have been demonstrated (for a short period 2000-07) that in the 30 km width zone near the main roads the socio-economic development of settlements – taken into account more factors as population, unemployment, enterprises and income – are different compared to the settlements located farther on in „shadow zone”.

This fact can be an argument for new elements of road network with transversal directions, but these kind of development have minor role in NDP II. compared to the development sources will be spent for road renovation and maintenance.

(10) Sectoral interventions amongst the development projects of the Plan have added value by indirect interactions (synergy) too. To determine synergy with mathematical methods, it could be realised so-called transfer instruments which dominate in the Plan and synergy expected to realise amongst them. These are: industrial parks, common research centers (with universities), country highways with transversal directions, innovation-transfer centres and investments to R&D and logistic centre projects as common investment for more enterprises.

III. Conclusions

Investment-oriented development policy in Hungary 2007-13 mainly serves and subsidy developed regions', actors' and groups' interests. To fulfill its objectives of regional policy in Hungary, it needs to co-ordinate sectoral development policies. One of potential regional policy strategy could be an adaptation to important sectoral development investments with smaller-scope regional projects for eliminating side-effects and strengthen socio-economic impacts.

Changes induced by complex interventions not characterised only as results of changes coming from the Plans' interventions. It is important to identify circumstances which necessary to generate the expected impacts. These necessary, but sometimes missing circumstances have huge contribution to changes better than cause them. Taking them into account in the course of planning is crucial factor.

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