



Observatory PASCAL

Place Management, Social Capital and Learning Regions

PURE Regional Profile

SOUTH TRANSDANUBIA, HUNGARY

Appendix 1

Region:

South Transdanubia, Hungary

Principal PURE contact:

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Institutional base with full postal mailing address:

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Name of main collaborating region:

South Transdanubia

*Suggested members of your Regional Co-ordinating Group (RCG) (between 3 and 5 Persons):
Name, organisation and email:*

1. **Mr. Balázs Németh, University of Pécs (UP)**
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2. **Ms. Kata Dobay, UP**
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3. **Dr. Tamás Kocsis, DDRIU, South Transdanubian Regional Innovation Agency**
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4. **Mr. István Tarrósy, UP - Faculty of Business and Economics**
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5. **Rep. of Kaposvár University, (to be named by 15th Feb. 2009)**

Suggested Peer Reviewer from region:

Dr. Balázs Németh, UP, Regional LLL Research Center

'Identity' of Region (eg. governmental admin. region; special development zone; informal 'working reality' region, etc)

The South Transdanubian Region is a planning/statistical region or, in other words, a development region, comprising three counties (Baranya, Somogy and Tolna).

REGIONAL PORTRAIT

(Please list key issues of interest and relevance to PURE)

R+D based Innovation, cluster development, new industrial regeneration, sustainability, environmental protection, place-management, lifelong learning policy and practice, partnership building of HEIs, health and cultural industry, tourism, new tools of knowledge transfer through learning city – region.

(i) *Approx. population and any key features: (e.g. new migrant numbers)*

South Transdanubia is ranked among the less developed regions both by national and international standards. This is mainly due to its peripheral location, which makes its accessibility rather difficult; its geographical location near the national border (closeness to the West Balkan) has led to isolation throughout its history and has hindered its development. South Transdanubia, a region comprising three counties (Baranya, Somogy, Tolna) is situated in the southwestern part of the country. Its territory is 14,169 km² with 979,000 inhabitants.

(ii) *Other essential geographical features:*

Key websites for more information:

1. <http://www.deldunantul.com/index.php?id=2739>
2. <http://www.deldunantul.com/index.php?id=5224>
(Please find DDOP – “angol” hyperlink!) Pp. 9-11.

(iii) *Economy, industries and employment features:*

Similarly to other peripheral areas of Europe, South Transdanubia is characterized by poor economic performance and by a low level of foreign trade. Another significant feature is the concentration of the region's export activities in cities. The economy of the South Transdanubian region characterized primarily by domestic market-oriented production and East European exports, was unable even to maintain its low-level rate of export during the transformation into a market economy. Despite its structural crisis during the transition South Transdanubia is more industrialized than several peripheral regions of the EU where the proportion of active wage earners employed in the industrial (28.5%) and service sectors is smaller than in South Transdanubia.

Unlike Hungary as a whole (59%), South Transdanubia has GDP per capita at 43% of the EU-25 average (of the average of EU-15 this figure rose from 37.3% in 1996 to 39% by 2002). In 2003 the gross regional product (GRP) was 4.3 billion € in the region. South Transdanubia is still ahead of the three eastern regions of Hungary, nevertheless its level is 27% below the Hungarian average. The economic performance of the region, measured by the GDP per capita ratio, was 83.7% of the national average in 1994 which fell to 73 % by 2002. Unemployment stands at 7.9%, which is 2% higher than the national average.

South Transdanubia is not among the wealthiest regions in Hungary. The declining trend in GDP per capita places the region well below the country's average (in 1995: 82%, 2003: 72%). Unemployment rate was 7.9% for the region, which is higher than that of Hungary (5.9%) but lower than that of the EU-15. (8.2%) The long-term unemployment was also above the Hungarian average (105%).

South Transdanubian economy is dominated by above-average employment in low-tech sectors (118% of the Hungarian average). The regional economy lacks business services, especially in high-technology services in which employment has been largely declined recently to 55% of the national average.

The participation of companies, SMEs among them, in network and cluster initiatives is promising. At the same time, the private capital market is underdeveloped and shortage of capital is still serious obstacle of growth for local SMEs.

Policy issues

In Hungary the *RTDI policy-making* takes place at the national level. Following the EU recommendations statistical-planning regions were created but their main role is only to provide inputs and signal the needs of the region for the national government. The 2nd National Development Plan (NDP) – although contains separate regional Operative Programmes (OPs) (Please find more at: http://www.nfu.hu/regional_development_operational_programme) for the regions compared to the 1st NDP where only one such OP existed – seems to strengthen the centralised policy-making. However the advantage of this system is missed by the low level of coordination between the different ministries and other responsible governmental bodies. Such weakness of the present system can be observed in the relation of the economic development and the human resource development programs. (The 1st NDP's HR program seems not only to fail to achieve its objectives but the regional differences in unemployment further worsened).

