



Regional Development

Contents

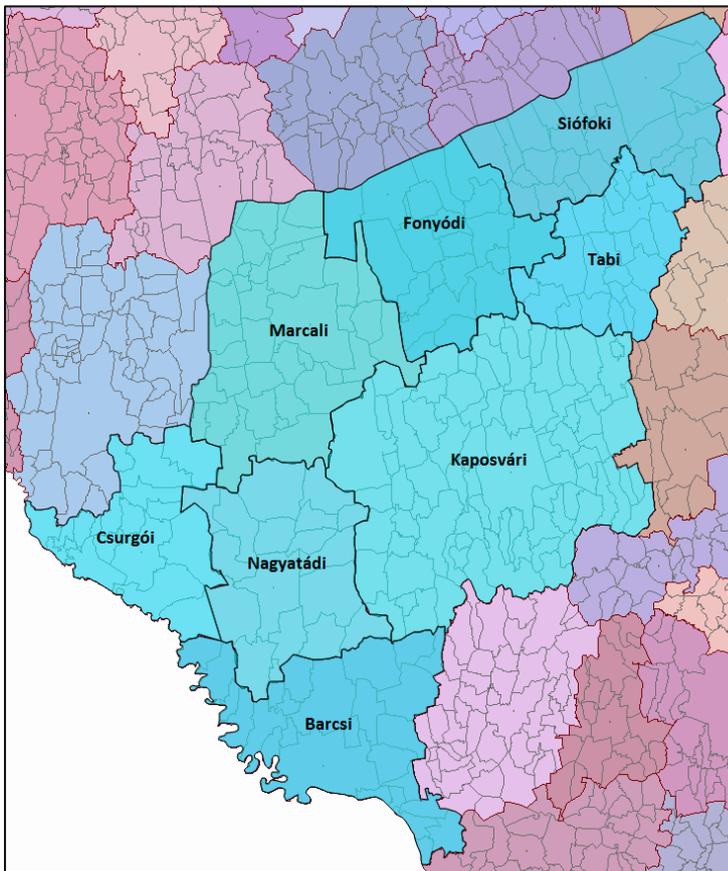
Situation Analysis	2
Local Infrastructure, Urban Development	2
Hierarchy of Settlements.....	3
Public Services	5
Local Economic Development	6
Economic Development, Economic Sectors.....	6
Characteristics of Entrepreneurship.....	8
Local Economic Characteristics	9
Business Infrastructure	13
Stakeholder Analysis	14
National and Local Actors Interested in Regional Development.....	14
Government Office for Somogy County	14
Széchenyi Program Office	15
South Transdanubian Regional Development Agency	15
Chamber of Industry and Commerce of Somogy	15
Zselic Non-profit Association for Rural Development	15
Districts and local self-governments	15
Organizations of Kaposvár	15
KAPOS Holding Ltd.	15
Urban Development of Kaposvár Non-profit Ltd.....	15
SWOT Analysis	16
Identification of key challenges.....	16
Cross-sectoral Linkages	17
Environmental Protection and Water Management.....	17
Agriculture	17
Transport.....	18
Energy	18
Tourism	18
List of Publications Used:	18

Situation Analysis

Somogy County is situated in the southwest of Hungary, south of Lake Balaton. It is part of the South Transdanubian Region, bordered by the counties of Zala, Fejér, Tolna, Baranya and Veszprém and by Virovitičko-podravska and Koprivničko-križevačka counties from Croatia. It's area is 6036 km² which is approximately 6.5% of the territory of Hungary, with a population of 318 thousand inhabitants (2013) which is approximately 3.2% of Hungary's population.

Local Infrastructure, Urban Development

The county capital is Kaposvár with a population of 65 thousand people and there are 15 cities (Siófok, Marcali, Barcs, Nagyatád, Balatonboglár, Csurgó, Balatonlelle, Fonyód, Tab, Nagybjom, Lengyeltóti, Kadarkút, Zamárdi, Balatonföldvár, Igal).



1. figure Map of the Somogy districts (TEIR, 2013)

Earlier the county was divided into 11 sub-regions and since the administrative reorganization in 2013 it consists of 8 district (Fonyódi micro-region and Lengyeltóti micro-region have been merged into Fonyódi district; Siófok micro-region and Balatonföldvári micro-region have been merged into Siófoki district, Kaposvár micro-region and Kadarkúti micro-region have been merged into Kaposvári district; also, Somogyfajsz form Marcali district has been transferred to Kaposvár district).

Looking at the internal structure of the county from the economic point of view, three distinctive areas with outstanding level of economic development can be highlighted:

The Area Around Lake Balaton

The garland of settlements around Lake Balaton from Siófok to Marcali is characterised by a well-developed transport infrastructure (M7, rail) and with an economy mainly based on tourism; in major cities manufacturing industry has a long tradition as well. This region has close relationship with the lakeside settlements situated in Zala and Veszprém counties.

Kaposvár Region

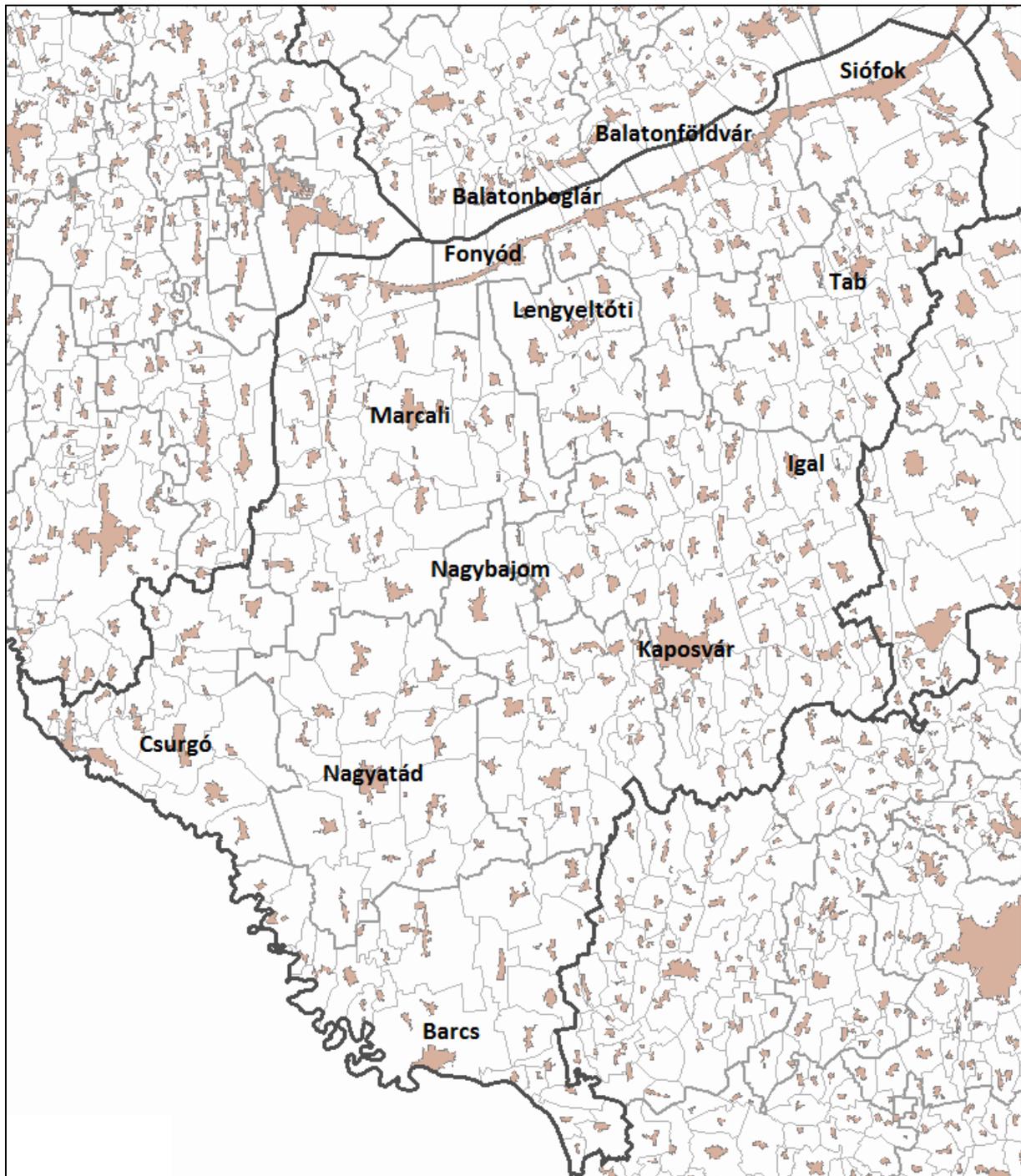
This region includes Kaposvár and surrounding communities, characterised by developed service sector but processing industry capacities are also present. The area of Dombóvár in Tolna County – with the basis of the settlements along road No. 61 - is closely connected to Kaposvár region. The connection between Kaposvár and Dombóvár could be further strengthened with the construction of the planned M9 motorway.

Southern Area of Somogy

The southern part of the county is in the worst position (Inner Somogy, settlements along Dráva), but in small settlements away from the towns and the main transport routes (Outer Somogy) negative trends can be observed. This area of the county can be characterised by relatively low population density, and high rate of unemployment; the level of income and the qualification of labour force are significantly below the county average.

Hierarchy of Settlements

Excluding the agglomeration zone besides Lake Balaton, Somogy County is strongly a rural region and town-deficient in a functional sense. The county has 245 settlements, of which 16 are towns. Nine out of the 16 towns are located in the Lake Balaton Priority Resort Area which shows the unbalanced territorial development. The resort area occupies only 30% of the county involving 69 settlements. Kaposvár is the only medium-sized town where 21% of the county's population lives. 15 towns are small towns, of which only Siófok has a population above 20 thousand. The population of Nagyatád, Marcali and Barcs is over 10 thousand and there are 9 towns with a population of less than 5000 people. 52.4% of the county population lives in towns. Besides the above towns, 2 medium-sized large villages, 48 villages with the population above 1000 inhabitants, and numerous small, very small and tiny villages with less than 1000 inhabitants made up of the county.



2. ábra Settlement structure of Somogy (TEIR, 2013)

Some settlements are short of connections to the cities (e.g. Tab–Lengyeltóti–Marcali, Kaposvár–Marcali); there are settlements to be reached by side-road only (e.g. Csurgó, Tab, Lengyeltóti). Deficiencies in the road transport network are mostly due to the geographical characteristics of the region but unfortunately are to blame for the decrease in the functions of settlements. Connections between cities and settlements found in their surroundings are poor. It happens quite often to take a by-pass to reach the neighbouring settlement (e.g. Karád–Somogygyegek etc.).