An important problem is the lack of evaluation of programs/instruments which hinders the real judgment of the government's measures. Many programs were modified by a new government without thorough review. (This can be seen in the case of the Cooperative Research Centres programme that was terminated and launched as a new programme the Regional University Knowledge Centres, however the two research groupings are very similar.) In some cases the parallel existing programs (with similar aims) create additional problems. Because of the sometimes too broad or too general aims of the programs there are a number of overlaps between them thus the efforts become too fragmented and fail to achieve major impact on the economy.

Since the economic transition the RTDI programs only reserved a certain level of scientific research in the public sector but it failed to create any positive impact on the private sector activities. Those programs launched by incorporating the needs of the regions (in the 'Baross Gábor' framework, DD_KKV, DD_RIR) clearly shows the region's intention to develop and strengthen new knowledge-intensive industries (like health, environment) but the results will come only in the next few years.

Key websites for more information:

1. <http://www.nkth.gov.hu/english/d-in-hungary/regional-dimensions-of-080519/>
2. <http://www.deldunantul.com/index.php?id=1590>
3. http://www.innovating-regions.org/download/South_Transdanubia.pdf
4. http://www.innovating-regions.org/download/RIS_South_Transdanubia_Final1.pdf



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5. http://www.nfu.hu/the_new_hungary_development_plan
6. <http://www.deldunantul.com/index.php?id=5224>
7. <http://www.dti.rkk.hu/indexeng.html>
8. *OECD Reviews of Innovation Policy*
9. OECD Reviews of Innovation Policy: Hungary 2008
10. OECD Publishing

Publication date: 22 Oct 2008

Language: English

Pages: 228

ISBN: 9789264054042

OECD Code: 922008111P1

KEY ISSUES AND CHALLENGES CONFRONTING THE REGION

(i) Economic issues:

1. Extremely low employment rate (well under 50%), high rate of silver-aged population and inactive population.
2. Steadily increasing unemployment, lack of qualified working places, extremely low industrial production, practically no FDI since 2003.
3. Lack of production and service companies, basis of economic output is public administration and communal services including health and education.

Key websites for more information:

1. <http://www.deldunantul.com/index.php?id=138>
2. http://www.pecspolus.hu/files/file/Pecs_borderless_city_2007.pdf
3. <http://www.deldunantul.com/index.php?id=5224>

Please find DDOP –“angol” hyperlink! Pp. 11-19; 20-21.

(ii) Social issues including health:

1. Underdeveloped traffic and transport infrastructure and geographically defined settlement structure cuts large part of the region’s population from modern health services.
2. Large rate of Roma people (esp. in rural areas) are completely dependent on social benefits and various aids.

Key websites for more information:

1. <http://www.deldunantul.com/index.php?id=140>
2. <http://www.deldunantul.com/index.php?id=5224>
Please find DDOP –“angol” hyperlink! Pp. 28-30.
3. <http://www.deldunantul.com/index.php?id=5224>

Please find DDOP –“angol” hyperlink! Pp. 19-20; 23-24.

(iii) Environmental issues:

1. Improving environmental conditions: all polluting industries closed (mining, heavy industry, chemical industry) due to the economic transformation of the early 1990’s.

2. Improving communal services (sewage-system developments, communal waste management and cluster development).

Key websites for more information:

1. <http://www.deldunantul.com/index.php?id=5224>
Please find DDOP –“angol” hyperlink! Pp. 30-32.

(iv) Cultural issues:

1. Pécs 2010 – European Capital of Culture: quality development of infrastructure and cultural services.
2. Downgrading existing (old) cultural infrastructure and institutions (split between newly built for 2010 and existing).
3. Decreasing cultural budget of Pecs.

Key websites for more information:

1. <http://www.deldunantul.com/index.php?id=186>
2. http://www.pecspolus.hu/files/file/Pecs_borderless_city_2007.pdf
3. <http://www.deldunantul.com/index.php?id=5224>

Please find DDOP –“angol” hyperlink! Pp. 24-27; 27-28.

(v) Other issues or dimensions:
(e.g. political & administrative, civic and participation)

1. Tourism-development.
2. Development of the learning city-region, e-governance.
3. Having to strengthen the third mission of universities in relation to raising civic issues engagement and awareness and to learning in new community forms; partnership-building.