Almost one-third of the communities are dead-end settlements which can be perceived differently as a position of a settlement with a short access road to a road creating good relations might be beneficial due to the exemption of transit traffic. Having a long access road connecting to a side-road that ensures poor relations might lead to a disadvantaged situation (the most of the dead-end villages located around Tab, in the Zselic and the north of Kaposvár).

The transport situation of the county is exacerbated by the fact that the major part of the existing road network – regarding its structure, capacity, general condition – does not meet the demand expected

The structure of small villages in Somogy county is about to change. Further decline of the population will lead to significant change some decades later in the spatial structure and more than 100 villages will be extinct. A tool for the retention of population in the villages could be the task- and responsibility-shared equal co-operation of the small and tiny villages on the basis of a reasonable transport system or the local public transport within the group of settlements.

Public Services

Water Supply

In respect of the water quality, it is enough to examine the county capital's water supply system; Kaposvár can ensure its water supply from its own water basin. Running water supply is available almost everywhere in the county (the percentage of households with tap water is higher than the country average, and it shows a continuous improvement. In 2009 this rate exceeded 96%; the country average is just under 95%).

Sewage System, Sewage Treatment

Because of the specificity of settlement patterns of Somogy, the small village areas have no sewage handling. Areas with sewerage system can be found on the Balaton holiday zone, riverside of Drava and on the urban territories.

By the KSH data, it can be seen, that from the 244 settlements of the county, just 93 have a modern drainage system and sewage treatment. The proportion of households with drainage is the highest in the subregion of Fonyód (75,93%), Barcs, Kaposvár and Siófok, the lowest rate can be found in Kadarkút subregion (0%) and Tab subregion (22,25%).

The quantity of treated wastewater has been growing since 2004 as well. KSH series show that the whole treated wastewater of the county is treated biologically or in sewage works with three-level cleaning process.

Where the sewerage is missing, wastewater is collected in cesspits and by sniffing trucks. Then this wastewater is made harmless in a sewage works, which are able to provide exhaustion possibilities to trucks.

Waste Management

The quantity of created and transported solid municipal waste had been growing until 2008, and then it started to radically reduce. In the one hand the reason of the reduction is the spread of green thinking; in the other hand, the prices of the transportation have been raised

a lot. Consequently the number of illegal landfills is probably continuously rising. But this hypothesis cannot be proved in the KSH statistics.

The proportion of selectively collected waste is really low from the whole transported communal waste (in 2011 it was just 0,71%). It means that reuse and recycling have a high unexploited potential, which can be utilised in the long run if the market conditions are appropriate.

Power Supply

Read more about the power of supply in the "Energy" study.

Local Economic Development

Economic Development, Economic Sectors

The GDP per capita in Somogy County is the one-fourth of the EU average and half of the Hungarian average. Gross added value of Somogy to the total production of the country is only 2%, while 3.2% of the population lives in this county. The low standard of living is evidenced by the fact that the average incomes in Somogy County equal only to the quarter of the Hungarian average incomes.

	Economic sector	Total Persons	Total 100 = last year's same period
A	Agriculture	3 522	96,4
B	Mining	6	40,0
C	Processing industry	19 436	93,0
D	Energy, water management	99	86,8
B+C+D	Industry without energy and water management	19 541	92,9
E	Water and waste water management, waste management	2 452	103,8
B+C+D+E	Industry	21 993	94,0
F	Construction	3 117	85,5
G	Commerical vehicle servicing	5 361	98,6
H	Transportition and warehousing	2 624	102,0
I	Accomodations	2 138	92,9
J	IT	167	88,8
K	Finances and insurance	256	78,8
L	Property management	413	123,7

M	Profession research	745	140,0
N	Administration	1 935	110,6
O	Public administration and defence	5 814	101,0
P	Education	7 650	97,0
Q	Social and health care	11 372	111,0
R	Arts and entertainment	862	84,5
S	Other services	237	47,2
A-S	Total	68 205	98,1
	From this:		
	private sector	42 011	95,4
	public sector	24 956	105,4

1. table Number of employed people per economic sectors (HCSO, 2013)

Agriculture plays a greater role regarding employment and GDP generation in the region than the national average. The only remaining sugar refinery of the country is located in the county, which has an impact on sugar beet cultivation and growing; also, significant processing capacity can be found in milk and meat processing/manufacturing areas.

Besides food industry, **timber industry** is the other a major capacity in the county. 2.2% of the country's industrial production was generated in Somogy County, and it was the highest value amongst the counties in the region. The value of industrial production per capita was 1.37 million HUF (the national average is 2.39) which takes Somogy to the top of the last tierce among the other counties.

Name	Baranya	Somogy	Tolna	Southern Transdanubia	National
	county				
Production volume index	99,2	95,0	107,9	100,1	101,4
Production value per citizen, thousand HUF	840,7	1 378,9	1 591,8	1 212,3	2 391,2

2. table Comparative date - industry (county – region – national) (HCSO, 2013)

The value of industrial production has significantly increased since 2009; unfortunately, data for year 2013 shows a nearly 10% drop compared to the same period last year. Employment in the industry sector decreased by 9%; from 18.000 to 16.496 employees from 2012 to 2013. The largest percentage of decrease in the employment was sustained in the **wood processing industry**; however the number of employees increased by 15% in the **metal industry**. Regarding employment, **food industry** and the **production of electric equipment** have the biggest weight among the industrial sectors. Other major employers are the companies producing computer, electronic and optical products, metal basis and metal

products, textiles, clothing, leather and leather products, paper products and wood processing, printing.