Key websites for more information:

1. <http://www.deldunantul.com/index.php?id=1677>
2. <http://www.lilara.com>
3. <http://www.socsci.kun.nl/re-etgace>

UNIVERSITY AND OTHER HIGHER EDUCATION INSTITUTIONS (HEIs) PORTRAIT

(Please describe in a few words the HE system operating in the region, in terms of any important matters, the following):

(i) Structure, legal and financial status of HE system

The HEIs of the Region of South Transdanubia are part of the integrated national system (integration, i.e. the merger of former institutions took place in 2000). Pécs and Kaposvár have state-funded comprehensive universities with various faculties/schools of different disciplines. The University of Pécs is a regional university as it has faculties/affiliated units in different settlements such as Szekszárd, Zalaegerszeg, Nagykanizsa.

More on Hungarian system of education education:

http://www.okm.gov.hu/letolt/english/education_in_hungary_080805.pdf

More on Hungarian higher education:

<http://www.okm.gov.hu/main.php?folderID=2132&articleID=231261&ctag=articlelist&iid=1>
<http://www.cfp.upv.es/webs/equipeplus/index/national.jsp#HU>

(ii) *Main priorities for the HEIs in the region*

Research – development and innovation; Education and training; Engagement in local and regional issues of culture, society, arts, sport and tourism. Also, higher education institutions are engaged in the development of citizenship and governance within democratic rules and values respecting civic and minority rights and values.

The missions of the two universities reflect their main priorities:

For Kaposvár University it is agricultural innovation, innovative research in animal cytology, genetics, and food chemistry. Also, another priority is the quality development of the six faculty's education and training, research and development.

For the University of Pécs, by being the knowledge-basis of the region, the mission is to develop the innovation oriented knowledge-based economy, to create environment being capable of transferring optimal knowledge for local knowledge-bases and innovative enterprises, and, to promote innovative initiatives.

Apart from education, training and research, social responsibility is another priority!

Please find more and good examples about Pécs and others at:

- TARRÓSY, István – TÓTH, József: The Co-operation between Science and Economy.
- The Place and Role of Universities. In: Roskogler, Gerald (ed). Kooperation zwischen Wissenschaft und Wirtschaft in Mittel- und Osteuropa. *Der Donauraum*. Vienna: Boehlau. Vol. 4. pp. 62-72.

(iii) *Relevant recent changes and developments in policy and/or practice*

Bologna-process having been introduced as a new system for HEIs to determine quality development of education, research and local/regional partnership building!

According to the new Act on HEIs of 2005, IDPs (Institutional Development Plans) are to be formulated and implemented to reflect management of HEIs with a more market-oriented and demand driven system referring to education/training, RDI and the third mission development!

More research and innovation orientation, programme-based planning and exchange in education, learning, institutional management, together with local and regional partnership building, and national, international networking.

HE in Hungary, and in the region, would need reorganisation again. In terms of the Bologna Reform, surely, there are changes to have been implemented, which, for instance, will mean stronger and more extensive co-operation between universities and their regions, institutions and actors of the private sector. One example in Pécs is how the Faculty of Business and

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Economics have been developing its network and partnership. This could be presented in the form of a case study/best practice within the project.

Another impact of globalisation has been the internationalisation of higher education! Also, the European accession and integration have been a key influence in making Hungarian HEI in the region rather more partnership and stakeholder focused!

General overview:

Until the mid-1990s South Transdanubia had the poorest R&D capacities in Hungary (in 1995 only 3.5% of all R&D employees worked in the region and not more than 1.5% of the total expenditure was realized here). This setback in R&D activities was an outcome of the disintegration of those large enterprises and research institutes engaged in R&D. The South Transdanubian region has the largest provincial university centre (Pécs) in Hungary in terms of the number of students (34,000), and the two universities have significant research capacities in certain fields. Kaposvár has 4049 enrolled students. The HEI sector plays a dominant role in R&D performance as it accounts for 78% of total RTD expenditures. Despite these endowments RTD creation of the business sector in South Transdanubia is limited (3.4 M € BERD in 2003). Outputs of R&D and the uneven disciplinary structure of higher education are not very advantageous from all points of view of innovation. South Transdanubia's regional GERD was 22 M Euro in 2004, which is only 3.2% of Hungary's total.

Based upon key indicators (measured as the percentage of the national average) the following picture of the regional knowledge base of South Transdanubia can be drawn. *The region has large public RTD infrastructure mainly based on the 2 universities absorbing more than 2/3rd of regional GERD.* Among them the University of Pécs has a dominant position. It hosts 87% of total enrolled students and 84% of the total research staff of the HEIs. Contrary to the public RTD sector, the visibility and the performance of the business sector is very low even in comparison with the national average. The outputs of the RTD sector in the region due to the uneven disciplinary structure of HEIs (lower standard of engineering, informatics and science) are not very advantageous from all points of view of innovation, clearly marked by lower patenting activity in the region.