Period	Production	Internal	Export	Total	Employed persons	Production per employee, thousand HUF
		sale				
million HUF						
Without industry, water and waste management						
2012.	542 978	69 914	472 771	542 685	18 103	29 993
2013.	479 304	65 999	413 265	479 264	16 496	29 056
100 = same period, previous year						
2013.	90,6	93,2	90,3	90,7	91,1	99,5

3. table Production of the local industry of Somogy (HCSO)

In the economy of Somogy county **tourism** plays an important role, and it mainly concentrates on the settlements near the shore of the **Lake Balaton Priority Resort Area**. Lake Balaton is the number one destination of the county and the second largest major tourist destination in Hungary; and it is also a leading tourist destination of the South Transdanubian region as well. The main attraction of the area is the existence of the natural waterfront, which gives an ideal opportunity for the classic waterfront recreation; but one can find a large number of service providers of active recreational opportunities (sailing, cycling, fishing, horse riding, etc.). In addition, In Somogy prominent attractions are the **natural environment, thermal and mineral water**.

Characteristics of Entrepreneurship

At the end of 2013 the number of registered enterprises in Somogy County was 56.204 (3.33% of the number of enterprises in Hungary). The number of registered enterprises per 1000 inhabitants in Somogy was 178, which makes it the 1st among the counties in the region, whereas, in Baranya 153, in the lowest ranked Tolna it is 151, with the national average being 171. It demonstrates that entrepreneurial activity in Somogy is rather strong.

Title	Baranya	Somogy	Tolna	Southern Transdanubia	National
Registered enterprises					
Registered enterprises	57 397	56 204	34 462	148 063	1 688 169
Index of registered enterprises	100,0	101,5	100,4	100,6	101,3
Enterprises per 1000 inhabitants	153	178	151	161	171

4. table Comparative data on the enterprises (county – region – national) (HCSO, 2013)

There are considerable inequalities within the county regarding the number of registered enterprises per 1000 inhabitants and also in the share of economic sectors. Most of the

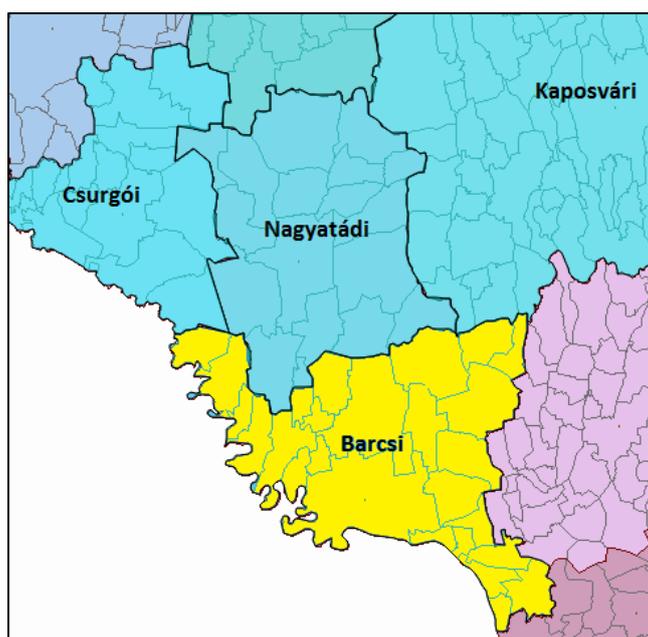
enterprises are in the micro regions alongside Lake Balaton (Fonyódi 289, Balatonföldvári 232, Siófoki 191, Marcali 170) where the service sector – especially tourism-based accommodation and catering services – has the greatest proportion (70-80%, while in Marcali, which has peripheral role in the tourism of Lake Balaton only 50%). The Csurgó micro region – unlike the other most underdeveloped micro region – has significant number of enterprises (it is ranked 3rd among the micro regions of Somogy), so entrepreneurship is surprisingly high. It has the most enterprises with agricultural profiles, with a share of 71% of all enterprises in Csurgó. Kaposvári micro region regarding the number of registered enterprises per 1000 inhabitants is in the mid-range, with a high (69%) proportion of services. The less developed micro regions have the less registered enterprises per 1000 inhabitants; hence the two indicators – level of economic development and number of enterprises – have a strong correlation to each other.

Local Economic Characteristics

Local economic characteristics are shown below separately for each district:

Barcsi district

Regarding the sectoral distribution of the businesses operating in the Barcsi district, the role of **agriculture** and **trade** is significantly higher than the county rate, but the **manufacturing industry** also represents a major weight. In contrast, there is less emphasis on the service sector in this district, with the exception of financial and insurance activities.



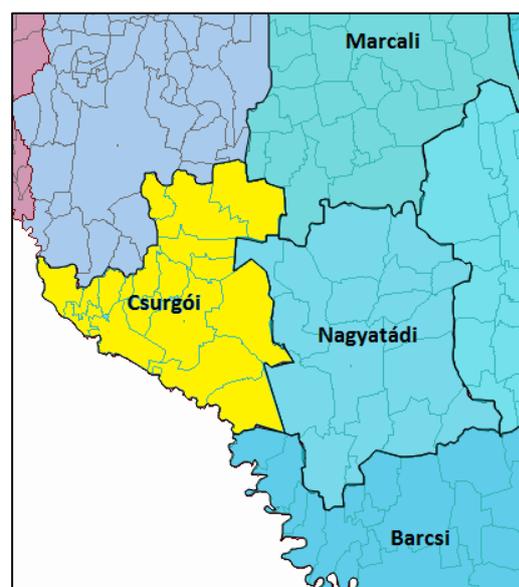
Barcsi district has the worst labour market opportunities in Somogy County. The average number of job seekers is around 2700 people, but the first quarter of 2013 it exceeded 3500 people, which number has been decreased below 2400 in the 3rd quarter. The unemployment rate is nearly twice as the national rate and the highest in the county. Between 2007 and 2013 there was no observation of a decreasing trend in the level of unemployment.

At the same time, **tourism development projects** appear as significant possibilities among the development opportunities, especially complex developments related to the Drava River. This is justified because “Gate of the Drava River” (Dráva Kapuja)

and “Ancient Drava” projects (Ős-Dráva) still have numerous untapped potential in terms of nature tourism even on country-level.

Csurgói district

Regarding the sectoral distribution of the businesses operating in the Csurgói district **agriculture** represents an outstanding proportion (close to 20%, while the nationwide average is around 5%). In contrast, the service sectors are



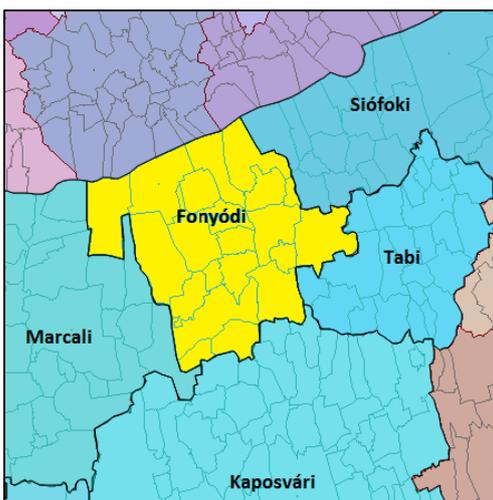
less emphasized in this district. The Csurgói district is one of the most disadvantaged districts.

Csurgói district has unfavourable labour market opportunities in Somogy County. The number of job seekers at the time of this analysis was on average around 1900 people, but in the first quarter of 2013 it was close to 2500, which for the 3rd quarter of the year have been reduced under 1700 people. The rate of unemployment is nearly twice as the national rate, the second highest in the county. Between 2007 and 2013 there was no decreasing trend observed regarding the high level of unemployment, but even a slight increase have been developed over the past seven years.

One of the seven **industrial parks** of the county is located in Csurgó; there is a well-founded need for the development of this industrial park and for a foundation of an agricultural-type manufacturing and logistics centre.

Fonyódi district

Compared to the other districts in the county, Fonyódi district has an outstanding natural potential for strengthening the **tourism potential** of the district due to the proximity of Lake Balaton and consequently due to the geographical concentration of tourism (next to Siófoki district).



In addition, the **manufacturing industry** on the basis of the agricultural production also represents a significant weight in the region. Other industry in the region has never been important; due to the proximity of Lake Balaton industrial activity was limited. Based on the capabilities of the district, **agricultural production** is still going on, but this is not primarily in large-scale framework. Typical activities are **grape and fruit production**, which has traditions in the region and form the basis of the local **wine production**. Grape growers and wine producers with nationwide reputation can be found in the district.

As to agriculture, it should be noted that there are significant **forest areas** belonging to the background settlements of the district, which are mostly private property. In addition to the agricultural use of forests they also represent lots of opportunities to attract tourism (forest parks, picnic and hiking areas, hunting).

Kaposvári district

Kaposvári district is the largest of the districts: 120.634 people live here in 78 settlements (2010); its territory is the quarter of the county, and the population makes up the third of the population of the county.

The **entrepreneurial and business environment of the district can be characterized by diversity**. In practice, almost every sector of the national economic sectors can be found. The problem is, however, the **ambiguous state of infrastructure**. As a benchmark: the relatively mature and developed infrastructure of Kaposvár and its close surroundings and the underdeveloped infrastructure and environment of Kadarkút. An essential problem is that road network for the accessibility of the district is missing. The railway has been regressed

and other infrastructural investments and logistics systems that stimulate business evolve slowly. The cessation of large-scale farms, the decline of manufacturing, the decrease of labour-intensive crop and livestock production and in parallel the release of large numbers of unskilled or low-skilled labour imply increased employment problem.

Two of the seven **industrial parks** of the county are located in Kaposvár.

The district is rich in natural and built heritage and it preserved its traditions; presenting them through the **development of tourist attractions and services** could play a role not only in the demonstration of the district but the development of local employment and economy.

Marcali district

Although not a big one, Marcali district can be divided into three parts with different needs and characteristics: 1. town of Marcali and the centre of the district, 2. lake shore settlements, 3. small villages located the south of Lake Balaton.