The orientation of the knowledge creation activity of the region in a large extent is based on the scientific profile of its universities. The University of Pécs has great RTD potentials in biotechnology, laser physics, and environmental science while the University of Kaposvár is an excellent place for innovative research in agriculture, animal cytology and genetics, food chemistry. The University of Pécs has a particularly good reputation in life science. Medical diagnostics, pharmacology, locomotor disorder, biotech, medical application of laser technology and bioinformatics are carried out. Research base for environmental and energy efficiency researches (fuel cells) is also strengthening. There are opportunities of cooperation between the two universities in the fields of life sciences and health industry (healthy food research).

Contrary to this positive trend, share of engineering in total RTD personnel especially in the fields necessary for technology change (micro-electronics, informatics, automation), dropped from 8.9% to 6.9% during even a short period of 2002–2004. There is a similar decline in the proportion of the researchers in natural sciences and also in agrarian science.

Opposite to the HEI sector, *the limited RTD activity of the business sector is the main characteristic of the regional RTD performance, accounting only for 17% in relation to Hungary's average as a percentage of GDP. This figure is proved to be lower than the RTD expenditure of governmental RTDI sector (23%).*



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(iv) *Ways of organising and managing within the HEIs*

The two universities in the region have their faculties and research institutes to represent major academic disciplines and, according to the Bologna-structured educational break-down, they have their BA, MA and PhD level programmes. HEIs are managed by their senates and a supported by a social senate too with a rather monitoring and advisory role at each universities according to law, based upon institutional IDPs.

Further information on quality development of HEI management according to law:

<http://ww.cfp.upv.es/webs/equipeplus/index/national.jsp#HU>

HEIs in REGION

- | | | |
|------------------------|----------|---|
| 1. Kaposvár University | Kaposvár | www.u-kaposvar.hu |
| 2. University of Pécs | Pécs | Kata Dobay
dobayk@rektori.pte.hu
www.pte.hu

Balázs Németh
nemethb@feek.pte.hu

István Tarrósy
tarrosy@ktk.pte.hu |

PURE Regional Profile

SOUTH TRANSDANUBIA, HUNGARY

Appendix 2

Regional Aspirations and Agenda

1. *What aspects of regional development and the role of higher education in particular do you wish to engage with, focus on and improve, through your involvement in PURE?*

- (a) *From the point of view of the region and its priorities, objectives and ways of working?*

R+D+I (DDRIÜ - South Transdanubian Regional Innovation Agency – www.ddriu.hu)

The Regional Development Council declared the aim of innovation-oriented, knowledge intensive business development in South Transdanubia. Besides providing well-educated, well-trained professionals for the business and other organisations of the region, the expected role of a university is acting as a so-called knowledge base. That means strong business and institutional partnership in the fields of R+D+I (research and development and innovation) or other services like advisory. As the model of “triple helix” defines, academy, government and industry work in innovation chains hand in hand.

Finally, universities also have important responsibility in organising the region, promote regional identity and strengthen cohesion. (Kata Dobay, UP).

I wish to engage with learning city-region development of Pécs and to focus on the role and involvement of local and regional stakeholders, like city councils, chambers of commerce, etc. (Balázs Németh, UP).

- (b) *From the point of view of the higher education institutions and their priorities, objectives and ways of working?*

Recently even the traditional, large universities of Hungary have fallen into the trap of the mass-education progress, and - evidently - have removed their capacities towards more educational services. In between, traditional research has been withdrawn, not to mention industrial applied research activities. Nowadays, as the volume of students is decreasing, universities realize again the importance of innovative research and partnership of regional actors, as a way out of their possible financial crisis. (Kata Dobay, UP).

The two universities in the South Transdanubian Region have impact on the economy of the region through their R+D+I activities. (knowledge transfer, spin-off businesses, science building program) (DDRIÜ).

I think HEIs have a strong impact on networking and developing in a region, therefore, regional partnership building and consultation models ought to be investigated. (Balázs Németh, UP)

2. *In terms of the wider global, political, administrative, economic and environmental setting it was agreed at the PURE Glasgow working meeting (September 2008) that the following aspects (included in Briefing Paper No. 3) were of wide general significance for the PURE project as a whole:*

(a) *What role are strong national and/or regional policies in favour of third mission playing to overcome barriers for PURE work in regions?*

The national policies have influence on the regional programs. The universities also take part in working up the regional programs. The regional policy makers take in to consideration the interest of the two universities on their behalf. (DDRIÜ)

I do believe that a national policy/strategy on regional development can and will influence the third mission: they can incorporate HEIs wishing to come up with relevant initiatives or break down such ideas and concrete steps! However, sustainability plays a key role in such issues. (Balázs Németh, UP).