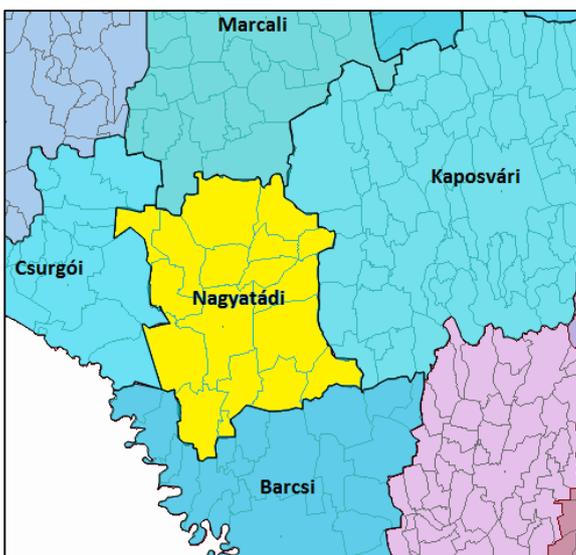
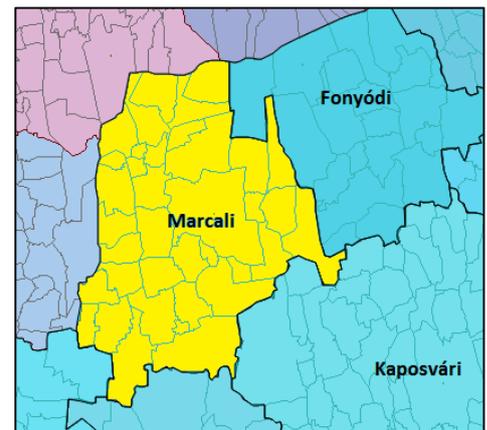
The district, as well as the entire county is characterized by a decline of population, worn out villages and high rates of unemployment. The entrepreneurial and business environment of the district can be characterized by diversity.

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systems that stimulate business evolve slowly. The cessation of large-scale farms, the decline of manufacturing, the decrease of labour-intensive crop and livestock production and in parallel the release of large numbers of unskilled or low-skilled labour imply increased employment problem.

The district is rich in natural and built heritage and it preserved its traditions, the shore of Lake Balaton is one of the most visited touristic destinations of the country; presenting these through the **development of tourist attractions and services** could play a role not only in the demonstration of the district but the development of local employment and economy.

The **development of Marcali Industrial Park** is an important task, which includes the development of the missing infrastructure, internal road network, street lighting, as well as information technology, network security.



Nagyatádi district

One town is located in the Nagyatádi district, a significant proportion of job opportunities and public services are concentrated here. The district has unfavourable demographic and economic situation and belongs to disadvantaged areas of Hungary. **Agriculture, forestry and trade** have a significant weight in the economic structure of the district, as well as within industry in the **mechanical engineering** and **metal working** sector operate major companies.

The main development ideas of the district are related to the development of business infrastructure: the complex **development of the industrial area in south Nagyatád** and the **development of the industrial area in Lábod**.

Specific local business needs are the basis for the development; there are already a significant number of businesses operate in these development areas; these businesses – based on a regional needs assessment – plan to realise establishment and technology developments associated with significant job creation; to implement this, it is essential to have the appropriate quantity and quality of business infrastructure provided by the local municipality.

Besides the business infrastructure development, another chance of the district to breakout could be the design and development of **complex tourism product packages** based on the **mineral and thermal water** resources and the natural values which would be connected with the spa and swimming pool development in Nagyatád. In addition, development ideas based on **ecotourism attractions** were formulated by the district; which would affect several settlements in the district.

Siófoki district

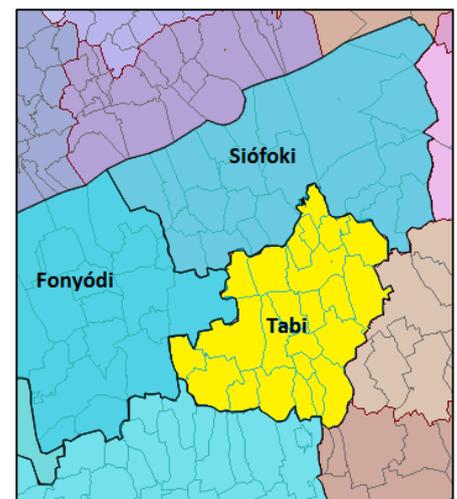
Siófoki district involves a total of 24 settlements of which three settlements (Siófok, Balatonföldvár and Zamárdi) and have town status.

Compared with the other districts of the county, Siófoki district has outstanding potentials for strengthening **tourism potential** due to the natural potential of Fonyódi district and the proximity of the lake and, consequently, due to the geographical concentration of tourism (next to Fonyódi district). Currently, the industrial sector (limited to **construction industry** and the **manufacturing industry**) and the trade and service sector (representing a significant proportion in the economy of the district) is limited to the centre of the region.

Tabi district

Tabi district basically has **agricultural** characteristics. Conventional field crops represent the largest weight in the agricultural production. The main crops are cereals, maize, sunflower and canola, which are sold unprocessed.

In the last decades, the industrial activities concentrated to Tab as the centre of the micro-region; to serve this function, a good level of infrastructure was built here. As a result, the northern part of the region, the group of settlements in Kis-Koppány Valley with the centre of Tab are the most developed. The job opportunities are the most favourable here; of the working population of the surrounding villages are employed in Tab. Besides Tab. no other settlement has significant economic potential. The district is the background area of Lake Balaton (9 settlements of the district belong to Lake Balaton Priority Resort Area); despite there are no considerable tourism in the settlements, though the existing natural conditions, **tourist attractions** embody more options.



Business Infrastructure

There were 179 industrial parks established in the country, seven of them are located in the county (Kaposvár (2), Siófok, Marcali, Barcs, Nagyatád, Csurgó). In the EU implementation period of 2007-2013 only the Northern Industrial Park in Kaposvár won development resources. The same is true for business incubators (two developments in Kaposvár were supported), though these institutions should become a major instrument in the process of strengthening SME start-ups.

The reinforcement of services and infrastructure in underutilised industrial parks, along with the enhancement of cooperation and marketing is necessary, apart from improving their utilisation, and providing incentives for local businesses to settle in such.

In Somogy County, the micro region of Barcs consists of 26 settlements: this is the Barcs Emphasized Enterprise Zone and it was established in 1998. There are plans for small regions of Siófok and Tab to establish the South-Balaton Enterprise Zone and its preparatory study has already been made.

The enterprise zones are not competitive among investors with their existing infrastructure, as they fail to provide complex services, and the institution system, necessary for their efficient operation, has not been established either.

The Somogy-Flandria Incubator House and Conference Centre was established in 1996 at Kaposvár with state and regional financial support. The main intention of the incubator house was to help in settlement of family enterprises and SMEs operated by young contractors. At the moment, 13 SME's and individual entrepreneurs work at the incubation house.

The weight/importance of R&D activities in the county is far below regarding to similar data in the more developed regions. The competitive disadvantage of the county is most noticeable in respect of the research and development expenditures. The county's share of national expenditure is only 0.75% (2012). The role of Kaposvár University is particularly important in the field of innovation in agriculture and food industry.

Territorial unit	Number of R&D sites	Actual number of personnel at the R&D sites	Calculated number of personnel at the R&D sites	Total amount spent on R&D, million HUF	Hungarian		Foreign	
					Number of books, chapters	Number of articles	Number of books, chapters	Number of articles
2005								
Baranya	161	3 658	1 064	4 999,5	290	1 541	50	965
Somogy	35	511	169	1 209,9	28	249	5	100
Tolna	10	231	109	249,1	13	89	3	2
Southern Transdanubia	206	4 400	1 342	6 458,5	331	1 879	58	1 067
<i>National</i>	<i>2 516</i>	<i>49 723</i>	<i>23 239</i>	<i>207 764,0</i>	<i>3 796</i>	<i>19 510</i>	<i>949</i>	<i>13 902</i>
2012								
Baranya	147	2 428	1 095	13 285,9	548	677	272	1 016
Somogy	43	584	353	2 742,1	46	128	24	127
Tolna	17	228	146	835,4	22	28	9	3
Southern Transdanubia	207	3 240	1 594	16 863,4	616	833	305	1 146
<i>National</i>	<i>3 090</i>	<i>56 486</i>	<i>35 732</i>	<i>363 683,4</i>	<i>7 724</i>	<i>13 008</i>	<i>3 389</i>	<i>14 806</i>

5. table R&D sites (HCSO, 2012)

Regarding R&D, Somogy County has potentials mainly in the agricultural and food industry in terms of innovation, according to the profile of Kaposvár University, as well as the significant potential of economic segments of the county. In the field of R&D Somogy County showed a development path similar to the national average in the period 2005-2012. The growth of R&D expenditures exceeded the national trend, while the number of employees in R&D increased by 14%, which is slightly above the national growth. In spite of these, the county is present in the field of R&D with a modest capacity; neither the number of employees nor the value of expenses has reached 1% of the national average. In South Transdanubia the county shared 16% of the expenses and 18% of the workforce. During the examined 7 year long period the dominance of Budapest remained unchanged compared to the rest of the country with the respect both of the R&D expenditures and the number of workers.

Stakeholder Analysis

National and Local Actors Interested in Regional Development

Government Office for Somogy County

Several administrative departments are concerned in the county government office regarding regional development. The two professional management organisation of the government office which has a role in the local labour-market are the Labour Affairs Center and the Labour Affairs Inspectorate. The Labour Affairs Center helps people find vacant jobs and aids the employers finding suitable labour. The Labour Affairs Inspectorate is tasked to enforce the Labour Law among employers.

Széchenyi Program Office

The office primarily sets up, manages and monitors the projects funded from EU funds. Due to the EU funds its role in regional development is fundamental. The Southern Transdanubian regional office handles the county.

South Transdanubian Regional Development Agency

In recent years, the Agency acting as the intermediary body of Operational Program of Transdanubia was responsible for implementing regional development programmes financed by EU Funds. In the period of 2007-2013, the organisation helped to implement 904 projects financed by 241,7 billion Ft support. According to the latest information, in the next period of 2014-2020 the responsibility of the Agency will be confined to county level. The experience the organisation gained between 2007-13 is a great asset to be built upon and the use of it for cross-border cooperations is highly recommended.

Chamber of Industry and Commerce of Somogy

The local chamber of industry is an important actor in regional development as it provides useful information and help to the various companies and entrepreneurs.

Zselic Non-profit Association for Rural Development

The association wants to move further the interest of the people living in Zselic. The organization lobbies in favour of Zselic on various forums. Its goal is to help the Zselic area and the whole Southern Transdanubian Region to improve the standards of living, and to develop the rural areas.

Districts and local self-governments

It has to be highlighted that the districts and the local self-governments are stakeholders in the regional development. Settlement development is basically the task of town authorities. The districts don't have their own self-governments but they are a help to the settlements to cooperate between each other.

Organizations of Kaposvár

KAPOS Holding Ltd.

The City of Kaposvár united in a holding its own companies in order to achieve unified control over them. The holding was founded in 2011. It has common procurement, controlling, IT systems, account management. The holding operates all the public services of the city, including waste management, public transport, spas and property management.