(b) *Will strong national and regional policies in favour of sustainable development have an impact on PURE activity on environmental issues?*

**The well-based environmental industry cluster has an impact regional level. (DDRIÜ)
According to the remains of the former mine-industry (coal and uranium), South Transdanubian Region is full of environmental damages. Duna-Drava National Park covers the significant part of the Region. Policies concentrate to solve environmental problems and using the possibilities meanwhile protecting the admirable values of the areas of the National Park.**

A huge ISPA project is going on completing water supply and sewage system in Pécs, the capitol of the Region. Also ISPA supports to develop waste collection and salvage. (Kata Dobay, UP)

Yes. Communal waste and sewage treatment and renewable energy is one of the industrial sectors that are functioning well in the region. They provide the only basis for inherent development (lack of FDI). (Péter Merza, Pécs 2010).

(c) *Will strong policies on implementing LLL at national and/or regional levels have an impact on PURE activities? (LLL = life long learning?)?*

Stakeholders, according to LLL policies, follow and monitor current human resources needs, and qualifications of adults can help to supply it, both at regional and at local levels with their impacts (DDRIU).

Yes. Regional HEIs, especially the University of Pécs, are successful institutions offering LLL for all ages with national and increasing international role. (Péter Merza, Pécs 2010).

Yes, indeed! National policies / strategies will influence activities PUR is investigating! It is worth knowing in what ways LLL strategies influence and support those activities! (Balázs Németh, UP). Please find more on Hungarian LLL strategy at:

http://www.okm.gov.hu/doc/upload/200604/angol_strategia.pdf

- (d) *Will strong national and/or regional innovation and research policies have an impact on PURE activities?*

The objective is to have an impact on economic development and competitiveness. The regional R+D Strategy harmonizes with the national strategy and regional institutions take a part in this. (DDRIÜ)

<http://www.nkth.gov.hu/english/strategy-for-science/science-technology>
http://www.innovating-regions.org/download/RIS_South_Transdanubia_-_Final1.pdf

- (e) *Will strong and/or regional policy on administrative and governance issues have an impact on PURE activities?*

Universities of the region have interregional relationships and participate in international projects. (DDRIÜ).

Yes! Its an extremely important and interesting topic to be elaborated! (Péter Merza, Pécs 2010).

- (f) *How is the third mission seen and developed, and how central is it to the future especially of non-elite universities?*

Both the University of Pécs and the University of Kaposvár have strong co-operation with the institutions of the region. It is very important for the universities to harmonise with and recognise this third mission. (DDRIÜ).

Parallel to the universities economic, social role: increasing and continuously upgrading. As a result of globalization this is the only way for Hungary! (Péter Merza, Pécs 2010).

I think non-elite universities do not necessarily recognise the impact of the third-mission on their activities! (Balázs Németh, UP).

- (g) *Is the globalisation of the economy changing regions' ecological, social and cultural policies? If so, how will it impact on PURE activities in the region and the university?*

The South Transdanubian Region can't avoid the effects of the globalisation. For example. at the University of Pécs, there are more than 1700 international students studying. This has an impact on education, and qualifications must follow the needs of the market.

The University of Kaposvár has large international experiments, for example, in New Zealand and their LLLP is also rich! (DDRIÜ).

Yes. The University of Pécs is a decisive (perhaps the most decisive) actor in changing the region's economic, social and cultural conditions and policies, but this issue must be discussed! (Péter Merza, Pécs 2010).

Today, globalization does not only hit regions' ecological, social and cultural policies, but also indicate a constraint of a global thinking and a local engagement at the same time and has a strong impact on HEIs of the 21st century to get engaged with their local and regional duties and tasks while participating an international system of dialogue and partnership too! (Balázs Németh, UP).



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3. *At this stage, do you have a clear sense which subject(s) of special interest you would like to concentrate on in a PURE regions sub-group; for example – ecotourism, SME development, mega-events like the Olympics, cultural development and creative arts, etc?*

Pécs 2010 European Capital of Culture (DDRIÜ).

We would be interested in the following sub-group specialism(s):

- **Cultural and creative arts (DDRIÜ)**
- **Regions and their HEIs learning cities and regions! (Balázs Németh, UP)**