Urban Development of Kaposvár Non-profit Ltd.

Its primary task is to handle the rehabilitation, development and planning projects of the city. Its goal is to help improve the local economy while equally taking into consideration the both the public, private and NGO sectors' interests.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> → Excellent potentials and experience for quality agriculture and quality food production. → The lakeside area is relatively well developed, it is available using good level of infrastructure, and tourism is traditionally based on the local economy. → Kaposvár is relatively developed, though its accession to the national infrastructure is limited. → County players are characterised with strong entrepreneurial activity. 	<p>Disadvantageous settlement structure:</p> <ul style="list-style-type: none"> → Somogy mainly is an area with small and tiny villages. → There are many dead-end villages among the small villages; it makes transport difficult. → A significant number of settlements are connected to the national infrastructure poorly. → Unfavourable demographic trends (migration, decreasing population). → Untapped economic development opportunities in many areas.
Opportunities	Threats
<ul style="list-style-type: none"> → Significant economic potential in the agro-food sector, and wood processing industry → The development of the tourism sector provides several numbers of options, not just for the lake shore settlements, but also in other areas of the county (eco-tourism, water tourism, hunting, cycling tourism, etc.). → There are significant renewable energy resources in the region - solar and wind energy, geothermal, biomass, biogas, energy crops - significant economic recovery could be reached through them. → The ongoing road network improvements will improve the county's accessibility (M9) → There are seven industrial parks in the county, which have unused capacities → Increased usage of common (cross-border) EU funds EU funds 	<ul style="list-style-type: none"> → In the next decade, several small settlements could be abandoned, if demographic conditions or migration indicators will not change. → Employment rates continue to deteriorate → Less foreign direct investment, venture capital and investment to the region

Identification of key challenges

Somogy County - although having **excellent potentials** in many areas -, has shown **negative trends** in recent years regarding a number of economic and social indicators. Besides declining population, negative migration trends, rate of unemployment above the national average the decreasing GDP per capita, the declining ability to attract capital and low R&D activities indicate the importance of interventions.

Despite the county's excellent agricultural conditions and traditions of food processing the county produces little processed, high added-value agricultural and food products: the employment potential of the **agro-food sector** is not exploited.

The high proportion of forests would be an excellent opportunity for the **forest-based sectors**; the vast majority of forest products leave the district unprocessed. Today, a significant portion of timber is used for energy purposes, but the wood chips produced mostly satisfy the energy needs of consumers outside the county.

Settlements lying close to the lake, rich in natural and built heritage villages offer excellent opportunities for the **development of the tourism industry**, while in the respect of overnight stays and incomes from tourism Somogy county has one of the weakest indicators in the region.

The county has significant untapped potential in the energy sector, especially in the field of **renewable energy production**.

Another possible breakout point could be the field of **innovation and R&D**: building on the universities and research institutions in the region it may be possible to serve the innovation needs of the most important economic sectors (agriculture, food industry, wood industry, power engineering, machine building, textile industry, etc.) and increase the county's business competitiveness with the utilization of R&D results.

1. **There are negative trends in recent years regarding a number of economic and social indicators**
2. **The county has significant untapped potential in the energy sector, especially in the field of renewable energy production.**
3. **Further development is needed in the agro-food industry.**
4. **Further development of the tourism industry.**
5. **Expand the the innovation activities further in the county.**

Cross-sectoral Linkages

Environmental Protection and Water Management

The environmental protection and regional development, urban infrastructure, mainly related through the area of utilities. Improvement of the utility infrastructure is needed in settlements; the development of the quality of drinking water is a need and in most of the villages it is needed to solve the missing wastewater treatment problem.

Agriculture

In Somogy County agriculture plays an important role, (agriculture has a bigger weight in the county in GDP generation and in employment than the national average), and regarding the development of the area it is clearly the most important sector. Beside tourism, this could be a major break-point of the county, especially in the remote villages, that are more distant from the Lake. In the majority of districts the agro-food sector has unexploited potential of employment, economy and regional development.

Transport

Transportation is present in regional development with regard to infrastructural configuration. Peripheral position of some areas of the county could be enhanced by improving accessibility, for the situation for particular areas (e.g. Barcsi district) is very critical, and it is the major obstacle to development. Connections among settlements are incomplete, cumbersome in several district; some towns and villages can be approached only through connecting roads, there are lots of dead-end villages.

Energy

Energy sector and rural development can be connected through the application of local, renewable energy. The majority of renewable energy enables local energy production, thereby contributing to the sustainable economic development of a region and the growth of employment.

Tourism

Somogy has valuable tourism potential not only the lake shore, but the central area with small villages (rural tourism, hunting and cycling tourism) and in the south, settlements on the shore of the Drava (eco-, water-, and active tourism) as well. Therefore, the tourism development of rural areas could be another breakout point beside the agricultural and agro-food sector.

List of Publications Used:

KSH Statisztikai tájékoztató – Somogy megye, 2013/4 (KSH, 2014)

Somogy Megye Területfejlesztési Konceptiója (Somogy Megyei Önkormányzat, 2014)

Somogy Megye Területrendezési Terve (Somogy Megyei Közgyűlés 15/2004. (XII. 27.) önkormányzati rendelete)

Join Cross-border Enterprise Development Strategy for Somogy and Virovitica-Podravina Counties 2013-2020 (SOVISEC Project, 2012)

TEIR Országos Területfejlesztési és Területrendezési Információs Rendszer adatbázisa (www.teir.hu)